

## ***THE INFLUENCE OF DIGITAL PAYMENT ON LOWER AND MIDDLE ENTERPRISES IN GENUK***

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**Abstract** :*This article presents a comprehensive analysis of the impact of digital payment implementation on Micro, Small and Medium Enterprises (MSMEs). This abstract states that the use of digital payment technology has brought significant benefits to MSMEs. First, this article explains how digital payment improves Operational Efficiency, by reducing administrative and logistics costs. This technology affects the transaction process, thereby increasing business productivity. Second, this article discusses Transaction Security, which is a top priority for MSMEs. Digital payment provides a higher guarantee of transaction security, allowing MSMEs to track transaction history in real-time and reduce the risk of fraud. Key words: UMKM, Payment, Operational efficiency, Technology.*

### **INTRODUCTION**

Amidst the development of information technology and the internet, digitalization has become a key element in business transformation, especially for MSMEs in Indonesia. Digital payment or e-payment is a payment method in a transaction using electronic media.(Suryanto, Muhyi, and Kurniati 2022). In Genuk, lower-middle class people, including factories, RTs, and students, face various challenges related to conventional payment systems. Cash payments that are still dominant often complicate the transaction process, especially in terms of providing the right change. This is a barrier for business actors to provide optimal service to customers.

With the digital payment system, MSMEs in Genuk can make transactions more flexibly and efficiently. E-payment allows sellers and buyers to transact both offline and online, which is very important in an era where convenience and speed are priorities. The implementation of this technology not only streamlines business processes but also improves the overall customer experience. Thus, the digitalization of MSMEs is a strategic step to face challenges in an increasingly competitive market.

As part of technological innovation, e-payment is designed to increase efficiency in the implementation of business processes. According to Ramdani, Raja, and Kayumova(2)The adoption of digital technology in MSMEs has a significant impact, not only in terms of reducing transaction costs, but also in increasing visibility and competitiveness in the market. The existence of e-payments allows MSMEs to reach

wider consumers, creating better connectivity in the business ecosystem. With digital marketing, communication and transactions can be done anytime and can be global. The increasing number of social media users means increasing opportunities in the business world(3).

In Genuk, it has been seen that many business actors have started to switch to digital payment systems, including small shops, martabak, and parking services. The use of QRIS in payments has made transactions easier, which in turn increases time efficiency and reduces the risk of errors in giving change. This shows that people are starting to adapt to the changes brought by technology and realize the benefits of digital payments. The use of the internet, mobile devices, and social media has provided unlimited access to information and global markets. Customers can easily search for products or services, compare prices, and provide reviews of businesses, which influences purchasing decisions.(Annisa et al. 2024).

However, there are still some sellers who continue to use the cash system. Limited access to technology, such as the lack of smartphones or age factors that affect technology adoption, are challenges in themselves. It is important to understand that not all business actors have the ability or willingness to switch to a digital system, although almost all MSMEs in Genuk have adopted digital payments.

Digital transformation not only brings benefits to MSMEs, but also creates new challenges that need to be overcome. Therefore, educational and mentoring efforts are needed for business actors who are still hesitant in using technology. By providing a better understanding of the benefits and how to use digital payment systems, it is hoped that more MSMEs can adapt and take advantage of existing opportunities.

Overall, the digitalization of MSMEs in Genuk shows that technology can be a powerful tool to increase efficiency and competitiveness. By utilizing existing innovations, business actors can not only survive but also grow in an increasingly digital business environment. This is an important step towards a more connected and efficient future for MSMEs in Indonesia.

Based on the description that we have presented, the problem taken from the material is what impact occurs with the existence of digital payments for MSMEs in Genuk.

The purpose of writing this article is to analyze the impact of digital payments on Micro, Small and Medium Enterprises (MSMEs) in Genuk, Semarang, Central Java. The research method used is through observation and interviews with several sellers in Genuk, which we used as research to compile this article, the results of this analysis also have a very positive effect on the efficiency of time and security of incoming income, especially bookkeeping financial reports. With the writing of this article, we hope that MSMEs can also develop following the era of global trade, with more advanced technology so that MSMEs in the Genuk area can participate in the digital market

## LITERATURE REVIEW

Before conducting the research, we have explored several studies related to the theme to be researched, so what is meant by digital payment and MSMEs is:

- 1) Digital payment is a payment method with technological support such as M-Banking, E-Wallet, and E-Money. Digital payment methods are payment methods that are widely used by the public because they are considered safer, more effective, and more efficient. Digital payment facilities are essential components developed in e-commerce in the European Union.(Tarantang et al. 2019). Digital payment is a solution

that functions as a platform that can facilitate direct interaction between consumers and producers who are affiliated with each other. The development of digital payment systems in developed countries is much more significant than in developing countries, but this does not rule out the possibility that developing countries like Indonesia will implement a digital payment system. fintech as a perfect tool for MSMEs and small businesses that are growing and requesting business capital to develop their businesses(God's blessings 2024).

- 2) According to the Ministry of Cooperatives, Micro, Small and Medium Enterprises are businesses that have a maximum net asset of Rp200,000,000 excluding land fixed assets and have a maximum annual sales of Rp1,000,000,000. Small businesses are productive businesses owned by Indonesian citizens (WNI) whose business form is an individual and not yet a legal entity.

## RESEARCH METHODS

In the era of globalization and ever-growing digitalization, the ability to analyze data effectively is becoming a very important competency in all fields, including higher education.(Yuniar et al. 2024).Regression Analysis is an analysis that measures the influence of independent variables on dependent variables. This measurement of influence involves one independent variable (X) and dependent variable (Y), which is called simple linear regression analysis with the formula  $Y = a + bX$ . The value of "a" is a constant and the value of "b" is the regression coefficient for variable X.(Freddy and Mulyana 2022).

This research uses This research uses a quantitative method with a descriptive research type. Descriptive research means a type of research that is clearly structured where the type of data needed and how many samples are needed have been arranged before data collection is carried out.

To explain the number of QRIS usage in MSMEs in the Genuk area. Direct observation and interviews with business actors are the main data in this study, while income reports and the number of MSME transactions are secondary data and use the software used to process data is IBM SPSS Statistics for the multiple linear regression analysis approach method.

There are 11 MSMEs operating in the Genuk Sari area, with 4 QRIS users and 7 non-users. Meanwhile, 17 MSMEs operating in the Genuk Indah area have 9 QRIS users and 9 non-users. A questionnaire asking about the location of the company, types of payments made, transaction frequency, and income generated was used to collect data. The multiple linear regression analysis method was used to analyze the data. The multiple linear regression analysis model used in this study is constructed as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_pX_p$$

## RESULTS AND DISCUSSION

From the calculation results using Multiple Linear Regression Analysis to calculate the use of digital payments involving two regions, namely Genuk Indah and Genuk Sari. This analysis can find out about data from the company's location, the type of payment made and business income. It is known that the results of the analysis explain that the use of digital payments in Genuk Indah uses more QRIS while in Genuk Sari the

majority uses cash payments so that income for MSMEs using QRIS can be easier for each payment. However, the results of this analysis show that there are no significant independent variables that affect the type of payment (QRIS & non-QRIS).

The reasons include that in Genuk Indah the community is more advanced because of the large number of students, factory employees, and the quality of human resources is more advanced because of the influence of globalization rather than the effect of the large number of students, because in the Genuk Indah area it is more dominated by UNISSULA students and factory employees, while in Genuk Sari, it is more dominated by the general public, because that is also the reason that is the reference in the dominance of the influence of the percentage of many and few. Research(Andonov, P. Dimitrov, and Totev 2021)states that e-commerce is able to improve company performance through increased market share, better growth opportunities, lower operational costs, less investment requirements, lower risks, and unlimited purchasing and selling time.

The role of digitalization in modern business practices is increasingly important, covering everything from procurement to financial transactions. Digital technologies, especially the Internet and mobile applications, have revolutionized the way consumers interact with financial services, offering unprecedented convenience and accessibility. (Ly and Ly 2024). It is related to the theory of 4.0 where the theory encourages the speed of change experienced by organizations and individuals because emerging technological innovations create ways to develop, exchange, and distribute value and the entire society. The fourth industrial revolution has caused a surge in the popularity and use of the Internet and mobile phones worldwide, which has resulted in the development of digital payment methods(Dinh 2024).

**Table 1. Multiple Linear Regression Analysis**  
**Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	1.204	.461		2,610	.015
Business Location	.199	.206	.194	.968	.342
Daily Transaction Frequency	.028	.210	.027	.134	.894

a. Dependent Variable: Payment Type

## CONCLUSION AND SUGGESTIONS

The development of information technology and the internet in the digital era has influenced people's way of life, including in the business world. Technology development is needed to change business processes and market conditions and reduce transaction costs in the context of MSME digitalization.(Kilay, Simamora, and Putra 2022). From a macroeconomic perspective, mobile payments are seen as having a positive impact on economic growth. Mobile payments provide tangible benefits to consumers, businesses, banks and the government sector, thus contributing to overall economic development.(Chen and Wang 2024). Especially for MSMEs in Indonesia. Genuk society, including farmers, RT, and students, are increasingly adopting digital payment systems to increase efficiency in business processes.

In the research on E-Commerce: Advantages and Limitations, it is stated that e-

commerce has several advantages for companies, including no sales area limitations, operational cost savings, increased administrative efficiency, targeting the target market more accurately, increasing the efficiency and speed of business processes and increasing the company's advertising results. (Taher 2021). The application of technology not only improves business processes but also enhances customer experience. Digital payment methods, such as M-Banking, E-Wallet, and E-Money, are widely used by the public due to their convenience and effectiveness. In particular, mobile payments increase online shopping confidence and reduce perceived risks, thus driving the growth of household online consumption. (Wang and Huang 2023).

With this research, it is expected that MSMEs in the Genuk area can follow the era of globalization and technology to be more advanced and develop in the digital market. The use of digital payment methods not only makes transactions easier, but can also increase operational efficiency and expand market reach. By implementing a more modern payment system, MSMEs can attract more customers who prefer convenience in transactions. In addition, this can also help in more accurate and transparent financial records, which are important for future business development.

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