

# Implementation of Digital Wallets in MSME's in Telaga Ngebel Ponorogo Regency

Ayu Chairina Laksmi, Intan Yuni Triolita

Faculty of Business and Economics, Universitas Islam Indonesia, Yogyakarta

Corresponding email addresses: [ayucl@uii.ac.id](mailto:ayucl@uii.ac.id)

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## Abstract

MSMEs are business activities that provides wide economic opportunities for the public. MSMEs in Telaga Ngebel Ponorogo Regency have been around for long time, however, they still do not have any knowledge about digital wallets for payment method. This study aims to investigate the use of digital wallets for MSMEs in Telaga Ngebel Ponorogo Regency. This study is a qualitative study and used semi-structured interviews to collect the data from the participants. The results show that MSMEs in Telaga Ngebel Ponorogo Regency did not get any facilities from the Ponorogo Regency local government related to methods of payment. Moreover, there is no help from the government related to effort in increasing human participants who understand and can apply digital payments.

Keywords: MSME, digital wallet, digital payment

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## INTRODUCTION

According to Zakiyah, et al. (2022), the number of MSMEs in Indonesia from 2017 to 2021 experienced a significant increase. However, in 2020, this number decreased drastically due to the Covid-19 pandemic in Indonesia. However, in the following year, precisely in 2021, MSMEs recovered again and had a higher number compared to the previous year, namely 65.46 million. This increase continues to grow over time. Based on data from KADIN Indonesia (2023) MSMEs play a vital role in the growth of the Indonesian economy, with their number reaching 99% of all business units. In 2023, MSME business actors reached around 66 million. The contribution of MSMEs reaches 61% of Indonesia's Gross Domestic Product (GDP), equivalent to IDR 9,580 trillion. Furthermore, KADIN Indonesia also explained that MSMEs absorb around 117 million workers (97%) of the total workforce in Indonesia. The data shows that MSMEs are indeed the backbone of Indonesian economy.

Salsabila and Damanuri (2023) asserted that development of the digitalization era is growing rapidly. This increase of digitalization can help Indonesia' economy to grow. Maximizing the use of the digitalization would provide benefits not only for the country but also for all Indonesian people. The development of technology in this digital era has impacted transaction and payment system since the economy sector is closely related to buying and selling transactions between sellers and buyers. Bank Indonesia (2020) explains that the transaction or payment system that used to be sufficient with the cash method using paper money and coins as a means of payment would gradually change. Nowadays, lots of transactions can be conducted in a non-cash form, such as Card Payment Instruments, checks, demand deposit, debit notes, and electronic money (card-based and server-based). Digital wallets or often shortened as e-wallets are one form of server-based electronic money. Suryanto, Muhyi and Kurniati (2022) explained that digital wallets have the same function as physical wallets in general. The digital wallet is used to store information related to various transactions, namely digital cash or e-cash, numbers on credit and debit cards, the identity of the account owner and information such as bills or shipping, contacts, addresses of consumers and others that are usually used to make purchases on e-commerce. Here are some digital wallet service providers that exist and are often used by people in Indonesia, namely: OVO, DANA, ShopeePay, GoPay, LinkAja. The use of digital wallets provides convenience for users, especially for MSME actors who carry out their

business activities in tourist attractions. MSME actors in tourist attractions who use e-wallets can move quickly to provide services to their consumers. Hence, the use of digital wallets as one of the options in payment transactions can provide convenience for MSME actors. Digital wallets can facilitate consumer access to have a fast and easy payment method so that consumers can feel comfortable with the ease of access. Furthermore, by using a digital wallet, MSMEs can also save more time and energy in providing services to consumers. With this convenience, MSMEs can use their time and energy to serve other consumers so that they get more consumers and income increases.

The website of the Ponorogo Regency Investment and Integrated Services Office shows the data on the development of MSMEs in Ponorogo Regency. The data shows that from year to year the number of MSMEs has fluctuated quite significantly. The MSME sectors that dominate in Ponorogo Regency are the trade and repair sector with a total of 2,450 units, the industrial sector with a total of 494 units and the service sector with a total of 2,136 units. Meanwhile, MSMEs in Ngebel District, Ponorogo Regency are Micro, Small and Medium Enterprises engaged in the trade sector and function as the main livelihood of the community around Telaga Ngebel. Most of the MSMEs in Telaga Ngebel focus their business activities in the trade sector, both culinary and accessories or souvenirs.

The emergence of MSMEs in Telaga Ngebel is due to Ngebel District being a tourism location. Some tourist attractions that can be visited in Ngebel District, namely Mloko Sewu, Ngebel Adventure Park, Ngambang Tirto, Tirto Husada hot springs and the favorite of visitors when visiting Ngebel District is Telaga Ngebel. However, based on initial interviews conducted by researchers with several MSMEs in Ponorogo Regency, especially in Telaga Ngebel, digital wallets are not widely known yet and have not been used for sales payment methods. Therefore, this study aims to investigate the understanding of MSME actors in Telaga Ngebel about the use of digital wallet payment systems, to investigate the availability of human resources in MSMEs who understand the use of digital wallet systems, to investigate MSMEs understanding of the impact of using digital wallets as a method of payment for transactions; and to investigate the availability of assistance from the local government regarding e-wallet service provision.

## LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

This study uses Technology Acceptance Model Theory or TAM by Davis (1989) as a theoretical basis. TAM is a theory that analyzes factors that can influence the acceptance or rejection of the use of a technology. In general, TAM has the aim of being able to describe the acceptance made by individuals towards a technology system. By using TAM, this study can explain how MSMEs assess a technology system in the form of a digital wallet from the perspective of the usefulness of the technology system and the ease of using the digital wallet. The assessment carried out by MSMEs can be used to investigate whether e-wallets can be accepted by MSMEs in the Telaga Ngebel area, Ponorogo Regency and how the acceptance of the use of e-wallets can have an impact to operational activities and business growth.

Government Regulation of the Republic of Indonesia Number 7 of 2021 concerning the facilitation, protection, and empowerment of Cooperatives and Micro, Small and Medium Enterprises (MSMEs) explains that MSMEs are one of the pillars of the people's economic strength that can expand employment opportunities and play a role in equalizing and increasing community income, encouraging economic growth, and realizing national stability. The Government Regulation also explains the criteria for MSMEs based on business capital and annual sales results. Micro Business is a type of business owned by individuals or individual business entities. Micro Businesses have a business capital of up to a maximum of IDR 1,000,000,000 with details excluding buildings and land used for business or annual sales results reaching a maximum of IDR 2,000,000,000. Small Business is a type of productive economic business that carries out its business independently and is managed by individuals or business entities, not subsidiaries or branches of companies. Small businesses have characteristics, namely having a business capital of IDR 1,000,000,000 - IDR. 5,000,000,000 with details excluding buildings and land used for business or having annual sales results of Rp. 2,000,000,000 – Rp. 15,000,000,000. Medium Enterprises are types of productive economic

enterprises whose business systems are independent and carried out by individuals or business entities that are not subsidiaries or branches of companies. The characteristics of medium enterprises are having business capital of Rp. 5,000,000,000 – Rp. 10,000,000,000 with details excluding buildings and land used for business or having annual sales results of Rp. 15,000,000,000 – Rp. 50,000,000,000.

Ponorogo Regency is located in the western part of East Java Province with an area of 1371.78 km<sup>2</sup>. The area of Ponorogo Regency consists of 21 districts, 279 villages and 26 sub-districts. Most of the people who live there choose to become livestock breeders, businessmen, farmers, and traders to make a living. One of the districts in Ponorogo Regency is Ngebel District. Ngebel District has a tourist attraction for tourists to visit Ponorogo Regency. Based on the website of the Ponorogo Regency Disbudparpora, the iconic tourist spot is Telaga Ngebel, which is a natural lake with an area of 150 hectares and a circumference of about 5 km. This lake is located in a highland with an altitude of about 734 meters above sea level and the temperature at the tourist spot is around 20 degrees Celsius. In addition to the lake, visitors can also enjoy other tourist attractions nearby Telaga Ngebel such as Toyomarto waterfall, Ngebel Adventure Park, Mloko Sewu, Tirta Husodo hot springs and others.

According Bican and Brem (2020), digitalization is a process of moving from a business model to a digital one that uses digital technology. This digitalization has the aim of providing new income and providing opportunities that generate new value for business actors. Not only that, the application of the digitalization concept in various sectors, especially in the economic sector, actually provides modernization or convenience in the transaction system between sellers and consumers. According to Faridhal (2019), electronic money is divided into two types which are categorized based on the form of storage media. The first type is electronic money with storage media using a chip in the form of a card that already has a chip on the card, and the second type is electronic money server media which is a form of electronic money that in its use requires a connection with the server that launches the application service. The use of digital wallets with a server system generally requires a gadget or smartphone that is supported by the availability of an internet network. When digital wallet service application is installed on a smartphone, the money can be stored in the application, hence, it is safe and efficient to be used since consumers do not need to carry a physical wallet with them. By installing a digital wallet on their smartphone, consumers can make payment transactions wherever and whenever they need.

Hidayat, Aini and Fetrina (2020) explained that in 2019 there were 36 service publishers who had registered for the digital wallet service with a server system. Of the 36 publishers, there were 11 publishers with a banking background and the remaining 25 publishers had a non-bank background. The results of a collaborative study between JAKPAT and OJK stated that from 2016 to 2018, the number of consumers who use the digital wallet system have increased yearly. That study also provided data regarding the order of digital wallet usage from the highest to the lowest. The highest digital wallet service used is Go-Pay, followed by OVO, ShopeePay, T-Cash or LinkAja, and the least used is DANA. GoPay is a digital wallet issued by Gojek and focuses on services in the form of services. The beginning of this digital wallet service was used to provide convenience to customers who use these services to make non-cash transactions who still have a partnership with Gojek. However, the Gopay service then expanded its non-cash service by making Gopay usable for transaction activities for buying and selling payments at all merchants who collaborate with Gopay itself. The reason is, because from the beginning the Gopay service existed because of the service application, namely Gojek, so that until now to use Gopay's non-cash transaction service, users or consumers can download or have the Gojek service application.

Like GoPay, ShopeePay service emerged because of the main application that houses both services. ShopeePay digital wallet service is one of the service features owned by the e-commerce application, namely Shopee. ShopeePay is one of the service features that can be used on the Shopee e-commerce application. The main reason for the users to use ShopeePay feature is to be able to make payments, especially for online payments when shopping on the Shopee application and it also can be used as a storage place if there is a refund from transaction activities. Not only that, but also the advantage of users using ShopeePay is that they have the advantage of being able to enjoy promos

that are certainly attractive and provide more benefits for their users. Other features provided by ShopeePay for its users include users being able to make transfers with various banks, BI-FAST Proxy, ShopeePay THR to send THR with a different feel, scan QR or QRIS codes, and can make transfers via the contacts listed on the user's smartphone on the condition that the party to be transferred has the same Shopee account.

Meanwhile, DANA is one of the digital wallets operating in Indonesia with a service design provided in the form of non-card and non-cash payments using digital technology. DANA is run well, efficiently, practically, and quickly while maintaining its security. DANA has a stand-alone application model without any partnership ties with other service application brands. This application provides services, including purchasing credit and data, transfers to various types of banks, delivery of DANA Deals, bills, entertainment, home shopping or online shopping or other types of shopping, payment of various types of personal insurance, donations, transportation, health, and DANA Business.

The OVO digital wallet is one of the stand-alone digital wallet service applications, just like DANA. This application provides services in the form of users being able to use it in making payment activities with an online system. OVO categorizes its fund services into OVO Cash and OVO Point. OVO Points are obtained when users make payments using OVO Cash. From transactions with OVO Cash, users will get OVO Points which can be used in making non-cash transaction activities. However, non-cash transactions originating from OVO Points can only be used by users who make transactions with the Grab service application with transactions in the form of ordering Grab Ride or Grab Car. Although OVO has a partnership with the Grab service application, in using the application, OVO has its own application and is not integrated with the Grab application as is the case with Gopay and Gojek or ShopeePay and Shopee.

Based on the LinkAja website, the LinkAja application service is an application that focuses on providing services in the form of payment services using a technology system. This application is divided into two categories based on the type of account used by the user, namely: 1) Basic service type used by users who have just registered and only have a balance with a maximum capacity of IDR 2,000,000. In addition to the small balance capacity, for this type the features that are given access are only such as shopping online, making payments or purchases via smartphone, filling balances or can be said to top up balances in LinkAja and payments to merchants; 2) Premium service type which has the advantage of being able to access all the features provided by the basic service type and additional features such as withdrawing balances in the application and sending money. These additional features can be done if the user wants to withdraw a balance, the user is advised to go to the nearest GraPari or can make a withdrawal at a modern supermarket such as Indomaret, Alfamart and other retail stores as well as partner parties who have collaborated with LinkAja regarding balance withdrawals. However, in making the withdrawal, the user is charged an admin fee because this is already the policy of the application. In addition, the money transfer feature on the LinkAja application can be done to Himbara banks and banks that have joined ATM Bersama.

Previous studies have conducted research on the use of digital wallets in MSMEs in Indonesia. Suryanto, Muhyi and Kurniati (2023) found that the use of digital payments is quite high because the reason users use digital payments is because it can provide benefits to both parties, namely between business actors and customers. The advantages for digital payment users include having a variety of payment method options that can be used by customers. On the seller side it can help to increase their income, providing convenience with more effective and efficient payments, and being able to easily detect transaction history and increased security when making payments. Saputro, Winarni and Tutupoho (2023) studied MSMEs in the city of Depok and found that MSMEs in the city of Depok had not effectively used digital wallet applications as a means of payment between sellers and consumers. The reason given was because MSMEs in the city of Depok made payments using cash payments which were considered easier and more practical than using digital wallets. Furthermore, Saputro, Winarni and Tutupoho (2023) also found that MSMEs in Depok City were not yet interested in implementing the digital wallet application and for the use of digital wallets to be realized optimally, support is needed from various levels of society, the private sector, and the government to fully support the advancement of this technology.

Salsabila and Damanuri (2023) conducted a study on the use of QRIS in food and beverage MSMEs in Ponorogo Regency. The study found that MSMEs, especially in the Food and Beverages sector in Ponorogo Regency, already understand the use of payment systems using QRIS or digital wallets. In addition, the use of QRIS to make payments for MSMEs in Ponorogo Regency has begun to be implemented but has not been effective because some customers still choose to use the cash payment system. However, the study by Salsabila and Damanuri (2023) was only conducted for the Food and Beverages sector in Ponorogo Regency and did not cover MSMEs in other sectors. Therefore, the results from the study by Salsabila and Damanuri (2023) were not conclusive.

Based on the above discussions, the research questions investigated in this study are: 1) Do the MSME actors in Telaga Ngebel Ponorogo Regency understand about the use of digital wallet payment systems? 2) Do MSMEs actors in Telaga Ngebel Ponorogo Regency understand the impact of using digital wallets as a method of payment for transactions? 3) Is there any assistance from the Ponorogo Regency local government regarding digital wallet service provision by the MSMEs in Telaga Ngebel? 4) Would MSMEs actors in Telaga Ngebel Ponorogo Regency be interested in using digital wallet as a method of payment for transaction?

## METHODS

This study used a qualitative research design and was exploratory in nature. The population of this study is MSMEs in Telaga Ngebel in Ngebel District, Ponorogo Regency. Sample selection was carried out using the purposive sampling method. The sample criteria used are MSMEs that have not used digital payments as a payment method that can be used by buyers or consumers.

This study used an interview method to obtain various information and data needed. The type of interview used is a semi-structured interview. Before conducting the interview, the researcher compiled a list of questions to be asked to the informants, namely MSME actors around the Telaga Ngebel tourist spot in Ponorogo Regency. Table 1 shows the interview questions asked to the research participants.

**Table 1. Interview Questions**

No.	Questions
1.	How long have you had this business in the Telaga Ngebel tourist area?
2.	What kind of obstacles have you experienced while running a business in the Telaga Ngebel tourist area?
3.	Have businesses in the Telaga Ngebel tourist area ever received renovation facilities or similar from the local government?
4.	Has the revitalization carried out by the District Government had a significant impact on the income you earn?
5.	Does your business have any payment methods other than cash?
6.	Have you ever heard about digital payments?
7.	What do you know about digital wallet?
8.	What type of digital wallet do you think you can use and has features that are easy to understand?
9.	Do you already understand the conveniences or benefits of using a digital wallet as a means of digital payment?
10.	What do you think when using a digital wallet can increase productivity and make it easier to carry out daily business activities, especially when tourist attractions are crowded with visitors?
11.	If using a digital wallet can provide convenience or even increase income, are you willing or interested in using digital payment methods, especially using a digital wallet?
12.	Has the local government ever provided outreach or similar activities related to digital payments and the use of digital wallets as a digital-based payment method?
13.	What kind of expectations do you want to convey regarding digital payments, especially the use of digital wallets in the Telaga Ngebel tourist area, considering that recently the number of visitors around the tourist area has increased?

For data analysis, this study uses thematic analysis techniques. Heriyanto (2018) explains that thematic analysis is a technique used to analyze data to identify appropriate themes through data that have been collected or produced. Thematic analysis is the basis for the purpose of conducting analysis in qualitative research. The following are the steps that have been taken by this study in conducting thematic analysis.

The initial step taken when analyzing data is data reduction. At this stage, the initial data that have been collected by the researcher after conducting interviews were reduced. Data reduction consists of summarizing, sorting out the main points of data and focusing on data that were considered important for this study and can aid finding appropriate themes and patterns. From the stages that have been carried out in this initial step, the results of the data that has been reduced will be able to provide a clearer picture and can help researchers to decide what to look next. Data reduction is closely linked to data presentation. The stage of presenting data is a stage in which various information from existing data is combined by the researchers from the initial stage of data analysis to the stage of presenting the data. The aim of data presentation is to make it easier for researchers to understand various things that happen and be used as a reference or guideline for making plans for subsequent work. According to Laksmi and Piniji (2023), presenting data in qualitative research involves presenting them in the form of narrative text.

The second stage after data reduction is creating a code or coding. In this stage all the data that have been obtained during the interview were coded. The code is used to mark or group the data with the same category. The coding process in this study was conducted manually. For coding, this study followed guideline by Laksmi (2015), who explained that there are two approaches to coding, namely First Cycle Coding and Second Cycle Coding. First cycle coding is the initial coding of data that has been collected by the researcher. According to Laksmi (2015), First Cycle Coding can use in vivo coding method, which is a direct description of what is in accordance with what is stated in the interview transcript of the informant. This study employed in-vivo coding, and the codes were created based on words spoken by the participants during the interview process. Laksmi (2015) explains that second cycle coding is the next step to continue the first stage of coding by reprocessing, namely reorganizing and recoding the data that has been processed in the coding section in the first stage. The aim of the second stage of coding is to make it easier for researchers to identify themes originating from the data that has been collected and to reduce data that is overlapping.

After carrying out the coding stages the researchers then find the appropriate theme or categorization. In this stage, the researchers compile a description of the data that has been processed concisely and systematically so that the themes obtained can be revealed. In conducting thematic analysis, this study used connector between themes. This connector is used by researchers to find out more about the relationship between the same theme and the others. The last step in the data analysis is data interpretation. According to Sondak, et al. (2019), data interpretation or drawing conclusions is carried out in the last step in a series of steps in conducting data analysis I qualitative research. At this stage, the results of the data that have been processed or compiled are then compared between one data and another and then conclusions are obtained from the results of the comparison.

This study employed interviews for data collection. Interviews enabled the researcher to get a deeper insight into the implementation of digital wallets in MSMEs in Telaga Ngebel Ponorogo Regency since the researcher got up close to the participants and they were comfortable to explain and share information with the researcher. Validity and reliability tests were conducted in this study to enhance trustworthiness of the results of the study. For validity test, this study used member checking. According to Susanto and Jailani (2023), member checking is a process in which the data collected then returned to the participants to check for accuracy and resonance with their experiences. Data can be said to be valid if the data has been approved by the participants. According to Guba and Lincoln (1989), dependability is important in qualitative research since it confirms the reliability and consistency of findings and interpretations. Guba and Lincoln (1989) also asserted that strategies such as triangulation of data sources, member checking, and maintaining an audit trail, researchers can enhance the dependability of their qualitative research projects. These strategies foster transparency, rigor, and validation, addressing biases, and increasing the trustworthiness of the

research. Furthermore, dependability allows for the replication and verification of the research process by other researchers, hence, ensures credibility and validity of qualitative findings. The dependability of this study in several ways. Firstly, the researchers compared interview transcripts between one participant to another and did member checking with the participant. Secondly, triangulation of data sources was also conducted since this study interview different MSME actors ranging from micro and small businesses in the Telaga Ngebel area, Ponorogo Regency. Lastly, an audit trail of this study was also provided in the form of a research process documentation, recording of data collection process, interview transcripts, ensuring the credibility of data using member checking, and findings evaluation. Thus, it may be concluded that the findings of this study is dependable and trustworthy.

## RESULTS AND DISCUSSION

All participants of this study were MSME actors in the Telaga Ngebel area in Ponorogo Regency. In total there were ten MSME actors who were willing to participate in this study and participation was voluntary. Table 2 shows participants characteristics.

**Table 2. Participant Characteristics**

Participant	Gender	Business Duration	Number of Employee(s)	Business Type
P1	Female	10 months (< 5 years)	0	Culinary, street vendor
P2	Female	13 years	1-2	Culinary, food stall
P3	Female	13 years	3-4	Culinary, food stall
P4	Female	5 years	2-3	Culinary, food stall
P5	Female	7 months (< 5 years)	1	Culinary, souvenir shop
P6	Male	2 years (< 5 years)	5	Culinary, coffee shop
P7	Female	5 years	2-4	Culinary, restaurant
P8	Female	7 years	2	Mini market
er	Male	10 years	2	Fashion, T-shirt trader
P10	Female	6 years	2-3	Culinary, restaurant

### Results

#### *MSMEs in the Telaga Ngebel Ponorogo Regency Background*

When conducting interviews with participants of this study, the researchers collected various information from participants' including the background of businesses owned by MSME actors in the Telaga Ngebel area. The information obtained by the researchers from Participant 2 and 3 revealed that their MSME business around Telaga Ngebel area had been running for quite some time. The following are the statements from Participant 2 and 3:

*"My business (has been around) since 2011. It's been quite a long time, around 13 years." (Participant 2)*

*"My business has been (around) for 13 years." (Participant 3)*

However, there are other participants that started their business recently. Below is information from Participant 1 and 6 who have only been in the business for less than 5 years.

*"I started my business in July 2023." (Participant 1)*

*"Maybe my business (has been) around for 2 years." (Participant 6)*

Meanwhile, Participant 9 explained that his business was previously owned by his parents:

*"This is my parents' business that I am continuing now. In total, this business has been around for about 10 years since my parents founded it."*

### ***The Use of Digital Wallet Payment System***

Participant 1 and Participant 3 gave answers indicating that they did not use digital wallet and prefer cash as a payment.

*"No, we still just use cash." (Participant 1)*

*"Cash, we use regular money." (Participant 3)*

Meanwhile, Participant 2 who has been selling for more than 10 years stated that she does not understand about digital wallet for payment and up to now she only uses cash as the payment system to accommodate her consumers who are mostly elderly people.

*"No, not (using digital wallet) yet, maybe because the buyers here are old people, so they usually don't want to be complicated." (Participant 2)*

However, there are other payment methods besides cash when making a purchase transaction. The following is the statement from Participant 9:

*"No, it's still cash. But sometimes if someone asks if they can pay by transfer, then I give them my bank account, usually people from outside, use that (bank transfer) here." (Participant 9)*

In contrast, Participant 7 informed that her business deliberately provided payment methods other than cash by displaying her bank account number on the cashier's desk so that visitors would not need to ask whether they could transfer or not but would immediately make a transfer to his bank account.

*"We can do cash and transfer to BRI bank. But for QRIS, we can't do it yet, so you can only pay by transfer." (Participant 7)*

A similar answer was given by Participant 8 who stated that she provided a card machine, but it was rarely used and most of his customers paid by cash.

*"They (customers) pay by cash, but sometimes they can also use BRI to transfer (to my bank account)." (Participant 8)*

### ***Understanding the impact of using digital wallet as a method of payment for transactions***

Digital wallet is a modern wallet mode in the form of an application on a smartphone that has various optional features that make it easier for users to make various transactions. Information gathered from Participant 2 indicate that they did not understand about the impact of using digital wallet.

*"I don't know (about digital wallet) because I haven't used it yet. I only know that it's for a bank transfer." (Participant 2)*

Similarly, Participant 5 and Participant 6 also mentioned that they did not know anything about the impact of digital wallet.

Participant 3 who also did not know about digital wallets stated the following:

*"I don't know yet, the only one who knows about it (digital wallet) is my younger sibling, but my customers don't pay using that here."*

However, several participants mentioned that they know and use some of the digital wallet but only for personal use. Below are the statements from various participants:

*"I only know about ShopeePay, or DANA." (Participant 1)*

*"Yes, maybe I have used DANA has but rarely." (Participant 4)*

*"I often use DANA now." (Participant 7)*

Meanwhile, Participant 9 and 10 informed that they knew about digital wallets and some of the features they have already used on the digital wallets:

*"I know that a digital wallet is like the application on a mobile phone that can be used to pay for electricity, buy mobile credit or internet packages, and can be used to transfer to various banks without any admin fees." (Participant 9)*

*"I think a digital wallet is like an e-wallet. As far as I know, its function is the same as a wallet, but it needs a mobile phone and there is an application on the mobile phone that can be used to make payments." (Participant 10)*

The use of digital wallets provides various benefits their users. The following is information gathered from several participants. According to Participant 6 the use of a digital payment can provide convenience in reporting businesses' sales to the Village Office:

*"From your explanation, (digital wallet) seems easy because later we will report to the Village. Well if you use it, it will be easier and I don't need to record twice for reports to the Village, just print it and then submit it." (Participant 6)*

Similarly, Participant 7 said that using digital technology, especially digital wallets, can provide various conveniences related to payments, here is what she said:



*"In my opinion, the convenience or benefits when using a digital wallet are faster, easier and make everything related to payments easier." (Participant 7)*

However, Participant 9 and Participant 10 mentioned that using digital technology, especially digital wallets, would be useful only when business conditions are busy:

*"Of course (digital wallets) are useful when it's busy, so I don't need to add more staff to tend my business. But if not busy, I don't need (digital wallets) it." (Participant 9)*

*"In my opinion, yes, it makes it easier and faster and if the situation is busy, it really helps. But if (my business) is quiet, I don't think it's really necessary." (Participant 10)*

### ***Assistance from the Ponorogo Regency local government regarding digital wallet service provision***

Several participants responded that they did not know about local government initiatives to help them with socialization of digital wallet as a method of payment.

*"Well, I don't know about government help about digital wallet." (Participant 1)*

*"So far, there has been no socialization (from the local government)." (Participant 2)*

*"There hasn't been anything like that (socialization from the local government) about digital wallet during my business here." (Participant 3)*

*"If it (socialization about digital wallet) is specifically for sellers, as far as I know, there's none since I've been running my MSME." (Participant 9)*

### ***Interest in using digital wallets as a method of payment for transactions***

Some participants appeared to be keen in using digital wallet as one of payment method for transactions. Participant 1 expressed an interest in using digital wallet for her business.

*Well, what do you think? I hope digital wallet will make it easier for me and my business. If the local government provides these facilities, I'm willing to try. (Participant 1)*

Similar answer was given by Participant 2, who were also willing to try provided there is a guidance or assistance from others.

*"If it is profitable and makes it (transaction) easier, I can try it. Later, how about you teach me how to do it? If there is a guidance or help, then that's okay." (Participant 2)*

Meanwhile, Participant 5 uttered that when digital wallet becomes popular then she would accept it as a method of payment.

*"Hopefully when it's already popular, people can pay using digital wallets." (Participant 5)*

Participant 6 was also keen on using digital wallet after received explanations from the researchers about the benefit of using digital wallet.

*"From your explanation, it (digital wallet) seems easy and later I will inform that to the Village Office. If we use that, it will be easier for me because I do not need to record it twice for the report to the Village Office, I can just print it and then submit it." (Participant 6).*

Another answer came from Participant 7 who thought that digital wallet is important nowadays. Nonetheless, she also explained that MSMEs probably would not use digital payment methods since only the young people understand about the digital payment.

*"In my opinion, it's better to use QRIS or digital payments like that, because this is a modern era. But people here are still in the dark, so they probably know about digital wallet. Maybe the young people or the Gen Z. But normally it's their parents who own the businesses, so the parents don't necessarily want to use digital wallets. Personally, I prefer to use digital payments like QRIS, when it's busy, but when it's not busy, I don't really need it." (Participant 7)*

Like Participant 7, Participant 9 expressed her wish to be able to use digital wallet for payment in her business.

*"Yes, I hope that if there is a facility like QRIS for digital payments like that, that's fine. QRIS can be accessed by many digital wallet applications and (BCA) m-banking, so it's easier for visitors when paying. But I think the local government also needs to give us supports and direction because not all MSME actors here know about these payments." (Participant 9)*

Participant 10 mentioned that digital wallet payment might not be suitable for her business since visitors to the Telaga Ngebel area come from different age and background. However, Participant 10

would be willing to try digital wallet if there is a support from the Ponorogo Regency local government.

*“Yes, if the payment is in cash, it's not a problem because the visitors' age varied and not everyone can use digital wallet. But if for example the local government has the intention to add facilities like digital payments, then all business owners here should be taught how to do it.” (Participant 10)*

Table 3 shows some of the codes developed in this study based on the interviews conducted with the participants. The codes then used to help determine the themes reported.

**Table 3. List of Codes**

Participant	Excerpts from Interview Transcript	Codes
P1	Yes, I know about digital wallet. It's like ShopeePay, DANA like that. Isn't it?	Know about digital wallets
	I started this business in July 2023	The business has not been established for long
	I know it (digital wallet) is faster and can transfer without any additional fees.	Understand the impact of digital wallet as a method of payments
	Well, I don't know about government help about digital wallet	There is no socialization from local government
	Well, what do you think? I hope digital wallet will make it easier for me and my business. If the local government provides these facilities, I'm willing to try.	Willing to try digital wallet as a method of payment
P2	Since 2011, quite a long time, around 13 years.	The business have been around for a long time.
	There is none, still cash, maybe because the MSME actors here are usually old people so they usually don't want to have a complicated method of payment.	Cash payment only
	I don't know yet, because I haven't used it yet, I only know it's for a bank transfer.	Not yet familiar with digital wallets.
	So far, there has been no socialization.	There is no socialization from local government
	If it is profitable and makes it easier, I can try it. Later, how about you teach me how to do it? If there is a guidance or help, then that's okay.	Willing to try digital wallet as a method of payment and hoping to be taught.
P3	It's been 13 years.	The business have been around for a long time.
	I take cash, regular money.	Cash payment only
	I don't know yet (about digital wallet), the people who have it maybe the young ones, but they don't pay with that (digital wallet) here.	Not yet familiar with digital wallets.
	There hasn't been anything like that during my business here.	No socialization from the local government.
	As for me, I usually want to pay in cash because I'm afraid it'll be complicated if it's busy on Saturdays and Sundays	Cash payment only
P4	It's been a long time, more than 5 years.	The business has been around for a long time.
	Payment is still in cash.	Cash payment only
	I use DANA but not for business activities, only for bank transfers.	Limited knowledge on digital wallets
	No, I've never used it (digital wallet) for taking payments.	Not yet familiar with digital wallets.
	In my opinion, I want to use cash payments, because it's easier.	Cash payment only

P5	I've been (opening) doing my business for 7 months	The business has not been established for long
	In here, customers still pays in cash. But some customers asked for digital payment.	Cash payment only
	It must have happened, there are many who buy and ask for other ways of payment. But here I still use cash, it seems easier.	Not yet familiar with digital wallets
	I have no knowledge about those things (digital wallets)	Not yet familiar with digital wallets
	Hopefully when it's already popular, people can pay using digital wallets.	Willing to try digital wallet as a method of payment
P6	We have been around for more or less 2 years	The business has not been established for long
	In here we still use cash.	Cash payment only.
	Oh, I don't know about that (digital wallets) yet.	Not yet familiar with digital wallets.
	From your explanation, it seems easy and later I will inform the Village Office. If we use that, it will be easier not to record it twice for the report to the Village Office, just print it and then submit it.	Willing to try digital wallet as a method of payment
	There hasn't been any during the time I have been managing this business.	No socialization from the local government
P7	Yes, it's been about 5 years.	The business have been around for a long time.
	You can pay by cash or transfer to BRI bank. But we can't accept payment like QRIS, so customers can only pay by transfer.	Cash payments and bank transfers
	Digital wallets are like DANA and ShopeePay.	Know about digital wallets
	In my opinion, the convenience, or benefits of using a digital wallet are faster, easier, and make everything related to payments easier.	Know about the benefits of digital wallets.
	As far as I know, there haven't been any (information about digital wallet from the local government).	No socialization from the local government
	In my opinion, it's better to use QRIS or digital payments like that, because this is a modern era. But people here are still in the dark, so they probably know about digital wallet. Maybe the young people or the Gen Z. But normally it's their parents who own the businesses, so the parents don't necessarily want to use digital wallets. Personally, I prefer to use digital payments like QRIS, when it's busy, but when it's not busy, I don't really need it.	Prefer to use digital wallet when it is busy
P8	About 7 years maybe.	The business have been around for a long time.
	Cash can sometimes also be transferred to BRI bank.	Cash payments and bank transfers
	Oh yes, I know digital wallet but it is not used in my business. I usually use it when I'm in the city hanging out at cafes, sometimes I use it.	Limited knowledge on digital wallets
	It (digital wallet) seems more practical, faster. It's convenient if you want to buy things without having to have cash.	Know about the benefits of digital wallet
	I don't think there is one (socialization from the local government) yet because not many people around here use it.	No socialization from the local government

	For now, I just receive cash payment, but if there is a digital wallet, it's okay for me if it is easier	Wish to use a digital wallet because it is easier
P9	This is my parents' business and I continue their business. It's been around for 10 years since my parents founded it.	The business have been around for a long time.
	No, the payment is still in cash. Sometimes if a customer asks if they can pay by transfer, I'll just give them my bank account but that usually customers from outside the area.	Cash payments and bank transfers
	For digital wallet, I only know the application on my mobile phone that can be used to pay for electricity bills, buy mobile phone credit or internet packages, and can be used to transfer to various banks without admin fees.	Has some knowledge about digital wallets
	If it (socialization) is specifically for sellers, as far as I know, there's no news (about digital wallet) since I've been managing this MSME.	No socialization about digital wallet from the local government.
	Yes, I hope that if there is a facility like QRIS for digital payments like that, that's fine. QRIS can be accessed by many digital wallet applications and (BCA) m-banking, so it's easier for visitors when paying. But I think the local government also needs to give us supports and direction because not all MSME actors here know about these payments.	Willing to try digital wallet as a method of payment and hoping to be taught.
P10	Maybe around 6 years, because this is also a family business.	The business have been around for a long time.
	Yes, I still use cash here.	Cash payment
	If a digital wallet is like an e-wallet, as far as I know, its function is the same as a wallet but using a mobile phone and there is an application that can be used to make payments.	Know about digital wallets
	As far as I know, there is no information from the local government. If there is (some) information, then we will be given the information.	No socialization about digital wallet from the local government.
	Yes, if it is still in cash, it's not a problem because the visitors age varied. So not everyone can use digital wallet. But if for example the local government has the intention to add facilities like digital payments, then all business owners here should be taught how to do it.	Willing to try digital wallet as a method of payment and hoping to be taught.

### Result Themes

The themes obtained by the researcher based on the interviews conducted with the participants are as follows: 1) Most of the MSMEs in Telaga Ngebel area had been running for quite a long time; 2) MSME actors in Telaga Ngebel area did not know about digital wallets and were not familiar about digital wallets; 3) MSME actors in Telaga Ngebel area had not used digital wallets in their business before; 4) MSME actors in Telaga Ngebel area did not get socializations and facilities from the Ponorogo Regency local government regarding the choice of payment methods; and 5) MSME actors in the Telaga Ngebel area wish to implement digital payments, especially digital wallets to improve their business and need guidance and support from the local government.

## Discussion

The results of this study show that MSME actors in the Telaga Ngebel area had conducted their businesses for more than 5 years. Some of them found the business on their own and others continue the business that was built by their parents. The data analysis also revealed that most of the MSME actors in the Telaga Ngebel area did not have any knowledge about digital wallet and were not familiar with it. Digital wallets have many advantages for those who use them, especially for businesses. However, MSME actors in the Telaga Ngebel area seemed to be missing out due to lack of information and socialization from the local government regarding the use of digital wallet as a method of payment. This could also happen since some of MSME actors in the Telaga Ngebel area and the visitors are elderly people, hence, it is quite difficult for them to adopt and change the payment method from the traditional cash payment to digital wallet.

Several MSME actors in the Telaga Ngebel area who had already known about digital payments using digital wallets had not implemented the payment system in their business and only use it for their personal needs. However, the interviews also indicated that some of the participant knew that digital wallet can be used to make bank transfer transactions and there is no admin fee charger when making the transfers to various banks. Some MSME actors in the Telaga Ngebel area had provided options for their consumers to use non-cash payments using bank transfer. Based on these results, it can be concluded that some of MSME actors in the Telaga Ngebel area were familiar with the use digital wallets but has not optimally implemented it for their business. The reason why MSMEs have not implemented a digital payment system as one of the payment method options for consumers is because MSMEs around the Telaga Ngebel tourist area in Ponorogo Regency felt limited in terms of their capabilities and availability of human resources that could help them understand the digital payment system by digital wallet. The results of this study are different from a previous work by Salsabila and Damanuri (2023) who also conducted study in Ponorogo Regency. Salsabila and Damanuri (2023) found that some of MSME in food and beverage sector Ponorogo had implemented digital payment using Quick Response Code Indonesian Standard (QRIS) but the implementation was for following trends only and not for increasing sales. Furthermore, Salsabila and Damanuri (2023) also found that the number of customers who paid using QRIS was low. The difference between the results of this study and the previous study is that this research focused on digital wallets as a method of payment and Salsabila and Damanuri (2023) focused on QRIS as a method of payment. QRIS is a QR code that can be integrated with various digital payment methods such as digital wallets and banking applications. People who have digital wallet or electronic banking on their gadgets can scan the QRIS code and easily make a payment.

The results also show that MSME actors in the Telaga Ngebel area wish to implement digital payments, especially digital wallets to improve their business. However, to implement digital payments, the MSMEs need guidance and support from the local government. At the time of the interview, the MSME actors in the Telaga Ngebel area had not received any information or socialization from the local government regarding the use of digital wallet as a method for payment. Some of the participants expressed their wishes and interests to be able to use digital wallet to improve their business. This finding is different from a previous study by Saputro, Winarni and Tutupoho (2023). Saputro, Winarni and Tutupoho (2023) found that payment using digital wallet was not being effectively implemented by MSMEs in Depok City and the MSME actors were not interested in using digital wallets as a means of payments. The MSME actors in the Telaga Ngebel area also mentioned that they would like to implement digital payment using digital wallet if there were any socializations or supports from the local government. This study supports the research conducted by Salsabila and Damanuri (2023) who found that the Ponorogo Regency local government did not conduct surveys, observations, and socialization to MSME actors in Ponorogo Regency to provide knowledge and education related to the implementation of digital payment using digital wallet. Thus, the local government should provide more socializations and supports in maximizing the implementation of digital wallet for means of payment for MSME actors. According to the TAM theory, the acceptance of technology is predicted by the users' behavioural intention, which is, in turn, determined by the perception of technology usefulness in performing the task and perceived ease of its use (Davis, 1989).

Furthermore, Davis (1989) asserted that perceived usefulness and ease of use represent the beliefs that lead to such acceptance of technology. This study found that MSME actors in the Telaga Ngebel area have not implemented digital payment system using digital wallets since they did not have any knowledge nor familiarity in using digital payment for business transactions. This finding is in line with the perceived usefulness construct in TAM since most of the MSME actors in the Telaga Ngebel area did not know if using digital wallets can improve the performance of their work. For the perceived ease of use construct, some of the participants expressed their concerns regarding the payment using digital wallet since visitors who came to the area are from various backgrounds and ages and not necessarily familiar with digital wallets. In TAM, perceived usefulness and perceived ease of use constructs influence attitude towards use, which is the user's evaluation of the desirability of employing a particular information systems application. If the MSME actors in the Telaga Ngebel area did not know about the benefits of using digital wallet as a means of payment and were not familiar with the system, thus, their attitude towards use of digital wallet would be less strong and they would not desire to implement the application. Next, that attitude would influence the MSME actors' behavioral intention to not use digital wallet as a means of payment for their business transactions. Behavioral intention to use is influenced by the attitude towards use and awareness of the benefits derived from information technology or applications which ultimately resulting in the acceptance of actual use.

However, based on the findings of this study, not all participants showed a less encouraging attitude towards using digital wallets as a method of payment for their business transactions. There are some participants of this study who stated that eventually they could accept an additional digital payment method using digital wallet. MSME actors in the Telaga Ngebel area mentioned some conditions that could make them accept the use of the digital payment system. The conditions are the use of the digital wallet payment should be able to facilitate and accelerate payment transaction activities between sellers and buyers during busy seasons, to minimize the number of employees needed during busy seasons, and to make payment more practical and easier to record and report.

## CONCLUSION

This study found that payment using digital wallets has not been implemented by MSME actors in the Telaga Ngebel area. Most MSME chose to use cash payment method and some of them also received non-cash payment system in the form of bank transfer. Furthermore, MSME actors have not implemented payment system using digital wallets since there is an inadequate number of human resources that can help them in understanding digital payments using digital wallets. Moreover, there were no supports and facilities from the Ponorogo Regency local government or related government agencies to improve human resources in MSME in the Telaga Ngebel area related to understanding in implementing a digital payment system using digital wallets as one of the means of payment in addition to cash and bank transfers payment. Based on the results of this study, it is recommended that the Ponorogo Regency local government continue to give assistance, support, and facilities to the MSME actors in the Telaga Ngebel area by upskilling the human resources. The MSME actors' skills and knowledge of digital payment and digital wallets is important to enable them to compete with other businesses in the area and eventually, would enable them to survive in this digital era. The limitation of this study was a limited time to interact with each of the participants since most of them are busy with their personal lives and their businesses. Future research can add more participants and conduct in-depth interviews with them to gain more insights regarding digital payments usage in MSME.

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