

Strategies To Increase Micro, Small And Medium Business Income (MSMEs) Through A Digital Payment System (Case Study of UMKM Sukowono District Jember Regency)

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Artikel Info

Received: <i>January 17, 2025</i>	Revised: <i>March 17, 2025</i>	Accepted: <i>May 18, 2025</i>	Published: <i>June 27, 2025</i>
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Abstract: This research aims to analyze the income enhancement strategies of Micro, Small, and Medium Enterprises (MSMEs) through the implementation of digital payment systems in Sukowono District, Jember Regency. In the digital era, the use of cashless payment methods such as QRIS, mobile banking, and e-wallets has become an important factor in increasing transaction efficiency and expanding market access for MSMEs. The research method used is a descriptive qualitative approach with interview techniques directed at MSME actors. The research findings indicate that although digitalization brings significant benefits such as ease of transactions and increased revenue, MSME actors still face various obstacles such as limited internet access, a mindset of the society that is still accustomed to cash transactions, and a lack of understanding of technology. Effective strategies to address these challenges include digitalization training, improving financial literacy, collaborating with financial institutions, and optimizing digital

Abstrak: Penelitian ini bertujuan untuk menganalisis strategi peningkatan pendapatan Usaha Mikro, Kecil, dan Menengah (UMKM) melalui implementasi sistem pembayaran digital di Kecamatan Sukowono, Kabupaten Jember. Di era digital, penggunaan metode pembayaran non-tunai seperti QRIS, mobile banking, dan e-wallet menjadi faktor penting dalam meningkatkan efisiensi transaksi dan memperluas akses pasar UMKM. Metode penelitian yang digunakan adalah pendekatan kualitatif deskriptif dengan teknik wawancara terhadap pelaku UMKM. Hasil penelitian menunjukkan bahwa meskipun digitalisasi membawa manfaat signifikan seperti kemudahan transaksi dan peningkatan pendapatan, pelaku UMKM masih menghadapi berbagai kendala seperti keterbatasan akses internet, pola pikir masyarakat yang masih terbiasa dengan transaksi tunai, serta kurangnya pemahaman teknologi.

media for marketing.

Strategi yang efektif untuk mengatasi kendala tersebut mencakup pelatihan digitalisasi, peningkatan literasi keuangan, kerja sama dengan lembaga keuangan, serta optimalisasi media digital untuk pemasaran.

Keywords: MSMEs; Digital Payment System; Strategy; QRIS.

Kata Kunci: UMKM; Sistem Pembayaran Digital; Strategi; QRIS.

A. Introduction

In a modern era that is all digital, people can no longer avoid the flow of technological advances, especially in terms of financial transformation transformation has changed the way humans transact from the original conventional to electronicsk(Oktavianty & Agit, 2023). The demands of the times encourage humans to continue to create technological innovations that facilitate various activities, including payment systems. The rapid development in financial technology presents an increasingly sophisticated, efficient digital payment tool and able to replace the role of cash transactions (Tarantang 2019).

Based on the Statistics of the Bank Indonesia Payment System 2024, there was a significant increase in the use of a digital payment system, especially Qris, which has now reached micro businesses to street vendors. This phenomenon shows that digitalization of payments is no longer limited to the formal sector, but began to expand to the informal sector including MSMEs. The use of QRIS is considered able to increase efficiency, speed up the transaction process, and reduce the risk of cash loss, so that it becomes a promising alternative in supporting digital -based economic growth at the local level. However, The level of adoption and utilization of qris in rural areas such as Sukowono sub -district still requires in -depth studies related to obstacles and potentials possessed (Bank Indonesia, t.t.)

In addition, the existence of a digital payment system also has an important role in encouraging financial inclusion, namely the expansion of public access to formal

financial services according to. According to (Nurohman 2022), Digitalization of payments can help MSME actors in expanding market reach and increasing transparency in financial recording. This is in line with the opinion (Apriyenti 2024) which states that the use of rational and efficient financial technology will facilitate business activities, especially for small businesses who have not been touched by the modern financial system. Therefore it is important for every stakeholder to work together so that MSMEs are able to adapt to changes in technology as a whole and even a (Fachrunnisa, t.t.)

At present, digital payments are the first choice because it is considered more practical, faster, and safe to use. The use of non-cash methods increases significantly, both in the local and global scope. Innovation in security features, process speed, and ease of access is the main attraction for the community. This technology not only supports economic efficiency but also expands financial inclusion. (Siti Aisyah, 2023)

The rapid development of information and communication technology has brought major changes to various aspects of life included in the economic and financial sectors (Raselawati, 2022). In the digital age, the public no longer depends entirely on cash transactions, but starts switching to digital payment methods that are faster, safer, and efficient. This transformation does not only occur in big cities, but also began to spread to rural areas and small business sectors. Micro business, small, and Medium Enterprise (MSMEs) which are the backbone of the Indonesian economy are also encouraged to adapt to this technological advancement in order to maintain its existence in the midst of increasingly fierce competition.

In addition, the progress of the digital payment system has been proven to have a positive impact on the economic growth of the informal sector, especially MSMEs, which are the main drivers of the national economy according to. According to (Sihaloho, 2020). The use of e-wallet and QR Code helps MSME actors manage more transparent transactions and speed up the service process to customers. This is reinforced by the findings of Kurniawan (2021) which shows that MSMEs that adopt a

digital payment system have increased sales volume of up to 20% within 6 months. However, The success of the implementation of digital systems is also strongly influenced by the readiness of human resources and conducive policy support (Rahmawati, 2023). Therefore, the digital capacity building strategy of MSMEs needs to continue to be pursued so that the benefits of this technology can be felt thoroughly and evenly .

In Sukowono District, Jember Regency, the application of a digital payment system is one of the strategies that began to be developed by MSME actors to increase operational income and efficiency. However, this adaptation process does not necessarily run smoothly. There are still many MSMEs that do not fully understand the benefits of digital technology, so it needs to be encouraged through training, education, and support from various parties. Thus, the use of digital payment systems is a strategic step that not only increases transaction efficiency and security, but also opens up opportunities for income growth for MSMEs, especially in rural areas such as Sukowono District. Therefore, this research is important to explore more in the challenges faced by MSMEs in the process of digitalization and formulate appropriate strategies to encourage broad and sustainable technology adoption.

B. Research methods

This study uses a qualitative approach with descriptive methods that aim to describe and analyze the strategy to increase micro, small and medium business income (MSMEs) through the application of digital payment systems in Sukowono District, Jember Regency. This approach was chosen because it was able to reveal the meaning, understanding, and experience of SMEs in depth in the real context that is happening. Data was collected through semi-structured interviews to MSMEs who use digital payment services such as QRIS, e-Wallet (Dana, OVO), and Mobile Banking, and supported by direct observation at business locations and documentation in the form of proof of transaction, QR Code display, and digital promotion material.

C. Results and Discussion

This study found that the application of a digital payment system by MSMEs in Sukowono District had a significant impact on increasing business income and efficiency. However, this process cannot be separated from various challenges that require special strategies so that the benefits of technology can be felt optimally. Discussion of research results divided into two main parts: Constraints and Strategies to Increase Income through a Digital Payment System.

1. Constraints faced by MSMEs in adopting digital payment systems

Based on interviews with SMEs, some of the main obstacles faced, among others:

a. Unstable internet connection

In addition to causing interference in transactions, unstable internet connections also have an impact on the reluctance of MSME actors to try new digital features. They feel disappointed because the process that should make it easier is an obstacle. A MSME actor, Ms. Rina, said, "If the buyer wants to pay using QRIS, sometimes you have to wait for a good signal first. So it makes a long queue." This situation shows that digital infrastructure is still not evenly distributed and is a major challenge in the implementation of digital payment systems in rural areas.

Some areas in Sukowono District are still experiencing problems with slow or unstable internet networks, especially in suburbs. This causes transactions using QRIS or e-wallet often fail or delayed, thus harming both sellers and buyers.

b. Lack of understanding of technology

Lack of digital literacy is also due to the lack of training or assistance from related parties, both from the local government and financial institutions. Many MSMEs feel that digital applications are designed too complicated and not user-friendly. Pak Budi, one of the snacks business people, said, "I'm afraid of wrong clicking, afraid that the money is lost or the application is an error. So I prefer

cash." This condition indicates that digital transformation requires continuous education so that SMEs do not only use, but also understand technology as a whole.

Some MSMEs, especially those who are elderly, admit that they have difficulty understanding how digital applications work. They feel awkward when they have to use QRIS, setup an e-wallet account, or understand digital notifications that appear during the transaction .

c. Administrative costs and transaction pieces Some business

The transaction fee deduction is considered to reduce income, especially for MSME actors with a low daily transaction volume. This makes them reluctant to use a digital payment system, because they feel not comparable to the benefits received. One of the respondents, Mbak Siti, said, "If the sale is only a thousand and two thousand, the qris fee is deducted, then it's a fortunately." This shows that the sustainability of the adoption of digital systems is also strongly influenced by cost regulations and the need for incentives for small MSMEs

Actors objected to the administrative costs imposed by digital service providers such as QRIS and e-Wallet. Selort of around 0.7% to 1% per transaction is considered enough to burden small business with a thin profit margin.

d. Conventional mindset

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There are still many SMEs and the surrounding community who are more comfortable using cash. They consider the digital system complicated and risky. This perception inhibits the adoption of technology widely even though the benefits have begun to appear .

Constraints faced by MSMEs in adopting digital payment systems in Sukowono District are not only technical, but also related to the habits and mindset of the community. The habit of using cash that has been going on for a long time makes most businesses and consumers feel reluctant to switch to digital payment methods. The perception that the digital system is complicated and risky is still strong in the minds of some people. An UMKM actor said, "If the buyer is accustomed to carrying cash, they are lazy to learn to use QRIS, especially if the signal is slow." This shows that obstacles are not only a matter of infrastructure, but also about building trust and changing the habits that have been rooted .

In addition, the limitations of understanding of digital technology are also not only experienced by elderly businesses, but also by the younger generation who are not familiar with financial applications. Confusion in setting an e-wallet account, connecting with a bank account, to technical errors in recording transactions become a challenge. In addition, the lack of assistance and education from related parties makes MSMEs find it difficult to seek help when facing problems. One of the perpetrators admitted, "We want to learn, but sometimes we don't know who to ask who." This shows the importance of the role of government, financial institutions, and local communities in providing equitable training so that the digitalization process runs effectively and reaches all business actors.

2. Income increase strategy through digital payments Despite facing various obstacles, several strategies have proven effective in increasing MSME income through digitizing payments:

a. Giving discounts or incentives

This strategy is widely applied by SMEs. For example, the owner of Chicken Noodle Kak Ros gives a 5% discount to customers who pay digitally every Monday. As a result, visits increased on a day that is usually quiet. The same thing was done by Seger Wane and Sweet Donuts by providing discounts and product bonuses for purchasing through a digital system.

Business actors such as sweet donuts and fresh sane also apply a similar strategy by providing product bonuses for purchasing through digital systems. This step not only increases sales volume but is also a means of education to consumers about the benefits of using digital payment methods. This incentive can form new habits for customers to prefer non-cash payment methods.

The discount strategy is considered quite effective in the Sukowono region because the majority of the community has a preference for prices and promotion. In other words, giving incentives into a form of psychological approach that is able to change the pattern of consumption while supporting digital financial inclusion at the rural UMKM level

b. Placement of Digital Payment Information in Strategic Locations

MSMEs begin to place posters, QR code, and promotional information on digital payments in places that are easily visible, such as near the cashier, entrance, and customer table. This increases consumer awareness and interest to use digital payment methods.

Information placed in a strategic place also strengthens the branding of business digitalization, because it shows the readiness of MSME actors in the face of the technology era. For example, a grocery shop or coffee shop that attaches a poster that reads "Paying using QRIS is more practical" shows that the business is technology -friendly and follows the times.

Increasing the visibility of digital information at the business location also creates a professional and trusted impression in the eyes of customers. This is an

added value, especially for young generation customers who are more accustomed to digital payments. This strategy is proven to increase the number of new customers who feel comfortable transacting non-cash

c. Direct communication to customers

Active businesses explain the benefits of digital payment to customers, such as ease of transactions and do not need to bring cash. This communication is proven to increase consumer trust in the new payment system

In practice, MSMEs such as snack shop owners insert digital education during the payment process. They patiently help customers open a digital wallet application and show how to scan QR Code. This direct interaction makes customers feel helped and get accustomed to making digital payments.

In addition, direct communication also functions to build emotional relationships between sellers and buyers. With direct education, customers feel valued and more open to try new systems. This accelerates digital adoption, especially among consumers who were previously still doubtful or lack of understanding of technology .

d. Utilization of Social Media and WhatsApp

Many MSMEs in Sukowono promote their products through social media and WhatsApp, as well as educating customers that payments can be made digitally. This strategy helps expand the market and attract consumers from outside the region

Through WhatsApp, business actors can send product catalogs, prices, and digital payment instructions directly to prospective buyers. Even some MSME actors began to take advantage of the static QRIS features sent via WhatsApp message to facilitate long distance transactions. This strategy allows customers from outside the area to buy products without having to come directly to the business location.

In addition, social media is used to share the testimonials of customers who are satisfied transacting digitally. This creates a trust effect (trust effect) among other consumers. Thus, This strategy not only increases income but also strengthens the modern and responsive business image of technological developments

e. Use of digital transaction data

Some MSME actors began to use digital transaction data to analyze the best-selling products, busy visits, and consumer preferences. For example, Ayumna shop uses e-wallet data to adjust stock and make promotions that are more targeted. Through WhatsApp, business actors can send product catalogs, prices, and digital payment instructions directly to prospective buyers. Even some MSME actors began to take advantage of the static QRIS features sent via WhatsApp message to facilitate long distance transactions. This strategy allows customers from outside the area to buy products without having to come directly to the business location. In addition, social media is used to share the testimonials of customers who are satisfied transacting digitally. This creates a trust effect (trust effect) among other consumers. Thus, This strategy not only increases income but also strengthens the modern and responsive business image of technological developments

With the existence of appropriate strategies such as providing incentives, the use of social media, to the use of digital data, MSME actors can overcome various challenges that exist. Digital transformation in the MSME sector in Sukowono District shows that collaboration between education, technology, and awareness of business actors can create a more modern, efficient and competitive business ecosystem. Therefore, Strengthening digital capacity and equitable provision of infrastructure needs to be encouraged so that the benefits of a digital payment system can be felt thoroughly by all layers of micro and small businesses

The application of the strategies above shows that SMEs in Sukowono District are slowly able to adjust to the demands of the digital economy. This adaptation is not only seen from the technical side of the use of applications, but also from changes in mindset to the benefits of the digital payment system. Business actors who were previously reluctant to use digital methods are now beginning to feel the ease and speed of transactions that have a direct impact on increasing customer satisfaction and business operational effectiveness. This is proof that when given appropriate support, MSMEs are able to develop in the middle of digital transformation

In addition, the success of the strategy is also greatly influenced by the involvement of various parties such as the village government, financial institutions, and local communities. This collaboration creates an ecosystem that supports the acceleration of digital technology adoption. For example, through training organized by the Office of Cooperatives and SMEs, business people get a better understanding of the benefits of digital payments and how to use them. This strengthens the confidence of business actors and minimizes errors in the use of digital applications thus encouraging MSMEs to be more active in implementing marketing strategies and digital transactionl.

Not only that, the level of confidence in the security of digital systems is also an important spotlight. Some SMEs are worried about the risk of fraud or loss of funds due to technical errors or lack of understanding in using applications. This fear is reinforced by the lack of socialization regarding consumer protection in digital transactions. As a result, although the digital payment system offers a lot of convenience, some businesses continue to choose cash because they feel safer and can immediately hold physical evidence of the proceeds from the sale.

Furthermore, the limited access to supporting devices such as adequate smartphones is also a challenge. Some SMEs in rural areas claim to use mobile phones with low specifications, so that not all digital applications can be installed

or run smoothly. This inhibits the adoption of a comprehensive digital system, and shows that the success of MSME digital transformation does not only depend on education, but also needs to be supported by the readiness of infrastructure and access to technology that is equal in all levels of society.

D. Conclusion

Based on the results of research conducted on micro, small and medium enterprises (MSMEs) in Sukowono District, Jember Regency, it can be concluded that the application of a digital payment system is proven to have a positive impact in efforts to increase business operational income and efficiency. Digitalization of transactions, through the use of qris, e-wallet, and mobile banking, not only facilitates the payment process, but also increases consumer attractiveness, expanding market access, and providing convenience in financial recording in real time. However, this technology adoption process still faces a number of obstacles such as limited internet access, low digital literacy, the mindset of people who are still accustomed to using cash, as well as lack of technical understanding among business actors. To overcome this, proven effective strategies include digitalization and financial literacy training, providing supporting infrastructure, promoting the use of digital payments through social media, providing incentives to customers, and cooperation with local financial institutions. Therefore, collaboration between the government, business actors, financial institutions.

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