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THE IMPACT OF DIGITAL PAYMENT, FINANCIAL TECHNOLOGY, AND CONSUMER SERVICE ON INCOME INCREASE FOR TOP 50 MSMEs

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Abstract

This study aims to assess the impact of digital payments, financial technology, and consumer service on income growth among MSMEs in Banda Aceh. The study population consists of MSMEs in Banda Aceh, with purposive sampling selecting the top 50 MSMEs with the highest income growth during the observation period. The research uses a descriptive quantitative method with 50 MSME respondents in Banda Aceh. Data collection techniques include literature review, observation, interviews, questionnaires, and documentation. Data analysis uses multiple linear regression tests.

Keywords: Digital Payment, Financial Technology, Consumer Service, MSMEs

INTRODUCTION

The economic slowdown due to COVID-19 has impacted MSME (Micro, Small, and Medium Enterprises) players. In 2020, the Indonesian Central Statistics Agency (BPS) recorded that MSMEs in Indonesia had reached 64.2 million units, absorbing 77% of the total workforce in Indonesia. The challenges faced by MSMEs are not only from a decline in purchasing power but also the emergence of online purchase and payment transactions, requiring MSME players to adapt quickly if they want their businesses to grow. The revenue increase expected by business owners must be managed well in terms of opportunities and challenges. Income is the amount of earnings received by people for their work performance over a certain period, be it daily, weekly, monthly, or yearly (Sucipto, 2018).

In increasing MSME income, business players must be able to utilize technological advancements as innovations to increase revenue. The modern era of globalization has positioned technological advancement as a key driver of growth in the economic sector (Ramadon & Adam, 2021). Technology that helps create new markets has touched almost every major life prospect (Prastika, 2019). In 2021, 96.4% of 19.5 million people accessed the internet through various devices, such as feature phones and smartphones (Puspita, 2019). The increased use of internet technology demonstrates that technology today can simplify or be considered essential.

The advancement of technology in the 4.0 era is unavoidable, with one notable change being the emergence of Financial Technology (Fintech). Fintech is a financial system technology that positively impacts services, new products, business models, and contributes to monetary stability in the payment system (Bank Indonesia, 2017). Fintech is evidence of the rapid use of technology that is considered effective and efficient in the financial sector (Lestari, 2021). The Technology Acceptance Model (TAM) in the modern era not only predicts and clarifies technology acceptance but also serves as a framework for understanding perspectives, behaviors, and purposes in technology usage (Cantika et al., 2019). Fintech is a modern-era technology that has continued to evolve over the years, showing good growth by being more efficient and effective, especially in the digital financial sector. Fintech has made financial services more accessible and has transformed consumer behavior by allowing access to information anywhere and anytime (Damayanti, 2022).

The development of fintech has introduced numerous innovative applications in financial services, such as payment tools, lending tools, and more (Cantika, 2019). One prominent feature is the ease of transactions or payments through electronic or digital payment (Wijaya, 2020). The choice of digital payment over cash payments is due to the public's preference for convenience and practicality. The use of digital payment is also driven by several factors, such as the fast-paced lifestyle changes, economic growth, and the development level of a country (Widyayanti, 2019). This means that the benefits of digital payment align with the needs and lifestyle changes of society. Some benefits of digital payment usage include helping buying and selling transactions and payment systems to be more effective, efficient, and economical. In addition, financial activities can be carried out anywhere with ease, security, and control (Daud et al., 2022). Transactions that previously required proximity can now be done remotely (Andari et al., 2020). Payments are also made with electronic money (e-money) or non-cash payments accessible through computers or mobile phones, offering comfort and ease of use (Shaury, 2019). Payment access remains real-time, allowing business owners to control their finances. This payment system is not only applied in e-commerce but also in direct transactions at business locations. Therefore, the government encourages business owners to compete and develop their businesses by adopting financial technology to increase sales revenue and financial management (Ozili, 2018; Sugiharto et al., 2019; Saputri, 2021).

According to data from Bank Indonesia, the volume of electronic or digital payment transactions tripled from 2017 to 2018. This increase is due to the numerous benefits of the electronic (non-cash) payment system for both sellers and buyers. For sellers, financial records are more systematic and organized with nothing overlooked, while buyers benefit from various offers and promotions when purchasing a product. Thus, digital payment systems are used as a strategy to boost business economy and accelerate financial inclusion in a country (Widyayanti, 2019).

Besides financial technology and digital payment, the quality of service provided by business owners also plays a role in increasing customer satisfaction, which in turn impacts revenue. Service quality is a benchmark that is the primary focus for business players in the service industry. Business players cannot ignore this because consumers pay significant attention to the service quality provided by business owners and companies. Quality is a level of perfection expected by consumers, with quality control aimed at meeting consumer desires (Wyckof in Tjiptono, 2002). Service quality measures how well the service level delivered by the company meets consumer expectations (Tjiptono & Chandra, 2011) and the gap between what customers experience and what they receive (Parasuraman, 2010). Based on the background described, the research question that the author seeks to examine further is whether digital payment, financial technology, and customer service influence business revenue growth strategies. With various digital payment systems and conveniences offered, can they increase business revenue? This topic needs to be studied in-depth as it directly impacts society and reflects adaptation to technological changes.

RESEARCH METHOD

Population of the Study

The population in this study is MSME (Micro, Small, and Medium Enterprise) operators with the highest income in Banda Aceh, known as the TOP 50 MSMEs of Banda Aceh. The study sample consists of 50 MSMEs with the highest income in Banda Aceh.

Operational Definition of Variables

Fintech is a new innovation in financial services that adapts to technological developments to make financial services and systems more efficient and effective (Wijaya, 2020). Fintech service indicators used by banks include (1) Internet Banking, (2) Mobile Banking, (3) SMS Banking, and (4) Phone Banking. Using only one fintech service, such as SMS banking, is given a score of 1. Using two types of fintech services, such as SMS banking and mobile banking or phone banking, is given a score of 2. Using three fintech services, such as SMS banking, mobile banking, internet banking, and so on, is given a score of 3, with a score of 4 given according to the fintech facilities used. Digital Payment is a payment system specifically developed to handle the electronic payment of goods via the internet (Riska 2019). According to Riska (2019), digital payment indicators include: (1) Perceived Ease of Use, (2) Perceived Usefulness, (3) Perceived Credibility, (4) Social Influence, and (5) Behavioral Intentions.

According to Tjiptono and Chandra (2012:74), service quality reflects the comparison between the level of service provided by the company and customer expectations. Parasuraman et al. (1985), as cited in Tjiptono and Chandra (2012:78), identified ten service quality indicators, summarized into five: Reliability, Responsiveness, Assurance, Empathy, and Tangibles. According to Nurlaila (2017), income increase is measured using the following indicators: Capital, Products, Labor, Profit, and Business Location.

The data analysis method uses a quantitative research approach with multiple linear regression testing: $Y=\alpha+\beta1X1+\beta2X2+\beta3X3+\varepsilon Y = \alpha + \beta1X1 + \beta2X2 + \beta3X3 + \varepsilon Y=\alpha+\beta1X1+\beta2X2+\beta3X3+\varepsilon$

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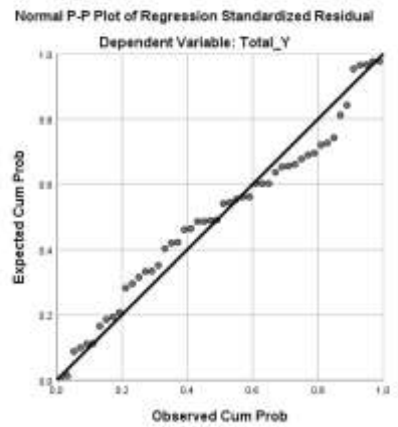
Explanation:
Y= Income Increase
α= Constant
β1−β3= Regression coefficient of variables
X1= Digital Payment
X2= Financial Technology
X3= Customer Service
ε = Error

RESULTS AND DISCUSSION

Normality Test



From Figure 4.1, it can be seen that all data are normally distributed, with data points spread around the diagonal line. Therefore, it can be concluded that the regression model meets the normality assumption.

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	2.099	5.106		.411	.683
	Total_X1	-.179	.127	-.146	-1.405	.167
	Total_X2	.562	.096	.589	5.829	.000
	Total_X3	.229	.094	.252	2.445	.018

a. Dependent Variable: Total_Y

Y = 2.099 – 0.179 X1 + 0.562 X2 + 0.229 X3 + eit

From the equation above, the constant value in this study is 2.099. This indicates that if X1, X2, and X3 have no values (value of 0), the increase in income (Y) will remain constant at 2.099. Meanwhile, financial technology (X1) has a negative relationship with income increase (Y), with a regression coefficient of -0.179. This shows that if financial technology is increased by 1%, it will reduce the income increase by 17.9%. Furthermore, digital payment (X2) has a positive relationship with income increase (Y), with a regression coefficient of 0.562. This indicates that if digital payment is increased by 1%, it will increase income by 56.2%. Additionally, customer service (X3) has a positive relationship with income increase (Y), with a regression coefficient of 0.229. This shows that if customer service is improved by 1%, it will increase income by 22.9%.

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
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	Total_X1	-.179	.127	-.146	-1.405	.167
	Total_X2	.562	.096	.589	5.829	.000
	Total_X3	.229	.094	.252	2.445	.018

a. Dependent Variable: Total_Y

Based on Table 4.13, which was obtained from data processing using SPSS 26, the results can be explained as follows:

1. The Effect of Financial Technology (X1) on Income Increase (Y)
   The financial technology variable has a t-value of (-1.405) with a probability value of 0.167. This probability value is not statistically significant at the 5% level. Thus, it can be concluded that the financial technology variable does not have a significant effect on income increase (Y) among the top 50 MSMEs in Banda Aceh.
2. The Effect of Digital Payment (X2) on Income Increase (Y)
   The digital payment variable has a t-value of 5.829 with a probability value of 0.000. This probability value is statistically significant at the 5% level. Thus, it can be concluded that the digital payment variable has a significant effect on income increase (Y) among the top 50 MSMEs in Banda Aceh.
3. The Effect of Consumer Service (X3) on Income Increase (Y)
   The consumer service variable has a t-value of 2.445 with a probability value of 0.018. This probability value is statistically significant at the 5% level. Thus, it can be concluded that the consumer service variable has a significant effect on income increase (Y) among the top 50 MSMEs in Banda Aceh.

CONCLUSION

Based on the data analysis conducted, the conclusions drawn from this study are as follows:

1. The financial technology variable does not have a significant effect on income increase (Y) for the top 50 MSMEs in Banda Aceh, with a t-value of -1.405 and a probability value of 0.167.
2. The digital payment variable has a significant effect on income increase (Y) for the top 50 MSMEs in Banda Aceh, with a t-value of 5.829 and a probability value of 0.000. This probability value is statistically significant at the 5% level.
3. The consumer service variable has a significant effect on income increase (Y) for the top 50 MSMEs in Banda Aceh, with a t-value of 2.445 and a probability value of 0.018. This probability value is statistically significant at the 5% level.

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