

The Impact of Covid-19 on Customer Usage of E-Wallet in Indonesia

Ramdhan Suseto¹, Noor Azizah Binti Mohamadali²

An International Islamic University Malaysia, Kuala Lumpur, Malaysia¹²

Authors Email: ramdhansuseto@gmail.com¹ nazizah@iium.edu.my²

Abstract: The impact of the covid-19 pandemic greatly affected the Indonesian economy, it is predicted that the growth only reaches around 2,5%. During this time customer need to avoid physical contact with each other's, so the only alternative is using digital transaction. The usage of e-wallet is very easy, and it is also making customer using less cash. This paper offers qualitative result of customer behavior using e-wallet in this pandemic. Nowadays people tend to use online shopping and using e-wallet as payment method rather than using cash. Even to prevent the spread of covid-19 virus the use of online shopping application surge by 300%.

Keywords: Covid-19, E-wallet, Online Shopping, E-commerce, Indonesia.

I. INTRODUCTION

Indonesia is currently facing a national disaster in the form of a covid-19 pandemic. The spread of covid-19 is recorded to be very fast and massive in Indonesia and today adding 1,385 people that positive having corona virus in Indonesia totals 57.770 people[1]. Pandemic covid-19 is presumably not only affecting health, but also the global economy, including Indonesia. In response, Finance Minister Sri Mulyani said that covid-19 will worsen the Indonesian economy, even economic growth predicted to grow only 2.5%[2] which can be seen in Figure 1.

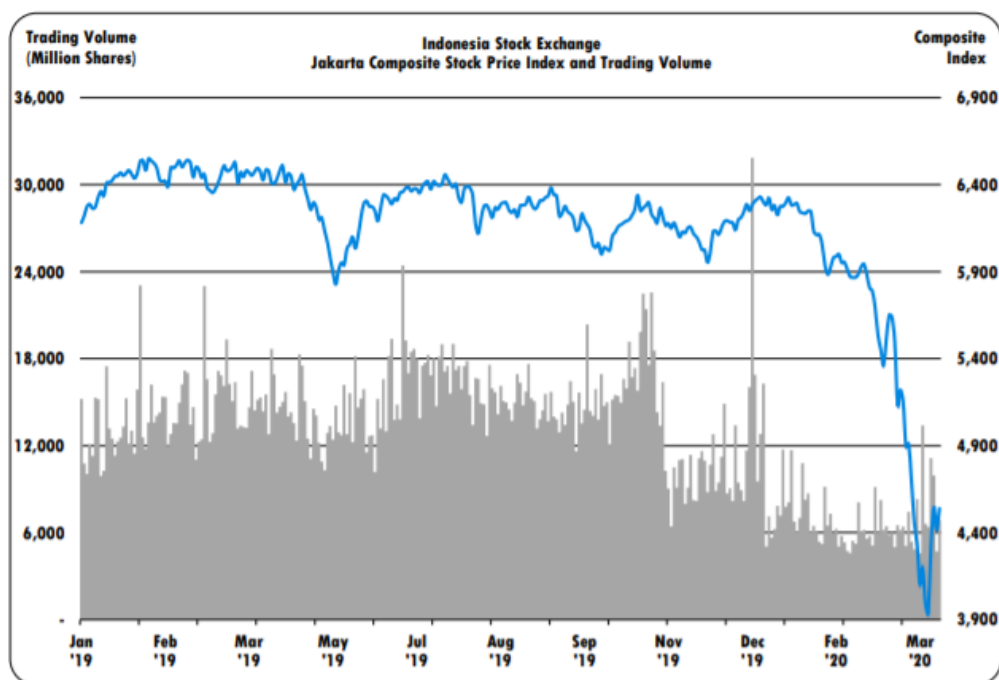


Fig. 1: Stock price indices[3]

In addition, businesspeople feel covid-19 has a big negative impact on the Indonesian economy. The reason is because covid-19 has disrupted the industrial production chain so that business does not run like it use too. To decrease the spread, of covid-19 government make new regulations call *Pembatasan Sosial Bersekala Besar* (PSBB). The application of PSBB gives significant impact on community activities either in positive or negative way. PSBB limiting people to make living while also protect them from this pandemic. Therefore, many people which ultimately uses e-commerce to shop for various needs. Sirclo estimate the growth of e-commerce until 2025 that we can see in Figure 2.

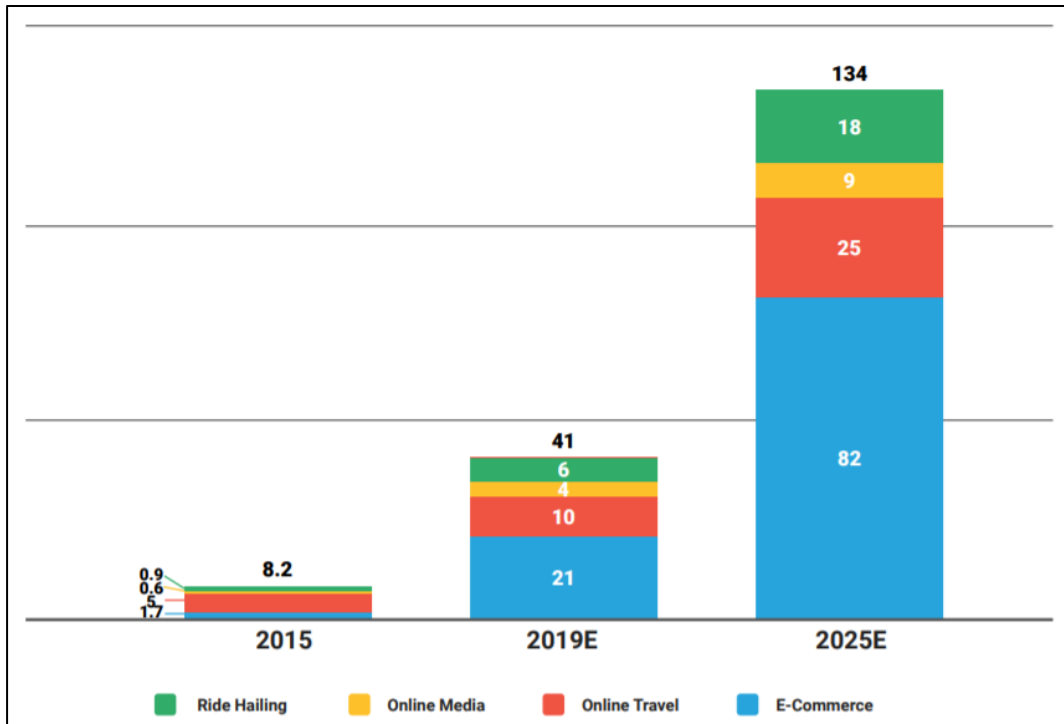


Fig. 2: Indonesia’s digital market size (in billion USD)[4]

The use of e-commerce also simultaneously implements the government's call to restrict the use of cash. Many supermarkets also make new payment methods so customers can pay from anywhere by using E-wallet. The popularity of mobile payment services increases by up to 70% in the last five years in Indonesia look at Figure 3.

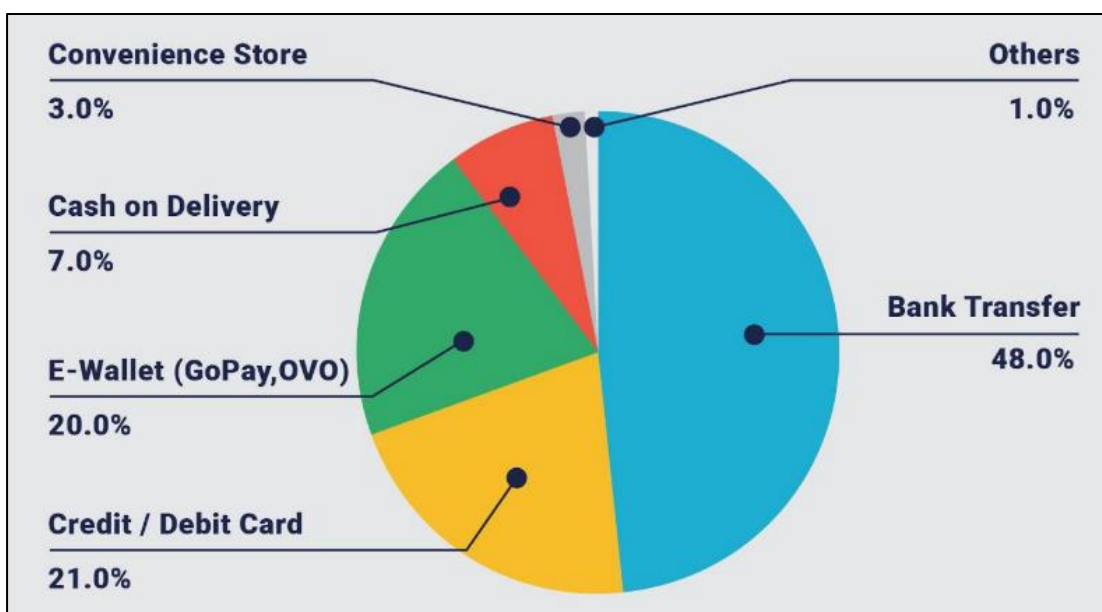


Fig. 3: Most favourite online payment method[4]

Moreover, there are many e-wallet applications that does not need a card for transact. Based on data from *Bank Indonesia*, there are 38 e-wallet that have an official license. In 2018, e-wallet transactions in Indonesia reached around 1.5 billion USD and is predicted to continue rising[5]. So, through this paper the author wants to analyze the impact of covid-19 on consumer behavior in the use of e-wallets.

II. RESEARCH PROBLEM

DKI Jakarta Governor Anies Baswedan announced *Pembatasan Sosial Bersekala Besar* (PSBB) in the capital city of the Republic of Indonesia was extended in the next 14 days. PSBB in Indonesia has been in effect since 5 June 2020 as the preventive measure in response to Covid-19 pandemic in the country[6]. In most states, the operating hours for some service sectors are limited to 8 to 10 hours or they make staff have shift on each day. In Jakarta, for example, **Kandi Imaji** is a PR consultant company which specialised in media & content management, branding, activation, and digital intelligence are allowed staff to have a shift to come to work. There have been several reports in the media about the impact of the PSBB on small businesses for example, experience loss of daily income due to disruptive supply chain. Many entrepreneurs began to shift to alternative approaches to continue their business operation. Among the alternative business continuity strategy adopted by entrepreneurs during the PSBB period is by selling and promoting their products via social media like Facebook or Instagram. World Health Organization (WHO) advice to reduce the spread of corona virus people brought things without going outside, so that self-isolation make e-commerce a way to shopping daily for people[7].

III. RESEARCH APPROACH

This paper involves unstructured phone interviews with open-ended questions and collecting data from books, journal, news as secondary sources, which was conducted during corona virus. Unstructured interview was employed in this study as it allows the opportunity to gather the thoughts and beliefs of individual entrepreneur based on their experience without limiting their words[8]. Data processing itself is a form of alignment and tidying by means of selection based on its reliability and validity. In the later stages of data analysis used qualitative analysis method, the analysis is done by using words or sentences and do not use the description of the figures and statistical formulas. As for the data analysis steps is the collection of data, data classification, interpretation of data content with content analysis methods (content analysis) as well as the results of the study conclusion.

IV. RESULT

The implementation of PSBB in this case applied from the government for people to stay at home, work from home, study from home as a form of anticipation spread of covid-19 has been so great affect all areas of life. Covid-19 which spread so quickly caused many people's habits to change, ranging from the health sector, technology, and even the economy has led to new habits in society known as "The New Normal". The new normal itself usually used in economics and business that refer to financial conditions after the financial crisis of 2007-2008 and after the 2008-2012 global recession. However, since it is used in various other contexts to indicate that what is not normal is normal.

During the pandemic almost all sectors slowed down, so that people do change and adapt quickly, and perform a variety of activities that they do in a digital way, such as learning, working, shopping, exercise at home online. Consumer habits like to shop physically, change to shop online or by using e-money or called electronic payment is a payment model that makes it easy and offers convenience to users in making payment transactions. Users only need to make transactions using the internet, without having to meet or come all the way to the seller. Electronic payment is representative of all non-cash payments. E-payment itself is divided into two types namely those that are connected with a bank account and those that are not connected with a bank account[9]. E-payment itself is divided into seven types of payment methods: electronic payment cards, electronic wallets, virtual credit cards, payments via cellphone, loyalty and smart cards, electronics cash, and stored-value card payment[10]. E-Wallet or Electronic Wallet is a web service or program that is useful for storing and controlling a user's online shopping information, such as login information, passwords, buyer's shipping address, and detailed information about a user's credit card. E-Wallet provides a convenient, fast, and safe way for its users to make online transactions worldwide from any store and anyone. An electronic wallet or e-wallet can replace the function of an ordinary wallet in an application or program and eliminate the need for the community to have several cards in the wallet.

Based on Analytics Data Advertising (ADA), The following top five personas make up 80% of the total smartphone device segmentation in Indonesia which increase the purchase of mobile data in Figure 4.



Fig. 4: Top five personas in Indonesia[11]

The use of e-wallet is currently experiencing an increase along with the increasing use of the internet as a tool for their transactions. At least due to changes in consumer behaviour from physical purchases to online, online sales have increased. Where everyone reacts in a different way to new circumstances during this covid 19 pandemic. This can be seen from the use of several applications used and their various reactions to this pandemic crisis. The use of financial applications has significantly increased the evidence that people are actively engaged in using e-wallet applications in finance. Where the approach taken to get their customers by adjusting strategies by utilizing the dynamics and situations of consumers. Purchasing products online by consumers will be retained by the company as big data in the form of a computer algorithm that e-commerce companies can target a larger target market with more specific and personal, as well as the database to create a marketing strategy of the company.

Conversely, a crisis condition such as the existence of this pandemic from the consumer side is the emergence of adaptive shopper, so from the seller's point of view there is an adaptive seller where salespeople adjust their strategies to customer requirements or the dynamics of the situation during the sale so that consumers feel happy and satisfied. By maintaining a good relationship with consumers, their business will last not only in the short term, but in the long term, creating loyal customers. Along with the decline in the covid 19 pandemic in various countries, e-commerce actors are certainly required to compile business strategies for the long term. Because, during the covid 19 period e-commerce companies must give a good impression through the role of service solutions such as goods sent safely, the use of e-wallet as a solution when at home, and buying goods do not need to use cash.

V. CONCLUSION AND FUTURE WORKS

Covid-19 has had a big negative impact on the Indonesian economy. Several attempts are continuously made by the government to deal with the spread of the covid-19 virus, including the implementation of *Pembatasan Sosial Berskala Besar* (PSBB) and physical distancing that make people stay at home and cannot do their usual activities. One of the activities that disappears from routine is unable to shopping through the existing Micro, Small and Medium Enterprises (MSMEs). So that it results in changes in consumer behaviour from physical buying to online which causes sales in the online field to increase. In the economic field, many people's habits change from what consumers usually like to shop physically, start shopping online. Based on data from Analytics Data Advertising (ADA), "at the end of February 2020 until the third week of March, activity in Jakarta's central business district decreased by 53%". Of course, this also impacts on the use of transactions, which previously used cash, now it is common to use e-wallet. Even to prevent the spread of the ADA covid-19 virus pandemic noted the use of online shopping applications jumped to 300% when social distancing was implemented.

Since the virus still spread, the researchers recommend updating the paper to the following year and conduct interviews from business perspective. This could help another researcher as their guideline in the same topic.

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