

## Analysis of the Use of Digital Financial System (E-Wallet) Financial Management of Farmers in Kota Pari Village

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### ABSTRACT

Financial technology (fintech) has experienced rapid development in recent years, one of the innovations is electronic wallets (e-wallets). E-wallets offer convenience in conducting financial transactions, including income and expense management. In Kota Pari Village, the majority of the population works as farmers. However, the adoption of fintech technology among farmers is still relatively low. This study aims to analyze the extent to which e-wallets are used by farmers in managing their income and expenses and identify the factors that affect their use. This research is expected to provide a comprehensive overview of the use of e-wallets by farmers in Kota Pari Village. The results of this research are expected to be the basis for the development of programs that support the improvement of financial literacy and the use of financial technology in the agricultural sector.

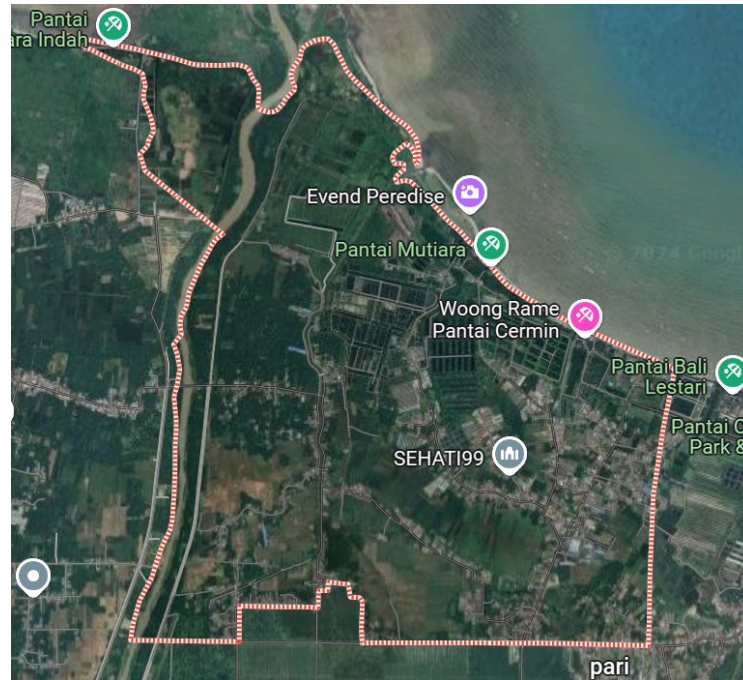
### Keywords:

E-wallet, financial management, farmers, Pari City Village, fintech.

### 1. Introduction

Agriculture is a vital sector in Indonesia's economy, given its significant contribution to Gross Domestic Product (GDP), food security, and job creation (Rofi, 2022). However, despite the strategic role of the sector, farmers in rural areas often face complex challenges, including low financial literacy, limited access to formal financial services, and low efficiency in managing income and expenditure. These challenges not only affect their productivity but also limit their ability to improve their standard of living and adapt to evolving economic dynamics (Fidya, 2023).

In the context of technological modernization, digitalization is one of the potential solutions to overcome these obstacles (Audina, 2021). One of the innovations that is increasingly popular in the digital financial system is e-wallets, or digital wallets. E-wallets allow users to conduct various financial transactions electronically, such as payments, transaction records, and financial management (Teuku dkk., 2023). The use of this technology is believed to provide various benefits, including ease of access, time efficiency, transparency, and reduced transaction costs. However, the extent to which this technology can be adopted by farmers as one of the community groups with a relatively low level of digital literacy is an important question in efforts to develop financial inclusion in rural areas (Sembiring & Faried, 2019).



**Picture 1 Map of Pari City Village Area**

Kota Pari Village, as one of the productive agricultural areas, faces similar challenges. The majority of farmers in this village still rely on conventional methods in managing their finances, such as manual recording and cash storage (Ananda dkk., 2022). Not only are these methods prone to errors and losses, but they also make it difficult for them to monitor their income and expense streams effectively (Faried dkk., 2023). With the lack of good financial management, farmers often have difficulty managing budgets, allocating income, and anticipating urgent needs, such as the purchase of seeds, fertilizers, or agricultural equipment (Wahyuni dkk., 2024).

Effective financial management is a key element in improving the economic well-being of individuals and communities. For farmers, good income and expenditure management can help them in optimally allocating resources, reducing financial risks, and increasing agricultural productivity. Unfortunately, many farmers in Indonesia, including in Kota Pari Village, still face challenges in managing their finances (Apriani dkk., 2023). These challenges are often caused by low financial literacy, limited access to traditional banking services, and reliance on cash payment systems.



## **Picture 2 Agricultural Area of Kota Pari Village**

Research on the use of e-wallets in managing farmers' income and expenses in Kota Pari Village is important to understand the extent to which this technology can be adopted and utilized by farmers (Ramadhani dkk., 2023). This study aims to identify the level of e-wallet use among farmers, analyze the benefits and obstacles faced in using it, and determine the factors that affect farmers' decision to use or not to use e-wallets (Yennisa & Putri, 2023).

The results of this study are expected to provide insights for stakeholders, including governments, e-wallet service providers, and financial institutions, in formulating strategies and policies that support increasing financial inclusion in the agricultural sector (Budiharto & Andayani, 2023). In addition, this research is also expected to provide recommendations that can help farmers in optimizing the use of e-wallets to improve their economic welfare (Santoso dkk., t.t.).

### **Financial Technology**

Financial Technology is an innovation in the field of financial services that is trending in Indonesia (Utomo & Rahman, 2024). Fintech can influence the community at large through access to financial products so that transactions become more practical, easy and effective. Fintech is a combination of the words "financial" and "technology," which refers to the application of technology to deliver financial services (Maulidah dkk., 2022). According to Schueffel (2016), fintech encompasses a wide range of technological innovations designed to improve and automate the delivery of financial services. These innovations include digital payments, peer-to-peer (P2P) lending, crowdfunding, robo-advisors, blockchain, and cryptocurrencies (Sri Mulyantini & Dewi Indriasih, 2021).

### **Dompet Digital (E Wallet)**

A digital wallet, or e-wallet, is a technology-based application that allows users to store, manage, and conduct financial transactions electronically (Ananda dkk., 2023). E-wallets serve as a substitute for physical wallets, store credit, debit, or bank account information, and allow payments through mobile devices such as smartphones or tablets. According to Dahlberg et al. (2015), e-wallets not only facilitate payment transactions, but also provide additional features such as e-coupon storage, loyalty cards, and peer-to-peer transactions (Teuku dkk., 2023).

E-wallets offer a variety of benefits for consumers and service providers. For consumers, e-wallets provide convenience and efficiency in conducting transactions, reduce dependence on cash, and offer additional features such as spending tracking and budget management (Shin, 2009). For service providers, e-wallets open up opportunities to increase customer loyalty through reward and cashback programs, as well as reduce operational costs associated with handling cash and physical cards (Faried dkk., 2023).

### **Definition of Income**

Revenue is the main goal of establishing a company. As a profit-oriented organization, revenue has a very large role. Revenue is an important factor in the operation of a company, because revenue will affect the level of profit that is expected to ensure the survival of the company (Evi, 2023). The Indonesian Institute of Accountants (2019:22) revealed in the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) that Income is income that arises in the



implementation of ordinary entity activities and is known by different designations such as sales, rewards, interest, dividends, royalties and rent (Asyik dkk., 2022).

### **Definition of Expenses**

According to Raja Adri Satriyawan Surya in the IFRS version of the book Financial Accounting, (2012) defines expenses as follows: "Expenses are a decrease in economic benefits during an accounting period in the form of outflows or outflows of assets or the occurrence of liabilities that result in a decrease in equity that does not involve distribution to investors (Wadly & Fitriani, 2023). The definition of expenses includes both expenses incurred in the implementation of ordinary company activities and losses". Expenditure in the agricultural sector refers to all costs incurred by farmers to carry out production activities, ranging from land preparation to marketing agricultural products. This expenditure includes various components, such as the purchase of production inputs (seeds, fertilizers, pesticides, and agricultural tools), labor costs, costs for land maintenance, and expenses for transportation and distribution of agricultural products (Alexander & Pamungkas, 2019). In economic studies, the theory of expenditure in agriculture is often associated with the efficiency of resource allocation, the management of farmers' household budgets, and external factors that affect operational costs in the agricultural sector.

## **2. Methods**

This study uses a qualitative approach to analyze the use of e-wallets in managing farmers' income and expenses in Kota Pari Village. The qualitative method was chosen because it allows for an in-depth exploration of farmers' experiences, perceptions, and practices in adopting e-wallet technology.

The participants in this study are farmers who live and work in Pari City Village. The purposive sampling technique will be used to select participants who have experience using e-wallets in managing their finances. It is estimated that around 8-15 farmers will be interviewed to get a variety of views and experiences. The data collection methods used are observation and interview methods as primary data sources, and study literature as secondary sources.

The data collection technique is through in-depth interviews and participatory observation. In-depth interviews will be conducted using a semi-structured interview guide that allows for flexible and in-depth exploration of the topic. Interview questions will cover topics such as the reasons for adopting e-wallets, perceived benefits, challenges faced, and impact on revenue and expense management. Participatory observations will be carried out to understand the daily context and interaction of farmers with e-wallet technology.

## **3. Results and Discussion**

### **Overview**

Kota Pari Village is one of the villages in Indonesia that has great potential in the agricultural sector. The village is known for its soil fertility that supports various types of food crops, horticulture, and



plantations. Most of the population depends on agricultural activities as the main source of income. As an agrarian village, the economic dynamics of its community are closely related to the production cycle and the fluctuating price of crops. Therefore, income and expenditure management is a very important issue in the daily life of farmers in Kota Pari Village.

The majority of residents of Kota Pari Village work as small farmers with a limited business scale. The level of education of the people in this village varies, but most of them are still low to medium education. This affects their level of financial literacy and ability to utilize digital technology, including modern financial services such as e-wallets. Despite this, the young generation in this village is beginning to show interest in digital technology, which provides an opportunity to drive digital transformation in the agricultural sector.

### **Adoption Rate of E Wallet by Farmers in Kota Pari Village**

The survey results show that the adoption rate of e-wallets among farmers in Kota Pari Village is still relatively low. Of the total respondents, only 35% of farmers have used e-wallets in their financial activities. Most e-wallet users are young farmers aged 25–40 years with a minimum level of high school education. This generation tends to be more open to digital technology compared to farmers over 40 years old.

However, although the adoption rate is still low, the majority of respondents (85%) own a smartphone device, which indicates a huge potential to increase the use of e-wallets in the future. The main obstacle found is the lack of knowledge about the functions and benefits of e-wallets, which is experienced by 70% of farmers who have not used them.

### **Benefits Felt by Farmers Using E Wallet**

Farmers who use e-wallets report a number of significant benefits, both in terms of financial efficiency and ease of transactions. Some of the key benefits include:

a) **Ease of Transaction**

E-wallets make it easier for farmers to pay for daily needs, such as purchasing fertilizers, seeds, and agricultural tools. About 60% of e-wallet user respondents stated that they can save time and effort because they no longer need to carry cash to the market.

b) **Better Financial Record-Keeping**

As many as 55% of e-wallet user respondents feel helped by the automatic transaction recording feature. This feature allows them to monitor expenses in real-time and manage their budgets more effectively.

c) **Security**

Most users (75%) feel safer using e-wallets because they reduce the risk of losing cash or theft.

d) **Access to Digital Programs**

E-wallets become an entry point for farmers to access other digital programs, such as microloans or agricultural insurance, which often require the use of digital platforms for registration.

### **Obstacles in Using E Wallet**

The study also identifies various obstacles that hinder the adoption and use of e-wallets by farmers. Most farmers who have not used e-wallets admit that they find it difficult to understand how the application works. This shows the need for further education related to the use of digital

technology. The limited internet network in several village areas is the main obstacle for farmers to access e-wallet services consistently.

As many as 40% of farmers who have not used e-wallets expressed concerns about the security of personal data and the potential for fraud in digital transactions. In addition, local culture that tends to maintain traditional ways of working is one of the psychological barriers. Older farmers are generally reluctant to try new technologies because they are used to manual methods.

### **Impact and Development Opportunities**

The results of this study show that e-wallets have great potential to improve the efficiency of farmers' financial management, although significant challenges still exist. Educational programs need to be designed specifically for farmers, focusing on the practical benefits of e-wallets in daily life. Collaboration with farmer groups and agricultural extension workers can increase the effectiveness of this program. The development of equitable internet network infrastructure is a priority to support the adoption of digital technology in rural areas.

E-wallet service providers can develop features that suit the needs of farmers, such as loan payment reminders, crop yield recording, and access to government subsidy programs. Additionally, Campaigns involving local community leaders can help reduce cultural resistance and build trust in digital technology. Collaboration between the government, e-wallet service providers, financial institutions, and non-governmental organizations can create an inclusive ecosystem to drive digital transformation in Kota Pari Village.

### **4. Conclusion**

The results of the study show that the adoption rate of e-wallets in Kota Pari Village is still low, namely only 35% of respondents use it. This condition reflects the early stages of digital transformation in rural agrarian communities. In the perspective of the Technology Acceptance Model (TAM) theory, the low adoption rate can be attributed to two main components: perceived ease of use and perceived usefulness.

Most farmers do not have a deep understanding of how e-wallets work and the benefits, which hinders their perception of the ease of use of this technology. This is relevant to previous research that states that the adoption of new technologies often requires ongoing educational support, especially among low-educated communities.

However, the finding that 85% of respondents own a smartphone device indicates a great opportunity to expand e-wallet adoption. If supported with the right digital literacy education, the penetration of this technology can increase significantly. This is in line with Rogers' innovation diffusion theory, where groups of young farmers can act as early adopters who drive wider adoption in their communities.

The study identified three main factors influencing farmers' decisions to use e-wallets: digital literacy, ease of access, and social support.

- a) Digital Literacy: The level of digital literacy is a major determinant in technology adoption. These results reinforce the finding that digital literacy, including the ability to understand and use e-wallet applications, is essential for improving financial inclusion in rural areas. The low digital literacy among older farmers shows the need for a practice-based and relevant educational approach to daily needs.

- b) Ease of Access: Telecommunications infrastructure plays a crucial role. Farmers living in areas with stable internet access are more likely to adopt e-wallets than those facing network constraints. This shows the importance of developing technological infrastructure as a prerequisite for successful digital transformation in rural areas.
- c) Social and Economic Support: The social environment influences farmers' decisions to try new technologies. Support from family, friends, or local communities can increase farmers' trust in e-wallets. In addition, economic incentives, such as cashback or promotions, prove to be an additional motivation for some users.

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