

## CHAPTER I

### INTRODUCTION

#### **A. Research Background**

Currently, Industry 4.0 becomes the centre of public attention due to the changes that it brings. It was born from the idea of the fourth industrial revolution. European Parliamentary Research Service on (Davies, 2015) stated that industrial revolution undergoes for four times. The technology advance is growing markedly up over time so that it creates innovation from other industry fields. This becomes the forerunner of the next industrial revolution, namely industry 4.0. It refers to the fourth revolution that happens currently.

Industrial revolution 4.0 presents technology that can expand the financial inclusive in which during the century is dominated by the bank. Financial industry recently feels the difference from the last moment such as the emergence of financial technology "*fin-tech*". According to Central Bank of Indonesia, fin-tech is the result of the combination between financial services and technology that eventually changes the business model from conventional to moderate. In which initially had to pay face to face and bring some cash, currently can make long-distance transactions with transactions can be done in seconds. It has a business scale that can grow rapidly, and it is able to change the landscape of the economy globally as we have seen in recent development.

One of the impacts is the society can use digital payment to pay transaction without any hesitate to does not put money into the wallet. Digital payment is one of the innovations that is created by *fin-tech*. By using merchant, ATM, online application such as OVO, Go-Pay, debit card, and credit card, people can purchase anything and pay along that things. By the existence of technology, the system payment nowadays divided into two, which is physical payment and digital payment. As the Indonesian government has anticipated this, the government has tightly regulated the payment system that applies in Indonesia through regulations from central bank of Indonesia.

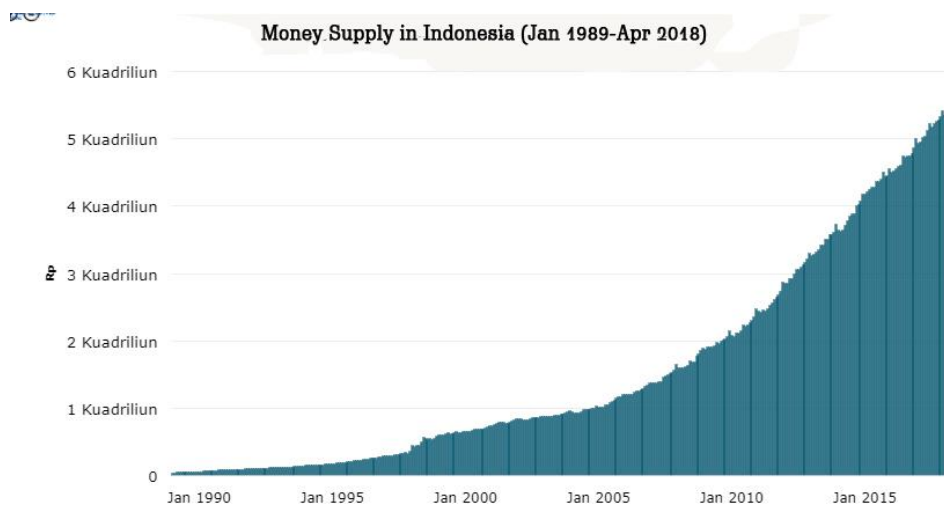
At the law of the central bank of Indonesia, number 6, 2009, article 1 paragraph 6 stated that payment system is the system, which covers the rules, institutions, and mechanisms by which it is used to carry out the transfer of funds to fulfil an obligation arising from an economic activity. In other side, society consumption is the main supporter for economic growth. When the society consume then automatically they need money to determine the number of goods that they buy according to the nominal of their money. Hence, according to Sahir Hasan on (Saidy, 2017) money is the substitute for material against the every economic activity, videlicet media or tool that gives the purchasing power to the owner in order to comply the needs. In addition, from all laws and regulations, it becomes a tool for the owner to fulfil all their obligations.

The emergence of system payment has existed besides physical payment, namely digital payment. It became a driver of the Indonesian government's policy to launch a Non-Cash National Movement (GNNT) in 2014, in order to be able to transition from the cash era to the era of cashless, which until now continues to intensify its use. The existence of this movement is aimed at encouraging people to conduct non-cash transactions for their economic activities so that they gradually form a community or people who prefer to use non-cash instruments.

Among ASEAN countries, the use of electronic money in Indonesia is still relatively low, refers to (Global Consumer Insight Survey, 2019) showed that Indonesia left behind from Thailand, and Vietnam in biggest growth in mobile payment 2019. Thailand increase 67 %, Vietnam increase 61% and Indonesia only reaches 47%. While with geographic conditions and a sizeable population, there is still considerable potential for expanding access to payment system services in Indonesia. Recently, the Indonesian people are faced with two payment system options in every transaction they make, specifically using cash and non-cash, with their own respective advantages and disadvantages.

Cash is popular, safer and serves a long list of legitimate social and economic values meanwhile cashless is made for convenience and payment facilitation. This movement is said to be a solution to anticipate higher crime rates with the cash usage. By switching to non-cash transactions, crimes such as money laundering, robbery, theft can be minimized. This movement to

non-cash can also reduce the level of money circulation in Indonesia. In terms of the high circulation of money will cause economic inflation in Indonesia. Nevertheless, based on the report, the amount of money circulation in Indonesia is increasing year by year. It shows that although the existence of the feature of digital payment itself, cash usage is still become the society choice.



**Figure 1.1**  
**The Development of Money Circulation In Indonesia**  
**From January 1989-April 2018 (rupiah)**  
 Source: katadata.co.id

Based on the figure 1.1 above, it shows that even though the government effort to push the society using digital payment through Non-Cash National Movement (GNNT) is still insufficient, cash usage as the payment tools still becomes the main financial transaction in this country. Reported “The G4S World Cash Report” released by G4S stated that 50 to 55% method of transaction in Indonesia uses cash.

This report applies two main instruments to measure increased demand for cash, namely cash circulation ratio (CIC) to gross domestic product and increase in cash withdrawals in countries involving in survey. In Indonesia, during the period 2012 to 2016, CIC grows 53,1% become IDR 528,53 trillion. While the number of cash withdrawals in ATM at the same period enhance as much as 65,6% become IDR 2.353 trillion.

Furthermore, Keynesian theory stated that the purposes of money demand are as the transaction motive, precautionary motive, and speculative motive. Nonetheless, the emergence of electronic money is thriving away, the Yogyakarta societies still prefer to use cash as the payment transaction in daily life (Sigit, 2014). It can be seen through directly observation in four big markets in Yogyakarta.

**Table 1.1**

**The Observation In Four Big Markets (Yogyakarta)**

No.	Location	Observation (people)	Card Usage (%)	Cash Usage (%)
1.	Indogrosir	25	6	19
2.	Hypermart	25	10	15
3.	Superindo	25	9	16
4.	Mirota Godean	25	8	17
Total		100	33	67

Source: Observation on 29 August 2019

As we can see in above table, more than 50% people in Yogyakarta still prefer using cash as the payment tool, rather than use digital payment such as debit card, credit, OVO and so on with average expenditure below IDR 500,000. It contrasts with the government policy on non-cash national

movement that pushed since 2014. What happens with the rule and the development of digital payment. It seems like there is something wrong in digital payment. It is in line with the Final Report of Access to Cash Review that launched by Natalie Ceeney, across the United Kingdom, supports this observation. Cash is decline but Britain is not ready goes through cashless era, because digital payment does not work for everyone. It is proved in the report, there 97% of UK population carry cash and 85% keep cash in their home.

Therefore, within this model, the author will focus on one of the super markets listed in four big markets that include directly observed, that is Super Indo Center known as Super Indo Jogokariyan. It is because super indo jogokariyan is one of the super markets providing cashier only for cash usage against their customer. By the existence of cashier only for cash users, proves that society of Yogyakarta who purchases goods in super indo majority still use cash. Thereby, it needs to know factors influence society of Yogyakarta who purchases goods in super indo use cash as the system payment.

The likelihoods factors influencing can be manageable, flexibility, transaction volume, and charge for non-cash payment. As manageable is the process of collecting and managing cash flow, it is essential for financial stability to manage wealth portfolio. According to (Kresnawati, et al, 2018) stated that by using cash, the consumer will ease to control their money when they conduct transaction for purchasing goods. The same result also conducted by (Jati, 2015). Then the next factor is flexibility, the level of

flexibility offered by cash users, where the flexibility in using is ease of use and accepted everywhere. According to (Rosana, 2018) stated that cash is flexible because it is easy to use which does not require a bank account or device by either party to complete a transaction, therefore everyone can use cash and it is very simple.

Moreover, factor of transaction volume will be the consideration for the society of Yogyakarta who purchases goods in Super Indo to use cash. According to (O'Brien, 2014) provides evidence on determinants of cash usage from small value payments and the amount of the purchase affects their propensity to use cash. The same result also conducted by (Lyold, et al, 2016), and (Bagnall, et al, 2014). On the other hand, the different result conducted by (Schmidt, 2016) found in Germany 40% of larger purchase or more are made in cash. Then the charge factor for non-cash payments becomes a special consideration for people who purchase at Super Indo, as according to (Arango, et al, 2017) stated that difference incentive cost of card and ATM withdrawal become a burden for the society. The sane result conducted by (Alonso, 2018) and (Shirgaokar & S. Agowall, 2019). All the variables that involve in economic activity especially for the system payment already set in Al-Qur'an for the law, which is part of *fiqh muamalah*:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِنْكُمْ وَلَا تَقْتُلُوا أَنْفُسَكُمْ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا.

*“O you who believe, do not eat your neighbor's property in a false way, except in the way of trade that applies with like and likeness among you. And do not kill yourselves, surely Allah is merciful to you” (QS.An-Nisa :29)*

Based on the data and phenomenon described, the author would like to do a research regarding the analysis of factors influence cash usage in Super Indo Jogokariyan. The reason of author chooses Super Indo Jogokariyan because it is one of the markets in Yogyakarta providing specifically cashier only for cash usage. Whilst, the Indonesian government push the society to use cashless or non-cash as the system payment since 2014 through Non-Cash National Movement (GNNT), but in fact, G4S world cash repost stated that 50 to 55% method of transaction in Indonesia uses cash, moreover specially society of Yogyakarta still prefer to use cash. It is found through directly observed in four big markets in Yogyakarta. It is in line with the United Kingdom case. Therefore, the author curious what is the most factors influence society of Yogyakarta who purchase goods in Super Indo Jogokariyan using cash as the system payment. Thereby, it can be entitled for this research as **“DETERMINANTS ANALYSIS OF CASH PAYMENT IN SUPER INDO MARKET JOGOKARIYAN YOGYAKARTA”**.

## **B. Limitation of Study**

Limitation of the problem in this study aims to avoid any deviation and widening the main problem. With the limitations of the problem in research, the research will be more directed. This can encourage the purpose of the study. Here is the limitation within this study:

### **1. Dependent Variable (Y)**

Dependent variable used within this model is cash usage (Y).



## 2. Independent Variables (X)

There are four the independent variables that used within this model are mentioned as follow:

- a. Manageable (X1)
- b. Flexibility (X2)
- c. Transaction Volume (X3)
- d. Charge for Non-Cash Payment (X4)

## 3. Research Objective

- a. Name of research objective : Super Indo Market  
Jogokariyan Yogyakarta
- b. Place of research objective: Street Menukan No. 1-3,  
Brontokusuman, Kec. Mergangsan, Yogyakarta City, Daerah  
Istimewa Yogyakarta 55222

## 4. Subjective Research

Subject used for this model is society of Yogyakarta who purchase goods in Super Indo Market Jogokariyan Yogyakarta

## 5. Research Time

The intended research time is the time when the research questionnaire is distributed to the respondents. The time of the study was conducted on research Time: 28-29 October 2019

## C. Research Problems

Based on the research background, the formulas in this research that is used are

1. How is the influence of manageable towards cash usage as the system payment for society of Yogyakarta in Super Indo Jogokariyan Yogyakarta
2. How is the influence of flexibility towards cash usage as the system payment for society of Yogyakarta in Super Indo Jogokariyan Yogyakarta
3. How is the influence of transaction volume towards cash usage as the system payment for society of Yogyakarta in Super Indo Jogokariyan Yogyakarta
4. How is the influence of charge for non-cash payment towards cash usage as the system payment for society of Yogyakarta in Super Indo Jogokariyan Yogyakarta

#### **D. Research Purposes**

The purposes for this research are:

1. To know the influence of manageable against cash usage as the system payment for society of Yogyakarta in Super Indo Jogokariyan Yogyakarta
2. To know the influence of flexibility against cash usage as the system payment for society of Yogyakarta in Super Indo Jogokariyan Yogyakarta
3. To know the transaction volume against cash usage as the system payment for society of Yogyakarta in Super Indo Jogokariyan Yogyakarta
4. To know the charge for non-cash against cash usage as the system payment for society of Yogyakarta in Super Indo Jogokariyan Yogyakarta

## **E. Research Advantages**

### 1. For the policy maker

The result for this research expected can give the idea about the factors that influence cash usage for society specifically in Yogyakarta so that the government can make good decision regarding the cash payment in order can succeed the goals particularly go to cashless era. Since, there are many fraud found through digital payment such as money laundering, and bad connection internet. Moreover, the goverment can make the policy in order to reduce or erase the charge imposed through the card so that the non-cash national movement can run so well and success.

### 2. For the society

The result for this research expected can give the summary to the society why they use cash paymenmt for daily transaction. It also can be comparison for the result between the society in Yogyakarta and other society among the region in Indonesia.

### 3. For the academics

The result for this research expected can give the idea about the determinants of the cash usage among Yogyakarta society so that it can contribute to the research. Since, the research regards this topic in Indonesia still lack of interesting. Although digital payment currently is thriving away, but the society still use cash payment for their daily needs in most of the areas in Indonesia.

#### 4. For the digital payment company

The result for this research expected can become introspection for them in order to make the policy regarding their services and their security in using digital payment. So that people can consider to use their digital payment rather than use cash payment.