

# Is it a true “Burn Money” Strategy to Educate *Cashless society*? *Fintech* Analysis as a Means Payment of SMEs in Indonesia

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## ABSTRACT

**Purpose of this paper:** This research aims to analyze the impact of the “burn money” made by *Fintech* as a means of payment in SMEs that has supported the education to create a *cashless society* in Indonesia.

**Methodology:** The research uses the literature review method, which is documenting relevant research by quoting authors and years of research.

**Findings:** Consumers can be interested in and ultimately ‘addicted’ to use non-cash payment tools if equipped with various conveniences and benefits. So it can be concluded that the “burn money” strategy conducted by *fintech* supports the people in Indonesia to form a *cashless society*.

**Originality:** The importance of conducting a strategy of “burn money” in the form of promotion is important because changing the behavior of consumers is not easy.

**Limitation:** This research only focuses on Indonesia. *Fintech* is only limited to the three largest *Fintech* in Indonesia (GOPAY, OVO, and DANA) and focuses on payment services. To conduct further exploration, we can use other methods such as interviews from both the SMEs and the *Fintech* s in Indonesia to explore or dig deeper into the factors that determine *Fintech* s to “burn money” to advance the economy of SMEs in Indonesia as a *cashless society* education.

**Keywords:** “Burn Money” strategy, *Fintech*, Payment, *Cashless society*, *E-Business*, *Indonesia*

## INTRODUCTION

The development of information technology experienced a very fast movement, thus creating new innovations that can support the advancement of the economy in the digital era. Today, information technology has created a new, electronic lifestyle that is capable of serving all human needs with greater ease, efficiency, and effectiveness when viewed from the time and cost (Marlinah 2016).

Information technology will encourage the emergence of special players who create niche markets that will continue to increase equipped with product adjustments to meet customer preferences. This technological change is capable of generating financial innovations in banking that have the connotations for development *Fintech* (Thakor 2019).

*Fintech* can serve as a tool or technology to facilitate the process of transactions between buyers and sellers and able to reduce the potential of fraud in a transaction process. *Fintech* can also be referred to as a legitimate payment process without the use of paper instruments. *Fintech* is present as a complement to existing and non-substitute financial system (Junadi and Sfenrianto 2015).

Based on the analysis made by CNBC (“*Fintech* Lending interest strangled, OJK call still Democratic” n.d.),

the most major *Fintech* business sector for transactions is payment. Compared to other *Fintech* sectors (such as financing, lending, aggregators, crowdfunding, financial planning, and others), the payment sector has placed a position of 39%. Digital payments are expected to increase rapidly. Based on the analysis of CNBC obtained from the Indonesian *Fintech* Association, in 2018 to the year 2019 the payment sector increased by U \$3,540 million.

The increase in the digital payments sector has not made Indonesia becoming a country of *cashless society*, but is still included in the transition. Indonesia, with a population of 260 million, has only penetrated the number of non-cash transactions against a total of a fairly low overall transaction of only 25%. This suggests that we still have great potential and long journeys to go to the *cashless society* when compared to other countries, such as South Korea that has reached the status of *cashless society* with a percentage of 83% (PT EASTSPRING INVESTMENTS, INDONESIA 2019).

With the emergence of new innovations in the form of *Fintech*, have a special strategy to “encourage” customers by “Burn Money”. This strategy is done by the most popular *Fintech* in Indonesia, namely GOPAY, OVO, and Dana (CNBC version). GOPAY’s “Burn Money” strategy is made for SMEs, making their transactions increased and making the business more advanced. For the OVO, he said it does not matter “burn money” is done because to encourage people to switch from cash to non-cash and want to make the community try to use and believe. Strategy “Burn Money” if viewed from the side of the DANA, reveals that the funds burned by the *Fintech* is actually smaller compared to what has been done by the bank because the banking is already doing education and give a discount over the years to build community confidence (“Reasons GOPAY, OVO & DANA Happy Burn Money” n.d.).

From the third statement of the CEO, it can be concluded that the three *Fintech* do “Burn Money” to educate and build the Indonesian community to make non-cash transactions so that it becomes a *cashless society* through transactions that Can be done by merchants or SMEs who have collaborated with all three *Fintech*. In addition to educating the public also need a help to increase digital transactions in SMEs.

This research aims to analyze the impact of the burn money made by *Fintech* as a means of payment in SMEs has supported the education of the public to conduct non-cash transactions and create *cashless society* in Indonesia. Researchers feel the need for this research because over time with continuously evolving technology, SMES as the most assisting sector of the economy that is the backbone of Indonesia’s Economy & ASEAN. Approximately 88.8%-99.9% of businesses in ASEAN are SMEs, and have absorbed 51.7%-97.2% of the workforce in ASEAN. By implementing *Fintech* technology is expected to achieve Indonesia’s vision to become the largest digital economy country in 2020 (“Ministry of Communication and Informatics” n.d.).

The achievement of Indonesia’s vision can be achieved by doing a shortcut to accelerate the progress by conducting innovative payment solutions because of research (Ewa Abbas 2017), indicating that the indicator of public readiness without cash money in Indonesia did not show rapid progress between 2011 and 2017. So it is expected that the strategy “Bakar Duit” is a shortcut in advancing Indonesia into the largest digital economic state.

## LITERATURE REVIEW

### “Burn Money” strategy

The “Burn money” strategy by providing promotional offers such as discounts or cashback is a strategy that is often done by digital transaction actors such as GOPAY, OVO, and DANA. (CEO DANA: ‘ Burn money ‘ strategy for Community Education | Economics “n.d.) By doing ‘ burn money ‘ through an insanelly

exciting promotion done to attract new users (“fuel-Ala OVO makes investors lose money?” n.d.)

“Burn money” strategy is the only strategy that *Fintech* companies can do in the payment sector to hook the market. Of the three largest *Fintech* in Indonesia (GOPAY, OVO, and DANA) strategy used almost the same routinely give a massive discount to its users (“OVO Nyerah ‘ Bakar money ‘, how is the fate of GOPAY, FUNDS, and LinkAja? -WinNetNews.Com “n.d.).

In attracting consumers with a variety of interesting offers done by *Fintech*, judged partly among brave enough. The choice of “money-burning” strategy is a certainty in the effort to change consumer behaviour as well as educate people to be increasingly turning to *cashless society* or non cash Money. *Fintech* can not force consumers unless using a shortcut. So to familiarize people using non-cash money, *Fintech* start by building experience using its services. But the community needs a reason to use and choose the service. With the discount war, cashback, payday, and so on. *Fintech* sees it as a way to build understanding and a habit of prospective users to use non-cash payments. (“Burn money players Non cash Payments-Monitorday.Com | Dignified and enlightening “n.d.)

The research on the promotion conducted by one of the *Fintech* in Indonesia has been conducted on the “effect of Digital promotion conducted by GOJEK Indonesia and C2C Market” by (Tusyanah, Dyah Rahmawati, and Fadlilah 2018). This research shows that the buyer’s purchase decision is influenced by the digital promotion conducted by GOJEK, the C2C market affects the product purchase decision and the jointly digital promotion performed by GO-JEK and C2C Also influential in the product purchasing decisions. So that SMEs are advised to consider the promotion and sale of their products at GOJEK and C2C markets such as Tokopedia or Shopee as they significantly assist SMEs in increasing their sales. GOJEK In this study is all the features of GOJEK.

Based on the previous research, GOJEK has one of the features of GOPAY as one of the methods of payment used when making transactions with merchants or SMEs has collaborated with GOJEK. Which means if the promotion is done by GOJEK by holding digital promotion if using GOPAY it will also affect the sale of SMEs.

The price promotion strategy is a function of sales sensitivity to price decline (Kumar, Madan, and Srinivasan 2004). Meanwhile, discounts are an essential tool in the company’s strategic warehouse. Each year the company spends billions of dollars to hold a promo price to encourage consumers to switch to their brand (Johnson, Tellis, and Ip 2013).

Conducting promotional strategies and discounts provided by all three *Fintech* companies (GOPAY, OVO and DANA) is one way that is used to “attract” consumers to make a desire to use the application so that this strategy is able to educate Indonesian people in non-cash transactions.

### **Cashless society**

The *cashless society* is a term used for people without cash, where people are accustomed to using non-cash instruments, especially in their economic activity transactions in a ward. The *cashless society* can also be interpreted by a sign, only a few banknotes and coins issued by the central bank (Ewa Abbas 2017). The ‘ burn money ‘ strategy that is done is significant enough in campaigning for the *cashless society*. (CEO DANA: ‘ Burn money ‘ strategy for Community Education | Economics “n.d.)

*Fintech* itself is actually still new and “Burn Money” is done giving its own strength to survive and attract the market. The various promo given to the community is a *Fintech* step to develop in a short period of time because it is not easy to introduce a new thing to the community. For example, the introduction of cards that

take up to 50 years, so that *Fintech* strategy that is carried out to accelerate the adoption of digital payments. The promo service offered is also one of the education to the community in conducting non-cash transactions and the cost to be spent on education is rated cheap by management because it only takes a short time to develop ("OVO Nyerah ' Bakar money ', how is the fate of GOPAY, DANA, and LinkAja? - WinNetNews.Com "n.d.).

It is a reason to be used or a reason for prospective users to download and use digital payment. Because changing behavior or behavior of consumers is not easy. Consumers can be interested and ultimately ' addicted ' to use non-cash payment tools if equipped with various conveniences and benefits. ("Burn money players Non cash Payments-MonitorDay.Com | Dignified and enlightening "n.d.). So it is able to create *cashless society* in Indonesia.

## Fintech

*Fintech* becomes a term that is increasingly used by financial services users, the intention of *Fintech* itself is a company that uses technology-based systems, either to offer it or try to make the financial system to become more efficient. Today *Fintech* has evolved to include every technological innovation in the financial sector (Technologies, Products, and Manta 2018).

*Fintech* is part of a thriving financial innovation process, which is theoretically proven risky but valuable because current evidence shows that it generates substantial value for investors. The use of technology to provide new and better financial services is also called *Fintech*. The motivation for the emergence of *Fintech* is information technology has made everything cheaper and more functional (Thakor 2019).

Dorfleitner et al. (2017) in (Harahap et al. 2017) has classified *Fintech* into four major sectors based on their business model. *Fintech* can be distinguished by involvement in financing, asset management, payment, and other *Fintech* functions. The financing sector is a *Fintech* sector that provides financing for individuals and businesses, and can also be classified into "*Fintech* that offers its offerings based on the participation of a large number of contributor (subsectors Crowdfunding) and those who offer factoring or credit services without the participation of many people (subsector credits and factoring)".

In the asset management sector includes a *Fintech* that offers advice, asset management, and an aggregate indicator of personal wealth and each of its sectors also in the subsector. The payment (payments) sector is a general term that applies to the *Fintech* application and its services regarding both national and international payment transactions. In this sector there are also blockchain and cryptocurrency subsectors that include *Fintech* s that offer virtual currency (cryptocurrency) as an alternative to ordinary money. Other *Fintech* sectors are other sectors that do not cover the existing classification and cannot be classified by three other traditional bank functions (financing, asset management, and payment). Examples are such as *Fintech* offering insurance.

It can be called *Fintech* when digital technologies such as the Internet, mobile computing, and allowing for data analysis, innovating, or disruptive financial services. Disruptive Financial Services and transformation into the main strengths of *Fintech* in addition to technological innovations (ALT, Beck, and Smits 2018).

In Indonesia, *Fintech* growth began to be in the year 2016 by 78%, while in the year 2017 to 39%, indicating a slowdown. However, in the year 2017, the Indonesian people are familiar with the term *Fintech*. It is demonstrated from the survey response in the year 2017 which is increasing and proven from the development of *Fintech* products in Indonesia (Setiobudi and Wiradinata 2018). In this research, the author focuses on *Fintech* products in the form of payment as one of the most widely used products in daily activities in Indonesia based on the OJK version of 42.22%.

## E-payment

Along with the rapid development of technology, patterns and payment instruments in economic transactions continue to change. Technological advances in payment instruments are able to shift the role of cash as a means of payment to more efficient and economical non-cash payments (Lintangsari et al. 2018). *E-payment* can be interpreted as a payment process carried out without using paper instruments. The *E-payment* system consists of transactions using online credit cards, e-wallet, e-cash, tilapia systems stored online, digital balance accumulation systems, digital payment systems and wireless payment systems. In Indonesia the level of mobile use is very high, namely 112% of the population of Indonesia or around 280 million units. The average Indonesian people use mobile phones around 2.5 (two and a half) hours per day to access information through the Internet. When viewed from the high level of mobile usage in Indonesia, *Fintech* uses mobile as a medium in *E-payment* transactions. In general, the use of mobile phones to facilitate consumer payments to merchants in e-commerce transactions usually uses the concept of e-wallet (Junadi and Sfenrianto 2015).

## SMEs

In Indonesia Law Number 20/2008 which regulates SMEs, explains the definition of SMEs themselves, that is “small companies owned and managed by a person or owned by a small group of people with a certain amount of wealth and income”. The Indonesian Ministry of Cooperatives and SMEs reported that, based on the number of units, SMEs had a share of around 99.99% (62.9 million units) of the total number of business operators in Indonesia in 2017, while large businesses were only 0.01% or around 5400 units. Micro Business absorbs around 107.2 million workers (89.2%), Small Business 5.7 million (4.74%), and Medium Enterprises 3.73 million (3.11%); while Large Enterprises absorbed around 3.58 million people. This means that in combination SMEs absorb around 97% of the national workforce, while Large Enterprises only absorb around 3% of the total national workforce.

SMEs in Indonesia are able to accelerate digital economic growth due to the large role of SMEs in the Indonesian economy, then by increasing the involvement of SMEs digitally supported by government policies in the form of *E-payment* expansion. By increasing the trust of e-commerce payment platforms, increasing the financial credibility of consumers and businesses in Indonesia and also expanding the volume of digital transactions in Indonesia. The government has a role to play in ensuring electronic payment systems that must be easily accessible, reliable and safe. So as to build greater consumer confidence and increase the use of electronic payments (Deloitte Access Economic 2015).

## METHOD

This research was conducted using the Literature Review method, which documents relevant research by citing the author and the year of the study. Literature Review or literature survey is a clear and logical presentation of relevant research conducted during an investigation. The purpose of the literature survey is to identify and highlight important variables, and to document important findings from previous research that will serve as a foundation on the theoretical framework to build inquiry and be able to develop hypotheses (Sekaran 2003).

This understanding is in line with understanding according to (Nazir, 1988: 111) “Literature study is a data collection technique by conducting a study of the review of books, literature, notes, and reports that are related to the problem being solved.” in (“Literature Study Method – Thistle” nd). In applying the literature review, the author must examine the objectives or research questions and obtain a sample seen from the database and what search terms are used to carry out a literature search (Dodgson 2017).



## RESULT

Outside Indonesia, such as Nigeria, the government adopted a visionary policy code called PSV20: 2020 which is targeted to adopt information and communication technology (ICT) as the proper management of Nigeria's economy which is part of Nigeria's efforts to become a member of the twenty most developed countries the economy. To achieve this goal, the Nigerian government created a cashless economic policy in which all payments for goods and services especially in government business must be made electronically. To make this policy work especially among small and medium enterprises (SMEs) in Nigeria, there are factors that influence the adoption and use of electronic payment systems (EPS), including the determination of electronic payment transaction costs must be transparent and free of hidden costs that can hampering the application of payment applications (Humbani and Wiese 2018).

In India, the government expects the cash back provided will not only support the promotion of digital actions but also encourage the country's total economic development. The government in India has re-loaded procedures, laws and tariff to support SMEs (micro, small, medium enterprises), thus helping smaller businesses to increase employment rates in the country. Indian society has the largest mobile users but overall only 40% of people do not use bank accounts. Nearly 80% of payment settlements are only made in cash (Sarika and Vasantha 2019).

The awareness of small retailers about cashless transactions and their modes needs to be assessed to understand their concerns and perceived convenience dealing with a cashless transaction system and to measure their level of participation in cashless transactions (CHATTOPADHYAY Subho, GULATI Payal, and BOSE Indranil 2013). Most small retailers are aware of the possibility of cashless transactions and their modes, but the frequency of these small retailers in the involvement of cashless transactions is much less compared to cash-based transactions.

Smartphones which are usually used as communication devices, entertainment devices, internet access devices, can now be used as payment tools. At present the community has started making payments for the purchase of goods and services through e-wallets. Apart from a number of advantages, accepting e-wallet as a payment method is not that impressive. The adoption of e-wallets by the public will help in tracking their payments and also tracking discounts at many online and offline retailers. This strategy is able to change a country without cash payment. Promotion is the act of offering a lower price temporarily to increase the effectiveness of product sales efforts to consumers. Discounts offered and cash ties with merchants are a number of ways customers use to lure e-wallets in India because Indians have a tendency to save money, they are easily attracted by coupons, discounts, or cash refunds that allow them to shop less. Most e-wallet companies in India provide discounts to users that can be availed at online and offline stores. With the increasing ties of traders helping traders in expanding their customer base. Therefore, the promotion offered is a significant factor in the intention to use e-wallets (George 2018).

Where as in Indonesia, according to (Sarika and Vasantha 2019), the electronic payment system especially e-wallet has developed as a popular medium, where a transaction is not physically carried out. The growth of e-wallet itself is also in line with economic growth and non-cash transactions. This growth is supported by effective methods in motivating people by giving cash back on digital payments to adopt non-cash transactions.

Technological developments have led to an improvement in the operating system and have made it possible to transform payment services. Some digital payment systems in Indonesia are GOPAY, Tcash, Paypro, OVO, Mandiri e-cash, XL Cash and Sakuku. The growing popularity of digital payments in Indonesia, GOPAY is now the market leader in digital payments. GOPAY can help SMEs who were previously from underserved markets to switch to the formal system. Using GOPAY allows business opportunities to emerge

as digital payment solutions and opens up new economic opportunities. In addition, GOPAY also allows consumers and traders to enter a broad market and provide access to various solutions and services (Raharja 2019)

The development of the concept of *Fintech* and *E-payment* products in Indonesia exceeded estimates from the provider companies. This happens because the Indonesian people have a tendency to get to know and know a new product that indirectly also makes it easier for companies to develop and introduce their products. The intention of the Indonesian people (in East Java) towards *Fintech* products is quite high. When viewed from the side of SMEs or the merchant and the customer side, both parties get a lot of profits. Some shop owners who use *E-payment* claim to get several benefits, namely the existence of a variety of promos that benefit both parties (users and providers), the convenience of the existence of *cashless society* transactions, thus creating speed and practicality.

Additional benefits felt by OVO product customers are the promotion of discounts, points, cash back and free products at certain outlets. This advantage helps merchants or SMEs to bring in customers. Meanwhile, in terms of service providers, additional benefits for users that can be given are security and guarantees. The sustainability and development of this product is supported by the ability of resources and company competence. In addition, environmental aspects also affect the existence of *Fintech* products because with the presence of competitors and partners, customers can choose according to their needs. (Setiobudi and Wiradinata 2018).

The phenomenon that is currently happening in our country is the emergence of community anxiety when the cell phone lags compared to the wallet when leaving the house. This arises because at this time the public can make transactions through mobile phones. Examples are making payments that only use barcodes or enter mobile numbers. This phenomenon is known as *cashless society* which is a new era of people without cash (PT EASTSPRING INVESTMENTS, INDONESIA 2019).

*Fintech* becomes a means of payment in electronic transactions and is able to support business processes because it is able to facilitate transactions in the business world, reduce errors, prevent fraud, speed up the transaction process. If an MSME or merchant makes payments using *Fintech*, the transaction process runs quickly without a long wait that makes customers comfortable in using *Fintech* in the booking. This has an effect on the merchants themselves, with the possibility of customers returning to shop again on another day because of the convenience so that indirectly impact on the sustainability of the SME business or the merchant.

This is supported by evidence that in January 2018, there were already 27 electronic money in circulation in Indonesia. Nowadays, the competition is starting to feel fierce in the world of electronic money because of the incessant rewards provided by *Fintech* es such as GOPAY, T-Cash, OVO, DANA, Doku Wallet, etc. Promotions offered are able to attract people to start registering themselves to be able to use features in *Fintech*. Examples of offers for use such as offers of cashback or cost cuts in the use of e-wallets such as when users use Go Food or Go Car services will be cheaper when dealing with GOPAY, or users get discounts and even cashback when shopping at Tokopedia if using OVO Balance. Promotions that began to be offered by providing large-scale discounts that are increasingly less aggressive and urged people to download and use the electronic money application. This ideology "Can be because ordinary, ordinary because forced" is what is currently being applied in Indonesia to go to a *cashless society*. The application of this ideology is felt effective because of the growth of electronic money transactions which grew significantly to reach 75% (PT EASTSPRING INVESTMENTS, INDONESIA 2019).

## DISCUSSION

The findings from the various studies found by researchers, there are various things that are interrelated. In

other countries such as India, the government intervened and hoped that the cash back provided would not only support the promotion of digital actions but also encourage the country's total economic development. The community has started using e-wallet. This use is supported by discounts offered and cash ties with merchants that businesses use to lure e-wallet users in India because Indians have a tendency to save money, they are easily attracted by coupons, discounts, or cash returns. Although it is clear that there are advantages in implementing non-cash payments, the awareness of merchants or SMEs about cashless transactions must still be understood the frequency with which these small retailers are involved in transactions without cash is far less than cash based transactions. In Nigeria, the government also plays a role by enacting a visionary policy code so as to be able to create an economic policy without cash in all payments for goods and services especially in government business and this policy must also function among small and medium enterprises (SMEs) in Nigeria.

While in Indonesia, the government has set a policy regarding *Fintech* by the OJK (Financial Services Authority). The most popular payment system in Indonesia, GOPAY, which can help SMEs who previously came from underserved markets, can switch to the formal system. Using a payment system such as GOPAY allows business opportunities to emerge as digital payment solutions and opens up new economic opportunities. In addition there is also OVO, where with the strategy of "burn money" conducted by OVO, with the promo discounts, points, cash back and free products at certain outlets. This advantage helps merchants or SMEs to bring in customers. In Indonesia, the growth of electronic money transactions has grown significantly to 75%. This growth can occur because the fuel-burning strategy is used to urge people to use non-cash transactions to be able to create a *cashless society* in Indonesia.

The *Fintech* company experienced a swelling in expenses because the company continued to provide many discounts to cash back which caused longer time needed for the company to book profits. If the company has gained its market and has gained an ecosystem, the company must immediately run its business normally or promos given no need to overdo it. If the business is running normally, then the company and investors will both benefit ("OVO Gives Up ' Burning Money ', How Fate GOPAY, DANA, and LinkAja? – WinNetNews.Com" n.d.)

Indonesia's biggest homework is how to educate 90% of people who have not implemented a *cashless society* and payment system companies try to educate directly using a digital system without using a credit card or debit card again. Furthermore, in increasing this strategy using non-cash, the company builds experience using its services. But these people need a reason to use and choose the service. The beginning can be done by offering discounts, cashback, payday, etc. to show reason to be used. When it is used, the community becomes aware of its function so that it becomes part of the education so that it can change its behavior. "

With the presence of e-wallet in Indonesia, it aims to encourage the increasing non-cash national movement (GNNT), which is also in line with the vision of the Indonesian government in increasing Indonesia's financial inclusion in the years to come. The strategy of "burning money" is actually done for education, so that business people in providing promotions, discounts, incentives, actually aim to teach the public about digital wallets so that they are more sustainable in the future. This strategy is able to accelerate its education ("Digital Warfare Discount Wallet, Only Burning Money or Community Education? – Bisnis Liputan6.Com" n.d.).

On the other hand, consumers' intention to adopt cellular payment services is influenced by the number of participating merchants, which determines the availability for consumers to use cellular payment services. Maybe service provider entrepreneurs are more focused on promoting mobile payments in areas with a large consumer base such as retail and public transportation (Humbani and Wiese 2018).

This year (2019), out of 59.2 million SMEs entrepreneurs, only 3.79 million have gone online. It is



predicted that the number of SMEs will continue to grow by 5% next year and it is expected that as many as 8 million SMEs will start utilizing digital payment services or *E-payment* (“Exploring the Role of Technology in Building a ‘Cashless society’ | Dailysocial” n.d.).

The “burn money” strategy adopted by *Fintech* in Indonesia by providing cashbacks and discounts, if seen from the literature review above shows that cash back on digital payments is an effective method to motivate residents to adopt non-cash transactions. It also has a positive impact on economic growth.

By holding digital promotions such as providing cash back or discounts it will also affect the sales of SMEs. This can be seen in the growth of electronic money transactions in nominal terms, which grew significantly to 75%, although not all SMEs have implemented online payments. The need to assess SMEs awareness about transactions without cash and their modes, to realize the possibility of transactions without cash and their modes because the frequency they are involved in transactions without cash is far less than cash-based transactions.

In 2017, Indonesia is a developing country in the Southeast Asia region that has a very low level of non-cash payments. The number of non-cash transactions in Indonesia has only reached 0.6%, whereas other regional countries such as Thailand have reached 2.8%, Malaysia 7.7% and Singapore reaching 44.5% (Sutarmin and Susanto 2018). Whereas at present, Indonesia’s position is in a transitional position and the number of non-cash transactions remains below that of Thailand, Malaysia and Singapore.

Even so, the population of Indonesia for ownership of the largest non-cash financial products is still held by the position of the Debit Card, while *Fintech* features such as e-wallet are still ranked second. Maybe this is what causes the low level of non-cash payments through features found in *Fintech*. The transformation of current payment methods into total without cash may not be possible in the near future, but continuous innovation in technology assistance. payment systems will certainly expand people’s access to cashless payments. Although the adoption of one type of payment without cash will affect other types of cash payments in the short term, the consequences of adopting cashless payments on economic growth can only be observed significantly in the long run. Therefore, any payment policy without cash will not affect the economy immediately (Tee and Ong 2016).

## CONCLUSION

From the explanation above, it can be concluded that Indonesia is still lagging behind when compared to several neighboring countries in Southeast Asia for the number of non-cash transactions and Indonesia is still in transition from cash to digital payments. Although digital transactions continue to increase, one of them is by using e-payment. This *E-payment* transaction can be fully carried out by SMEs if SMEs are able to understand and realize the effects of applying digital transactions compared to non-digital ones.

From the literature above, the application of digital transactions carried out by one of the *Fintech* es in Indonesia can affect the sales of SMEs. Promotions conducted by *Fintech* by burning money can influence product purchases, influence product purchasing decisions. So SMES should consider promoting and selling their products to partners who are able to raise the level of sales by joining *Fintech* available in Indonesia, such as GOPAY, OVO and DANA as the three biggest *Fintech* es in Indonesia. It is hoped that with the increase in SMEs sales digitally it will be able to educate the Indonesian people in using features in *Fintech* in making transactions so that Indonesia is able to become one of the countries capable of implementing *Cashless society*.

The importance of holding a “burn money” strategy in the form of this promotion is important. This is in line with research conducted by which states that the discount program can have an influence on purchasing decisions, a significant influence between discounts given to customer satisfaction, and there is a significant

influence between purchasing decisions on customer satisfaction (Dewi and Kusumawati 2018).

If the “burn money” strategy is not carried out by *Fintech* business people, people in Indonesia are less appreciative of the existence of *Fintech*. This can happen because people in Indonesia do not have a reason to be used to download and use digital payments. Because changing consumer behavior is indeed not easy. Consumers can be attracted and ultimately ‘hooked’ to use non-cash payment instruments if equipped with various facilities and benefits. So it can be concluded that the “burn money” strategy conducted by fintech supports the people in Indonesia to form Cashless society.

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