

# Digital Money in Indonesia: Study of Literature Supporting Technological Progress in the Era of Society 5.0 Indonesia

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**Abstract.** Digital money is defined as a digital payment tool that changes the pattern and model of transactions in business and investment. These technological advances make the transaction process faster, easier, more effective, and more efficient. In all digital activities and with data as its main role, individuals are no longer limited to space and time, they can conduct transactions electronically anywhere, with anyone, and anytime. This research is a literature study that aims to reveal the use, advantages, and disadvantages of digital money in society. The results of this study indicate that the use of digital money in transactions is a form of advancement in financial digitalization technology in the era of society 5.0. The conclusion of this research is the presence of digital currency as a means of payment that is safe, legal, and universal to increase trade transactions and economic growth.

**Keywords:** Money, Digital, Society 5.0.

## 1 Introduction

The advancement of world technology which has entered the 5.0 era requires Indonesia to follow and adapt to developments in order to be able to compete in any field, including the economic field. In today's technological era, competition is not only in the face to face business field but also in the software, web and internet-based business world in aspects of daily life. The internet and technological advances in today's era which are growing rapidly provide convenience and a significant influence on all aspects of human life [1][2] explains that today's technological developments It has a significant impact on the economic progress of any country and encourages the business world to be more efficient and effective in carrying out business activities to achieve maximum results [3] said that economic digitization is a phenomenon where all economic activities of the community turn into telecommunications-based. With digitization, everything is not limited by space, time and distance. The presence of digitalization will provide many benefits for the community component, especially for creative economy actors.

Technological developments entering the 5.0 era require Indonesia to be able to develop digitalization in the economic sector, including through digitizing money or what is often heard with electronic money. Electronic money as a means of payment consists of the following elements: a. issued on the basis of the value of money deposited in advance to the issuer; b- The value of money is stored electronically in a server or media chip. C- The value of electronic money managed by the issuer is not considered a deposit as specified in the Banking Law [4] [5] explains that digital money where the user uses digital payments for

business activities carried out which functions as a standard currency. Aulia (2022) revealed that electronic money is registered, namely electronic money whose identity data is recorded or registered with the issuer of electronic money. In this case, the issuer must apply the principle of knowing the customer in issuing registered electronic money.

Digital money or electronic money is still very rarely implemented in Indonesia due to the lack of explanation or socialization about its use. Nowadays, the use of digital money is mostly done by young people so that its application has not been maximized. Digital payments or commonly called digital money (electronic money) are quite high in urban areas, because the velocity of money is faster than in rural areas [6][7] explains that buyers will be ordered to make cashless payments or digital money by scanning the barcode that is visible on the screen in the application design so that in its application it is still not well socialized to all levels of Indonesian society. [8] explained that the application of digital or electronic money in Indonesia is still a polemic for its application and there is no socialization and equitable distribution of its use. He continued, it was explained that its use is still very limited, so there is a need for new breakthroughs so that the use of electronic money can be evenly distributed and help Indonesia adapt to participate in world technological advances in the 5.0 era.

Although there has not been much socialization and the application of the use of electronic money or digitalization, its use is increasingly being carried out, especially during the COVID-19 pandemic yesterday. This can be seen from all payments that can be made remotely or cashless. [9] explains that the use of digital money and online shopping habits can be one way to stop the spread of COVID-19 and support progress in the Indonesian economic sector. [10] reveals that electronic money, namely in digital money has no intrinsic and intangible value, is issued as a substitute for Traditional money can be stand-alone and its issuance does not depend on traditional money, while electronic money is in the form of money without physical money (non-cash money) that stores the value of money in the form of digital data. E-money or electronic money/digital money which was originally an alternative choice in transactions in the past, is now one of the main payments that is supported and protected by the government, where this digital money has legal provisions and applicable legal protections and is under supervision, especially in the covid-19 pandemic [11].

Based on the explanation mentioned above, revealing about supporting the government's success in implementing technology to support progress in the 5.0 era related to the innovation of electronic money or digital money is a new discussion to be presented and further reviewed. This article will describe the results of previous literature studies regarding the use, advantages, disadvantages and understanding of electronic money applied in Indonesia. Electronic money is expected to be able to make innovations and new breakthroughs in Indonesia in supporting and being able to compete in technology era 5.0, especially in the economic field so that it can compete with developing countries and even other developed countries. This article will conduct a discussion based on a literature review of published articles to focus on discussions about electronic or digital money as one of Indonesia's innovations and participation in boosting technological progress in the 5.0 era. Electronic or digital money is a new and not comprehensive discussion in Indonesia. The results of this discussion are expected to be able to become the basis and basis for implementing and increasing the use of electronic or digital money in Indonesia. Other results are expected to be able to make the theoretical basis for further research related to electronic and digital money in Indonesia.

## **2 Research Methods**

This research is a type of literature study, which means examining the results of previous studies that reveal the use of electronic money in Indonesia for the use of official payments. This study will reveal or examine the strengths and weaknesses of the use of electronic money used for official payments in Indonesia. In addition, the literature review research included in this study is a type of qualitative descriptive research. The material of this study is obtained from the documents of previous studies, which have been collected by collecting and analyzing article document files of both nationally and internationally published scientific journals. This study examines 15 articles on the use of electronic money as a legal means of payment in Indonesia.

### 3. Results and Discussion

This research is a literature study that aims to examine the meaning, use, and advantages and disadvantages of digital money. The data in this study are 15 journal articles that discuss digital money in transactions as a form of advances in financial digitalization technology in the era of society 5.0. This categorization is used to identify new aspects in several years. This research is a literature review of articles that present data and journal documents including author, year, title and method which will be presented in Table 1 below:

Author/Years	Title	Methods	Results
Muhamad Danuri (2019)	Development and transformation of digital technology	Qualitative	Called the digital era, human life has used this technology to replace human intervention in its activities.
Aneke Nurdian Dwi Sari, Zaini Abdul Malik, Yayat Rahmat Hidayat (2020)	The Influence of the Use of Electronic Money (E-Money) on Consumer Behavior		using electronic money (e-money) because it is more practical, efficient and easy to use
Maria Kristina Situmorang (2021)	The Influence of Consumer Behavior on the Use of Electronic Money (Digital Wallets) as Payment Instruments During the Covid-19 Pandemic in Medan City	Experiment	There is a behavioral effect consumers oppose the use of electronic money (digital wallets) as a means of payment during the Covid-19 pandemic in the city of Medan
Lola Malihah, Muhammad Yulian Ma'mun, Muhammad Adi Riswan Al Mubarak, Rizqi Amalia (2021)	SWOT Analysis of the Motivation for the Use of Non-Cash Transactions (Sharia E-Money) by MSME Actors (Study on MSME Actors Around the IAI Darussalam Martapura Campus)	Qualitative	The development of sharia e-money will be increasingly rapid, where sharia e-money will continue to develop financial technology for the better and adapt its products to the needs of the community
Lathif Hanafir Rifqi1 & Ana Zahrotun Nihayah	Determinants of Attitude in Using Digital Payment	Qualitative	Research result three things were found to be the low factor

(2022)	Platforms		use of digital payment platforms for creative MSEs. These three factors are financial literacy, infrastructure, and digital literacy
Dirwan dan Fitriani Latief (2020)	Aspects Affecting Interest in Using Digital Money in Makassar City	Scientific experiments	Ease, benefits, security and service features have a positive and significant impact on the interest in using digital money in Makassar City.
O. I. Iarinaa, O. M. Akimov (2020)	Digital money at the present stage: Key risks and development direction	Qualitative	Digital money from central banks is more flexible and reliable for consumers than private cryptocurrencies
Srihari Hulikal Muralidhar (2019)	Making Digital Money “Work” for Low-Income Users: Critical Reflections for HCI	Qualitative	Designing mobile technology for financial transactions should increase financial independence
Roman Situngkir (2018)	Use of E-Money Based on Law Number 7 Year 2011 Regarding Currency	Normative juridical law	Electronic money (electronic money) is a means of payment, then this means that e-money
Abiba, Riska Widya., Indrarini, Rachma (2021)	The Influence of the Use of Server-Based Electronic Money (E-money) as a Transaction Tool on the Creation of the Less Cash Society Movement in the Millennial Generation in Surabaya	Quantitative	The use of electronic money (e-money) has a positive and significant influence on the Less Cash Society movement
Yulia dan Hilda (2021)	Identification of Digital Technology and Digital Money in Online Shopping for Communities in the Border Region of West Kalimantan	Evaluation	Communities in the border area of Kalimantan
Jefry Tarantang, Annisa, Awwaliyah, Maulidia Astuti,	The development of digital payment systems in the era of the industrial	Qualitative	Technical development in the era of the digital economy (Industrial Revolution 4.0) is

Meidinah Munawaroh (2019)	revolution 4.0 in Indonesia		inevitable, especially in the increasingly rapid development of digital payment systems.
Borhan Omar Ahmad Al-Dalaien (2017)	Cashless economy in India: challenges ahead	Descriptive	The cashless economy is not beneficial to the general public
Laela Nur Janah, Supanji Setyawan (2022)	The impact of the COVID-19 pandemic on the use of digital wallets in Indonesia	Qualitative	The existence of a pandemic has an impact on the increasing use of digital money in Indonesia
Widhi Ariyo Bimo (2021)	Assessment of the use of digital wallets during the covid-19 pandemic	Qualitative	assessment of the use of digital wallets during the Covid-19 pandemic in terms of Appearance Performance (Tangible), Reliability (Reliability) and Attention (Empathy)

### 3.1 Digital Money Meaning

Today, in Indonesia the development of electronic money as a means of non-cash payment takes place not only in the form of cards, but also in the form of applications on smartphones. Non-cash payment instruments such as electronic money (e-money) can also regulate lifestyles to be more efficient and consumptive [12]. Activities in the Society 5.0 era include digital transformation with a new era, that is, the performance of all digital and electronic functions is of course not limited by space and time. A person can do business electronically anywhere, with anyone and at any time. Digital money plays an important role, salaries are distributed digitally, purchases and trades are also done digitally and business activities also move digitally because it is faster, more efficient and more effective [13].

Digital money is an electronic application that can be used to pay for transactions online, only by bringing a smartphone, digital wallet users can use it without having to carry cards and cash [14]. Furthermore, a digital payment platform is a service in a payment system that is carried out without going through a physical office [15]

Digital wallets are also a trend, plus in the era of Society 5.0. The existence of digital wallet transactions is a manifestation of technological developments. The public has also been introduced to a cashless society through digital transfer of financial information [16].

### 3.2 use of digital money

In Indonesia, cash is still used as a means of payment, although this is one of the causes of rising inflation, namely the large number of cash transactions in circulation [17]. This is what makes Japan, Singapore, Britain and the United States and several other countries have first implemented a payment system using electronic money. Based on the rapid development of the digital economy, revealed in their research that currently the use of digital money that appears in Indonesia has increased, this illustrates the popularity of digital money and the development of fintech in Indonesia because nowadays everyone wants something fast-paced.[15].

Based on research by [18] the millennial generation in Surabaya has started using digital money to carry out daily economic activities such as shopping at supermarkets, e-commers,

using transportation services, paying electricity bills and so on. Furthermore [19] revealed that the increasing In turn, consumption and economic growth resulting from the use of digital money can curb the general demand for non-cash money to simplify and speed up the trading processt.

### 3.3 Advantages and Disadvantages of Digital Money

Using digital money is more convenient than using cash, because customers don't need to have the right amount of money to transact. In addition, digital money will also affect the financial services industry in the future and be able to reduce barriers in accessing the financial services industry. The use of digital money as an alternative to non-cash payment instruments shows significant potential to reduce the growth rate of cash use[6].

There are many economic benefits without cash, such as faster transactions, higher sales, faster transaction completion, less convenience and risk, transparency and accountability [20] The existence of a digital payment system will certainly benefit economic growth. Digital payment systems can also help reduce inflation due to the large amount of money circulating in the community [21]

Despite the many benefits, there are several disadvantages of digital money, starting with the use of digital wallets which are very dependent on the internet network while not all areas of the internet network are stable[22]. Furthermore, the drawbacks of using digital wallets are that it becomes wasteful in shopping, because of its practical use by using technology and networks, and digital money is vulnerable to being a victim of scams and not all merchants can use digital payments [23]

## 4 Conclusion

The presence of digital money as a safe, legal and universal means of payment to increase trade transactions and digital economic growth in Indonesia in the Soecity 5.0 era. The increasing number of non-cash transactions reflects that people are starting to switch to transaction mechanisms that do not require cash in every financial transaction activity. Benefits that are in line with expectations and the ease of operation of digital money make the payment system reliable for the public in conducting transactions and the government continues to improve the security system for digital money users

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