



## Benefits and Risks of Community Use E-Wallet as an Alternative Transaction

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Received: Oct 25, 2024	Revised: Jan 07, 2025	Accepted: Jan 07, 2025	Online: Jan 07, 2025
<b>ABSTRACT</b> <p>This study was conducted to determine the benefits and risks of people using E-wallets as an alternative transaction. E-wallets have become one of the popular payment methods in this digital era. The use of e-wallets offers various benefits, including ease and speed in making transactions, 24/7 accessibility, and the potential for better financial management through automatic recording. In addition, e-wallets are often equipped with promotions and discounts, attracting users to switch from traditional payment methods. However, there are also risks that need to be considered. The security of personal and financial data is a major concern, due to the potential for identity theft and online fraud. This study uses a library research method, namely a method of collecting data by understanding and studying theories from various literatures related to the research. In addition, dependence on technology can cause problems when the system is disrupted or when users do not have access to the internet. Therefore, it is important for users to understand both the benefits and risks associated with using e-wallets, and to take the necessary security measures in making transactions.</p> <p><b>Keywords:</b> <i>Digital Transactions, E-Wallet, Risks, Security</i></p>			

Journal Homepage <https://journal.ypidathu.or.id/index.php/ijnis>

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How to cite: Aristianti, F & Phase, I. M. (2024). Benefits and Risks of Community Use E-Wallet as an Alternative Transaction. *Research of Scientia Naturalis*, 1(6), 232-241.  
<https://doi.org/10.70177/scientia.v1i6.1476>

Published by: Yayasan Pendidikan Islam Daarut Thufulah

## INTRODUCTION

Dynamic human lifestyles often influence the development of technology which is increasingly increasing and making it easier to carry out activities. The emergence of variations in digital-based technology, one of which is currently developing rapidly, is technology for conducting financial transactions with a non-cash payment system. Changes in this transaction system are driven by the large capacity and value of transactions, increased risk, and the increasing number of shopping centers that use transaction systems in the form of electronic money payments (e-wallets). The massive penetration of the internet and the use of smartphones in Indonesia are signs of the increasing use of electronic money. The development of non-cash electronic money

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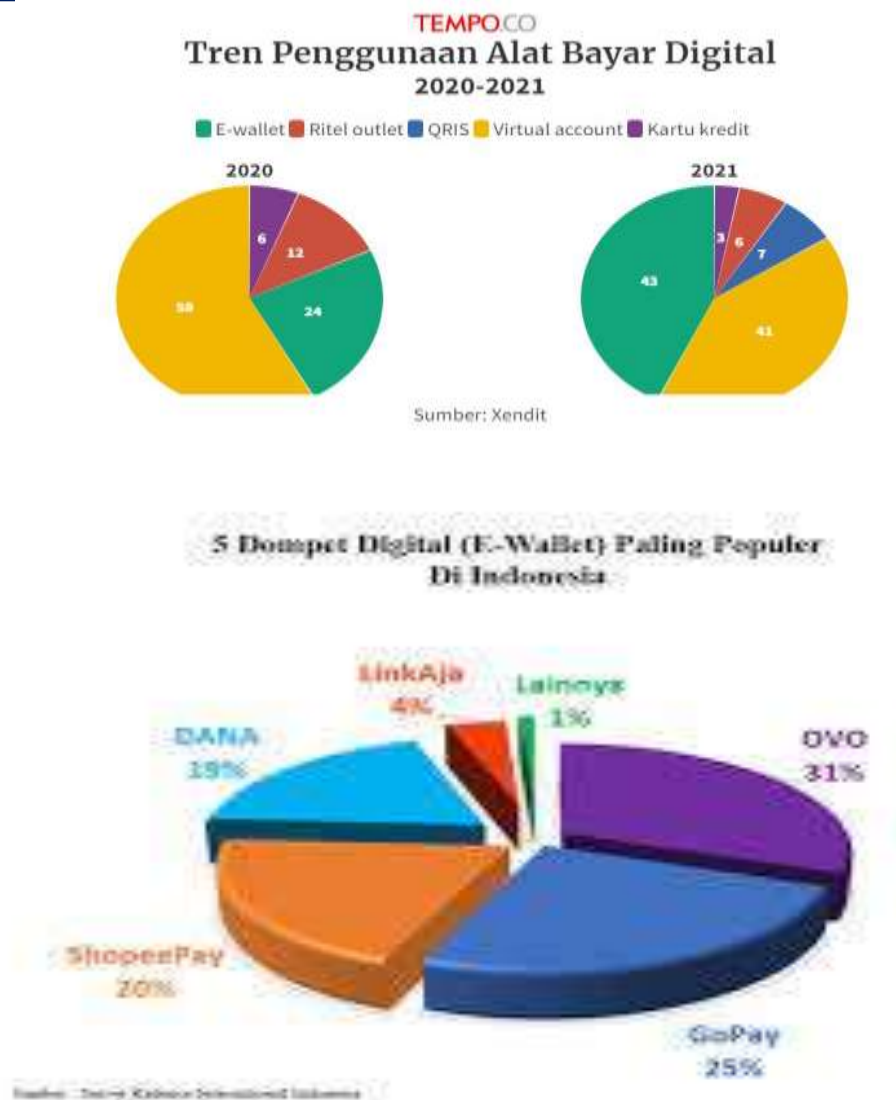
products increases competition from many companies which are local competitors who dominate each other in the financial technology market, both banking and non-banking (Perkasa & Setiawati, 2020).

E-Wallet or what we sometimes call a digital wallet is another alternative to a financial technology-based payment method that uses internet network media. By using the application and internet network, this digital wallet will later be connected to the user's account in order to be paid to the seller in the form of a direct reduction in the balance in the user's account. The ongoing transaction will feel easier, safer and more comfortable without having to move from where the user is (Perkasa & Setiawati, 2020).

E-wallet has become one of the most popular digital payment transaction alternatives in Indonesia. This is because technology in the fields of e-wallet, e-money, and e-banking is increasingly advanced. Based on a DailySocial survey, the OVO digital wallet application is the application with the highest popularity in Indonesia, reaching 35.0%, followed by the Dana application with a popularity level of 30.9%, Shopeepay 5.2%, and

The lowest level of popularity of the Link aja application is 2.9% (CNBCIndonesia, 2022). According to Article 1 number 7 P<sup>i</sup>Bank Indonesia Regulation Number 18/40/PBI/2016 of 2016 concerning the Implementation of Payment Transaction Processing which defines Electronic Wallet as an electronic service for storing payment data, including payment instruments using cards or electronic money that can accommodate funds for payment (Sri Maharsi & Yuliani Mulyadi 2007).

The choice of E-Wallet products by the public is influenced by various factors, including the features offered, user experience, and consumer perception. This perception includes the trust, benefits, and risks felt by consumers towards E-Wallet products. The decision to use or reject an E-Wallet product usually arises after consumers try to use it and feel like or dislike the product. If the E-Wallet product is able to meet the needs and desires of consumers, then there will be a reuse of the product, which can be interpreted as a purchasing decision (Madura, nd). In addition, privacy security is also a major factor in the interest of e-wallet users (Prisila 2021). In the e-wallet registration process, users include their KTP and personal data in the application so that privacy security can be questioned regarding the interest in using the e-wallet application. In addition to ease of use, benefits, risks, and privacy security, interest in use can be said to be unique. Interest is the desire to do something (Wibowo 2015).



Based on the explanation above about the benefits and risks of using e-wallets, the author is interested in conducting this research with the title "Benefits and Risks of People Using E-wallets as an Alternative Transaction." The purpose of this research is to find out, understand the benefits and risks of people using e-wallets as an alternative transaction, which affects privacy security and has an impact on the interest in using e-wallets for the community.

## **RESERCH METHODS**

The method in this article uses library research, which is a method of collecting data by understanding and studying theories from various literatures related to the research. There are four stages of library research in research, namely preparing the necessary equipment, preparing a working bibliography, organizing time and reading or recording research materials (According to Zed, 2004). The data collection uses a method of finding sources and constructing from various sources, for example books, journals and research

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that has been done. Library materials obtained from various references are analyzed critically and must be in-depth in order to support propositions and ideas.

## **RESULTS AND DISCUSSION**

### **Understanding E-wallet**

Referring to Bank Indonesia (BI) regulation in 2016 number 18/40/PBI/2016, e-wallet is an electronic service for storing payment instrument data, including payment instruments using cards and/or electronic money, which can also accommodate funds to make payments. E-wallet is an implementation of software that allows users to store money digitally, digital payments and various types of cashless transactions. E-wallet has been described as a way to pay for something with cash. E-wallet has been described as a way to pay for something with a device such as a computer or smartphone. E-wallet is able to take the function of a physical wallet, with all its content and behavior, and integrate it into a digital device (Muhammad Taufik Hidayat et al., 2020).

In addition to providing many advantages, one of which is making it easier for users to make buying and selling transactions, of course E-wallets also have weaknesses that make users very careful in choosing to use E-wallets. Sahut (2008) stated that e-wallets offer many advantages: transaction security, tailored to make micropayments, easy to use, universal (no link to a bank account during the payment process), and have a variety of uses. It can be used for point-of-sale payments and for other applications (social security cards, loyalty cards and for internet payments (Kim, 2019). E-wallets are similar to electronic versions of physical wallets that allow for financial exchanges and increase payment speed (Yahid et al., 2013). E-Wallet is a digital payment tool that is carried out with electronic media in the form of a server.

The selection of E-Wallet products used by the public is influenced by the features offered on the product, thus creating a perception of interest in the product. The decision to use or reject a product usually arises because consumers have tried using the product and have liked or disliked the product those. If a product has a quality that can meet the needs and desires of consumers, then there will be a reuse of the product or it can be said a purchasing decision. The perception that arises from the community influences the trust, benefits and risks of interest in choosing alternative digital-based transaction media. Perception is a process in which individuals organize the stimuli received and interpret them, so that a person can realize and understand what is received, this can also be influenced by the experiences of the individual concerned (Madura, nd).

Indonesia started using E-wallet transactions 10 years ago. Telecommunication provider Telkomsel as an E-wallet pioneer created the T-cash service in 2007. Five years later, providers XL and Indosat launched the XL Tunai and Dompetku applications (Nadhilah et al., 2021). Currently, the use of digital wallets has increased due to many supporting factors, one of the main users is from teenagers and students. According to the CEO of Ipsos Indonesia, approximately 47% of consumers have used three or more types of E-Wallets for transactions. Among the most widely used E-Wallets are OVO and Gopay. Based on DailySocial research results, the OVO type E-Wallet is the most well-

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known E-Wallet among the public. E-wallets themselves were initially intended to make it easier for consumers or users to store money in digital form so that users can carry out all transaction activities more easily, effectively, efficiently, safely, and conveniently. With the rapid development of digital wallets in Indonesia, it has become clear that to reduce the cash in circulation. Less Cash Society is a community movement to carry out non-cash transactions in everyday life. The realization of Less Cash Society does not only refer to changes in the system, but rather leads to changes in behavior and culture (Nabila Aulia and Ketut Suryanawan, 2019).

### **Convenience**

Ease of use is a person's belief that in using a technology it can be easily used and understood. Attitude towards the use of the Technology Acceptance Model is defined by Davis (1989) as a person's positive or negative feelings if they have to do the behavior that will be determined. The attitude of individuals who support the use of information system technology will automatically encourage the use and use of information system technology. Ease of use can be measured by indicators:

1. E-wallet is easy to learn,
2. E-wallet works easily according to user's wishes,
3. E-wallet is easy to improve user skills,
4. And E-wallet is easy to operate.

Ease of use gives someone confidence that in trying to use a system it is very easy and not difficult for them. Therefore, a system must be easy to apply by users so that users can feel the ease of using a system. Ease of use has a positive effect on the decision to use an e-wallet (Linkaja & Jakarta, 2022). Ease of use can make it easier for someone if someone believes that the information system does not make it difficult for its users, then someone will use an e-wallet and it can be well received, if someone thinks the system is difficult to use, then someone will not use an e-wallet (Rahmawati & Yuliana, 2020).

Based on research conducted by Latief & Dirwan (2020), Widiyanti (2020), Tri Anggono et al. (2020), Rahmawati & Yuliana (2020), Linkaja & Jakarta (2022), Safrudin et al. (2021), Dirwan (2022) and Prihatini & Hidayati (2019) stated that ease of use has a positive and significant effect on the decision to use. Meanwhile, the results of research conducted by Arta & Azizah (2020), Ningsih et al. (2021), Pribadi & Gunawan (2020) and Iliyin & Widiartanto (2020) stated that ease of use has a significant effect on the decision to use. Meanwhile, the results of research conducted by Aprilia & Susanti (2022) stated that ease of use does not have a significant effect on the decision to use.

With the use of e-wallet, someone can make transactions easier anywhere and anytime. They don't need to leave the house to make payments. Like buying food, paying bills, to making investments, all can be done using a digital wallet.

The use of digital wallets is also not tied to certain hours. Digital wallets can be operated for 24 hours.

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### Benefits of Using E-wallet

The use of e-wallets does not affect Islamic consumption behavior. These results differ from the research results (Abdullah et al., 2020, Aditya & Mabyuni, 2022), but are consistent with the studies of Hasima et al. (2020) and Karjaluoto et al. (2018), Based on (library research) that the author read, the e-wallet system is easy to use, but it is less significant if it is a factor that influences Islamic consumption behavior in the use of e-wallets. People do not feel that using e-wallets can reduce energy when making transactions. In addition, the use of e-wallets is not only supported by technology, but also requires applications and internet networks, where if the network is unstable it will impact consumer goals when using e-wallets. Thus, it is concluded that the perception of ease of use of e-wallets does not affect people's consumption behavior.

According to Bank Indonesia, e-money has the following benefits:

1. Makes it easier and faster to make payment transactions without having to carry cash.
2. No longer accept change in the form of goods.

Information is adequately protected by the entity collecting the information (Chellappa & Pavlou, 2002). Previous studies have suggested that perceived security and trustworthiness will be positively influenced by technical protection, including privacy, integrity, and stability (Chellappa & Pavlou, 2002). Technical protection is a significant factor in enhancing consumers' perceived security in using electronic payment systems such as e-wallets and a factor in enhancing perceived trustworthiness (C. Kim et al., 2010). H1a: Technical protection has a positive effect on perceived security H1b: Technical protection has a positive effect on perceived trustworthiness.

In general, e-wallets are server-based applications and in the process of using them, a connection with the publisher is required first (Wijaya & Mulyana, 2018). Unlike E-Money which uses chips, this E-Wallet uses an application in its use. In Indonesia, there are several e-wallets that are often used, namely Go-Pay, OVO, DANA, Link Aja, and others. The presence of e-wallets is certainly very helpful in making financial transactions. Here are some of the advantages of using an e-wallet (Upadhayaya, 2012):

- a. Sending and receiving payments can be done anywhere.
- b. Making payments or transfers becomes easier.
- c. Can manage accounts from mobile phones.
- d. Can receive or transfer funds directly to e-wallet.
- e. There is an email or SMS notification after the transaction.

The following are the benefits of using e-wallets for the community:

#### 1.) Fast and Easy

Easy and practical are the main advantages offered by using electronic money. With the use of e-wallet, you no longer need to bother queuing at the bank, looking for ATM machines, or exchanging large denominations for small denominations and no need to bother carrying cash that sometimes makes you worry, in excess in large amounts.

#### 2.) Promising security

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According to a study from Consumer Payment Attitudes by Visa, as many as 57% of Indonesians have decided to leave cash slowly. Then, as many as 61% of respondents also feel safer using payment cards. This is proof that a non-cash lifestyle provides a better sense of security. Because, carrying a lot of cash is certainly not safe. Crimes such as pickpocketing or theft always target people who appear to have a lot of cash.

### 3.) Trusted

E-wallet has been equipped with a secure security service system. Digital wallets will ensure safe transactions because each user must go through an identity verification process. In addition, digital wallets are also equipped with various security service features such as PINs, fingerprints, and facial scans to increase the level of transaction security

### 4.) Helps with Financial Management

Another benefit of using an e-wallet is that you can limit your spending by utilizing the existing features, one of which is spending money in a consistent amount with certain payment items each month. For example, for insurance, vehicle installments, or others. You can even ration your monthly shopping so that your online shopping expenses can be controlled.

### 5.) Profitable Promo Offers

To encourage people to use e-wallets, a number of merchants who work with electronic money often provide tempting promos. These attractive and profitable promos are usually offered and associated with coffee shops, restaurants, public transportation, or so on. The promo programs offered are generally held on certain dates or moments until a certain day such as when there is a special celebration day. The promos given are also not kidding and can definitely make you interested in making transactions.

### **E-wallet Risks**

Risk is an uncertainty that people consider when deciding whether or not to make transactions online. It can be said that online transactions have a high risk, risk is an unwanted consequence that a user wants to avoid when buying and using a product or service. Risk has a strong role in reducing consumer interest in taking part in electronic transactions so that risk is likely to have a negative effect on consumer interest in using information technology products (Rodiah & Sari Melati, 2020). Risk is a person's sense of certainty about the possibility of loss from an activity. For someone, risk is a major obstacle when considering whether or not to make a transaction in real terms (Tri Anggono et al., 2020). Risk is a perception of uncertainty and unwanted consequences from using a product or service. Perception of risk greatly affects the level of trust. The smaller the risk perception of an individual, the greater the level of trust, and vice versa (Ningsih et al., 2021).

The risk of use itself comes from two factors, namely (Harseno, 2021):

1. Risk of electronic money being lost.

risk of being stolen or taken by someone else and used by someone else. Just like cash, electronic money can also be stolen or lost and

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2. The risk of being technologically illiterate (Gagaptek), a risk where users still do not know or do not understand how to use digital wallets or e-wallets.

There are several indicators of risk, namely (Pribadi & Gunawan, 2020).

- 1) The magnitude of the risk, assessing a risk by comparing it to the level or risk criteria that have been set.
- 2) Transaction security, security to ensure that not everyone knows the user of the internet network being used,
- 3) Transaction needs, in everyday life, consciously or not we definitely make transactions. Transactions are one of the activities that can fulfill our needs,
- 4) Security guarantee from the bank, the bank guarantees all data and money security to prevent unwanted incidents.

According to BI, the risk of electronic money

There are risks of vigilance from those who require electronic money (e-wallet) users, namely:

- 1) The risk of electronic money being lost, stolen or taken by someone else, and used by someone else. Just like cash, electronic money can also be stolen or lost.
- 2) The risk is that users still do not or do not understand how to use e-wallets.
- 3) Data Security, Personal data and financial information stored in e-wallets are vulnerable to data theft.
- 4) Lost access or forgot e-wallet password
- 5) Dependence on internet connection network
- 6) Transaction limits
- 7) Transaction Admin Fee

Some e-wallets still charge an administration fee for each transaction made. As a result, users must pay a certain fee in the form of a percentage of the transaction value made. Generally, the amount of transaction fees can vary between one digital wallet and another.

## **CONCLUSION**

The development of technology and information is progressing very rapidly, and has even greatly influenced human life in this digital era. Many human activities and activities are supported and assisted by technological developments. E-Wallet or what we sometimes call a digital wallet is another alternative to financial technology-based payment methods that use internet network media. By using applications and internet networks, this digital wallet will later be connected to the user's account in order to be paid to the seller in the form of a direct reduction in the balance in the user's account. The ongoing transaction will feel easier, safer and more comfortable without having to move from where the user is (Perkasa & Setiawati, 2020). With sophisticated technology developing to support mobile transactions and make them transparent and more convenient, consumers have developed their trust and habits in using mobile payment systems.

The shift in consumer behavior from traditional payment methods to more advanced online payment systems is quite evident in banking and retail, and with most

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mobile devices available. As it is evident that mobile devices are becoming an inevitable part of almost every life on one side and the opportunities this technology enables online and offline payments related to convenience and security, it is inevitable that the use of mobile payment systems will increase with the ambition to surpass or even replace cash and other cashless payment options. As for the benefits and risks of people using e-wallets, the benefits make it easier for people to make transactions anytime and anywhere without being tied to a certain time. And the risk to the community is theft of personal data, fraud and loss. The biggest threat to digital wallets is user data and finances that can be stolen at any time by irresponsible parties. Therefore, use a strong password on the device used for e-wallets, change pins or passwords regularly and only connect to trusted networks.

#### Benefits of e-wallet

1. Ease of payment transactions
2. Account security
3. Attractive promotions and discounts

#### E-wallet risks

1. Data leak
2. Technology dependency

The use of e-wallets in the future is expected to continue to grow and expand. Therefore, people must use safe e-wallets as an alternative transaction for the future.

#### Criticism and suggestions

At the time of making this journal, the author realized that there were many mistakes and it was far from perfect. Therefore, the author hopes for criticism and suggestions regarding the discussion of the journal above. In the future, the author will immediately make improvements using guidelines from several sources that can build readers.

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