



## Digitalization of the Economy for the Indonesian Economy and Its Role During the Covid-19 Pandemic

Indah Permatasari Siregar

Faculty of Islamic Economics and Business, IAIN Padangsidempuan

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### ARTICLE INFO

#### Keywords:

Covid-19 pandemic, economic digitization, e-commerce, e-money

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### ABSTRACT

Technology has changed people's behavior a lot, one of which is economic behavior that was previously traditional and conventional to be more sophisticated by being integrated into a digital system. Economic activities such as buying and selling will never be separated from human activities. The exchange process will continue in any atmosphere and condition, such as the current condition, namely the pandemic condition due to Covid-19. Physical restrictions due to the pandemic have caused buying and selling transactions to be constrained and difficult to carry out. Economic digitization is a very effective solution for the current pandemic situation, because it can reduce physical encounters between sellers and buyers. Through this research, The author observes the impact of economic digitization on economic growth in Indonesia, especially during the COVID-19 pandemic by using descriptive qualitative research methods. The descriptive qualitative research method uses various kinds of literature such as national and international journals and trusted websites as a source of study. The results that the authors get from this study are that the pandemic has a positive impact on the development of the digital economy, because it is able to accelerate the introduction and acceptance of the use of technology in shopping or other economic activities for daily use by the community. This can be seen from the increase in electronic money transactions from 2019 to 2020 as much as Rp. 145.2 trillion to Rp. 204.9 trillion, which increased by 41.2%.

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E-mail: [Indahsrg@iain-padangsidempuan.ac.id](mailto:Indahsrg@iain-padangsidempuan.ac.id)

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### 1. introduction

The development of information and technology has a huge impact on the current economic changes. Technology has changed people's behavior a lot, one of which is economic behavior in the form of economic transactions in terms of buying and selling. Since the first buying and selling transactions are always carried out with the principle of a meeting between the seller and the buyer (traditional). However, with technology that has developed as it is today, this is no longer needed. Through e-commerce services, for example, buyers can now make buying and selling transactions in a relaxed manner from home. Not only in terms of buying and selling transactions which can now be done without face-to-face or online, the payment process can also now be used without using physical money, one of the methods is using e-money. As the name suggests, e-money (electronic money) is money stored in the banking system and issued by banking institutions for the electronic exchange process. The process of buying and selling transactions and payment processes that are carried out electronically are part of the digitalization of the economy.

Economic digitization is an economic activity, both transactions and markets that occur in the internet world (Zimmerman, 2000). Economic digitalization is an economic trend that is very widespread at this time and is likely to continue to grow in the future. The technological revolution that has occurred has changed the world of marketing that was previously traditional and conventional to become more sophisticated by being integrated into a digital system (Suwatno, 2017). Economic activities such as buying and selling will never be separated from human activities. Humans always need a lot of things to fulfill their needs that cannot be obtained by themselves without involving exchange with others. The exchange process will continue in any atmosphere and condition, such as the current condition, namely the pandemic condition due to Covid-19. Covid-19 has been confirmed in Indonesia since March 2, 2020 (Moedjiono, 2020). After the incident, the government issued a policy so

that everyone would limit physical distance in order to slow down and prevent the process of disease transmission, such as the policy of implementing PSBB (Large-Scale Social Restrictions) and WFH (Work from Home). However, life must go on, for human life requires food, drink, clothing and many things to support life. However, physical restrictions cause buying and selling transactions to be constrained and difficult to carry out. The digitalization of the economy is a very effective solution for the current pandemic situation. The topic of economic digitization was chosen in this paper to observe people's behavior economically towards economic digitization, especially during the COVID-19 pandemic.

## **2. Research methods**

The research method used in this research is descriptive qualitative. According to Sugiyono (2014), the qualitative research method is to describe a phenomenon experienced by the subject in the form of words, language and special natural contexts. This research method uses various kinds of literature such as national and international journals and trusted websites as a source of study. The scope of this research is the digitalization of the economy in Indonesia, especially during the pandemic.

## **3. Results and Discussion**

The digitalization of the economy has begun to develop since the start of the fourth industrial revolution (4.0) since 2012. This revolution is marked by cyber systems and the digital revolution. One of the reasons for the digital revolution is the development and advancement of smartphones and a wide and inexpensive internet access network (Adiningsih et al., 2019). Investment (2018) states that the number of internet users in Indonesia in 2018 has reached 143.26 people, which indicates that 54.7% of Indonesians have access to the internet. The advancement of smartphones and internet networks has resulted in everyone being able to communicate by sending messages, images or sounds without time limit which has resulted in changes in various sectors.

These changes also occur in the economic field, the digitalization of the economy has resulted in major changes in the marketing world, which was previously traditional, is now integrated in the digital world (Suwatno, 2017). Economic digitization brings convenience and convenience in online buying and selling transactions which are then utilized by business actors both macro and micro (Arifqi and Junaedi, 2021). Marketing in the digital world uses platforms (media or containers to run a software system) such as e-commerce (example: Zallora, Berrybenka), social media (Instagram, Facebook) and marketplaces (Shopee, Bukalapak, Tokopedia) as a marketing area for their products (Malaysia). 'ruf and Latri, 2018). Platformsmake it easy for prospective buyers to find out information about the product to be purchased, both in terms of size, type, color, etc. for the buyer's consideration (Arifqi and Junaedi, 2021). Kotler and Ketler (2018), mention that the convenience of consumers in ordering and comparing products with one another is one of the goals in marketing.

In addition to influencing the market, technological developments began to shift the use of paper money and banknotes coins into e-money (electronic money) and e-wallet (electronic wallet), this is also called FinTech (Financial Technology) (Syahri and Rikumahu, 2019). According to Arner et al (2015) FinTech is a new market that replaces traditional finance with technology-based ones. The convenience of using e-money and e-wallet is convenience, speed and efficiency in conducting transactions. E-money which is used as a non-cash payment instrument in Indonesia only received a permit from Bank Indonesia in 2019 through Bank Indonesia Regulation number 11/12/PBI/2009, some examples of e-money are Brizzi issued by BRI, Tap cash issued by BNI etc. The principle of using e-money is by first depositing money to e-money publishers such as BRI and BNI. The money is then stored electronically in a server or chip and can then be used for merchants or shops that have previously collaborated with e-money issuers (Bank Indonesia, 2014). The presence of e-money was initially not accepted by the general public, but this began to change along with the changing mindset and also the perceived comfort and security of e-money services. Digital financial transactions are increasing in Indonesia, this shows that public interest in digital economic transactions is increasing.

According to Bank Indonesia Governor Perry Warjiyo, electronic money transactions experienced high growth of up to 17.31% in May 2020 (Dewi, 2020).

The ease and convenience of transacting is very important, especially for the younger generation millennials (Winasis et al, 2020). According to Coordinating Minister for Economic Affairs Darmin Nasution, Indonesia's contribution to the digital economy to GDP (Gross Domestic Product) is 2.9% higher than the average for ASEAN countries (kataboks.katadata, 2019). Data obtained from BPS (Central Statistics Agency) Indonesia shows that until 2019 the number of e-commerce in Indonesia increased by 17% or 26.2 million within 10 years (Bayu, 2019). In 2014 Indonesia also dominated the e-commerce sector in ASEAN, beating Singapore, Malaysia and Thailand with a transaction value of US\$ 1.1 billion (Dita, 2020). More and more small and medium enterprises (SMEs) are involved in the digital economy enabling the provision of wider employment opportunities so that incomes also increase,

The outbreak of Covid-19 cases has resulted in many behavioral changes in society. The change in behavior occurred because of the policy government in social distancing regulations such as PSBB and WFH. The habit of staying at home causes people's behavior in shopping to also change. People prefer to shop online than offline. This is in addition to being safer to minimize not meeting other people and also more comfortable. Because it can be done casually from home and also choose freely with more variety and variants.

The actual online shopping behavior This has been done by the Indonesian people since years... However, it is more widespread and widely used during this pandemic. These online shopping activities are carried out from various sites, both from social media sites such as Facebook and Instagram as well as from e-commerce services such as Shopi, Lazada, Tokopedia and BLI-BLI or also from web online shops that can be accessed on the internet. . Initially, people did not believe in the products sold online. There are so many cases where buyers feel disappointed with products purchased online because the goods that have arrived do not match the description of the goods being sold, especially in terms of clothing. However, from here a lot of changes have occurred. Many online shop sellers are trying to be more honest in selling and improving the quality of their merchandise. This belief changes people's mindset to be even bolder in online shopping.

#### 4. Concolusin

In addition to shopping online, people have also getting used to the pattern of payment transactions with the online system as well. People of all ages are no longer clumsy in transacting using e-money, e-wallet or e-banking. The perceived convenience of using an online transaction system makes people more satisfied and comfortable in terms of shopping. Buy-sell transactions and methods of payment are interrelated and inseparable. Modernity in terms of shopping will be directly proportional to developments in payment transactions as well. The development of information technology, especially in the economic field, is very helpful for the community, especially during a pandemic like today. The social distancing regulation is no longer a barrier to shopping comfortably to fulfill daily needs.

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