CHAPTER I
INTRODUCTION

1.1   Background

Digital platforms are increasingly being used for internet transactions these days. The community's demand for a quick and secure payment is the driving force behind this change. Undoubtedly, smartphones are becoming more and more ingrained in people's everyday lives. As a result, payment methods have changed and are now accessible on cellphones. According to Bank Indonesia's Indonesian Payment System Blueprint 2025, the rising demand for financial services aligns with the ideals of a quick, efficient, and digital age that is presently upending all aspects of life, including the payment system. (Bank Indonesia, 2019). A payment system is a group of regulations, protocols, and methods for transferring money to fulfill financial commitments resulting from economic activity. Payment instruments, clearing processes, and ultimate settlement are included in the payment system components. (Bank Indonesia, 2019).

Data from OJK's third national survey on financial literacy and inclusion show that in 2019 the financial literacy index was around 38% and the percentage of financial inclusion was around 76%. Looking back over the last three (three) years on average, Indonesians' knowledge of finance has increased by 8.33% overall, and their access to financial services and goods has increased by 8.39%. (OJK, 2020).

The Quick Response Indonesian Standard, or QRIS, initiative is a QR code-based payment standard created by Bank Indonesia and ASPI (Indonesian Payment System Association) as a spinoff of the Indonesia Payment System 2025 vision and to address challenges in the Indonesian payment system related to the interconnection issues. QRIS is an amalgamation of different QR systems that will start being implemented in January 2020. QR codes from different payment system service companies are combined to form QRIS. These service suppliers are banks or other organizations that offer payment system services, according to Bank

Indonesia. By incorporating the QR code, the availability of QRIS is anticipated to make deals more effective, swifter, and secure. Additionally, QRIS is required to more effectively increase the acceptance of national non-cash payments and to improve the interconnection of the digital environment, including e-commerce, fintech, and banks. (Bank Indonesia, 2019).

QRIS is believed to provide benefits because it can simplify and speed up transactions using the cashless method (Halim, Sherly, et al., 2021). Compared to the method using cash, the QRIS method will be much faster. Another thing that is also relevant to the benefits of QRIS in the current situation is that it is more hygienic because it avoids direct contact. In addition, the merchants implement payments using QRIS, and the chance of being trapped in counterfeit money will be very small. In fact, there is no possibility at all. The reason is that payments are made digitally, and the money that goes to the merchant comes from automatically deducting the buyer s balance (Sundulusi et al., 2022).

In the payment sector, QRIS was developed to support the efficiency of sales and purchase transactions, encourage the progress of Micro, Small and Medium Enterprises (MSMEs), and accelerate economic activities. The purpose of promoting QRIS is, among others, anticipating new fragmentation in the payment system industry and also expanding acceptance of national non-cash payments more efficiently as stated by Bank Indonesia in its socialization. The use of QRIS has an excellent character, namely universal, easy, profitable, and direct. For consumers, paying for transactions using QRIS is very practical, and the many benefits received. Consumers simply scan the QRIS provided by the merchant or display the QR code on their smartphone using a mobile banking application or digital wallet such as OVO, then authenticate the payment (Irwansyah et al., 2021).

In this instance, Bank Indonesia (BI) keeps pushing for more people to use QRIS in order for the public to do so. By the end of 2022, BI expects there to be 26 million QRIS customers worldwide. To date, BI has introduced QRIS between Thailand, Malaysia, the Philippines, and Singapore that can be used in ASEAN nations. By the end of February 2022, there were 15.99 million QRIS consumers worldwide.
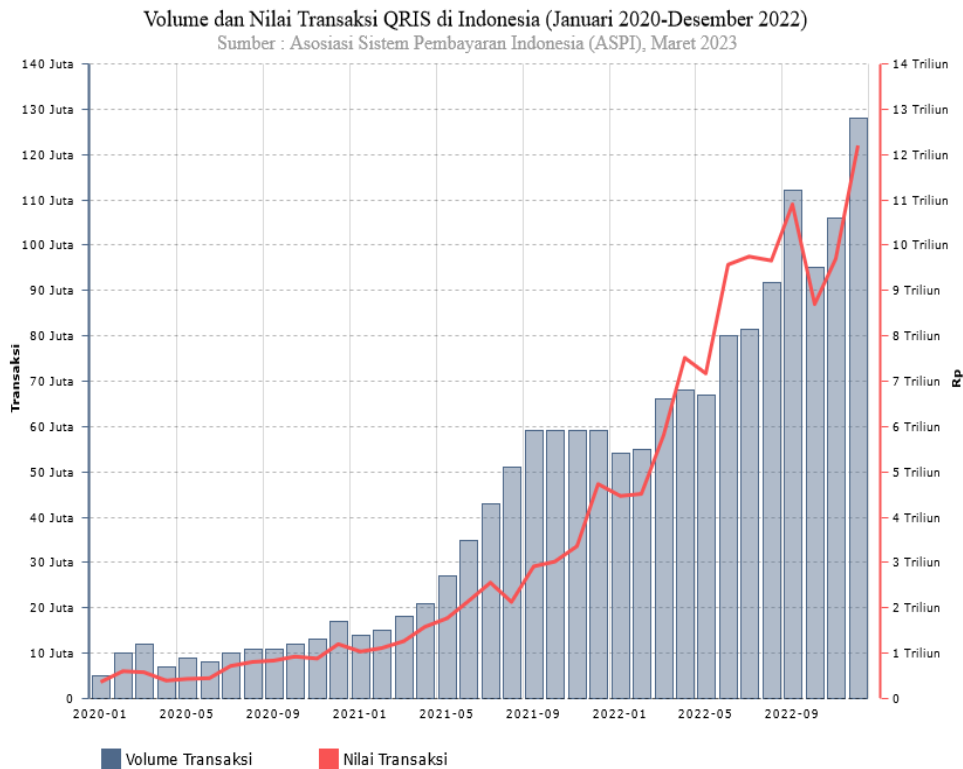
Figure 1.1 Volume and Transaction Value
Source: katadata.co.id, July 2023

It must be admitted, that the presence of automatic QRIS makes the transaction process easier and more practical. MSME actors or customers only need one QR Code to serve various digital payment applications (Baptista and Oliveira, 2015). Hedonism is a view of life which assumes that pleasure and material enjoyment are the main goals of life. For adherents of this ideology, having fun, revelry, and pleasure is the main goal of life, whether it is pleasing to others or not. Because they think that this life is only once, so they feel like they want to enjoy life to the fullest. In the environment of adherents of this understanding, life is lived freely to fulfill unlimited desires. In addition, financial transactions from the business activities of MSME actors can be recorded automatically. That way, MSME actors can track and analyze incoming financial flows more easily, so this motivates MSME actors to use the QRIS payment system regularly. Another interesting thing is that QRIS can be used to conduct online business transactions (Halim, Sibarani, et al., 2021).

According the head of the bank Indonesia Riau representative office, as a May 2023, the number of Quick Response Indonesia Standard (QRIS) users increased by about 533.370 new users (*Bank Indonesia Riau, May 2023*). Below is table 1.1 data on Quick Response Indonesia Standard Users.

Table 1.1 Quick Response Indonesia Standard Users

Regency/City	Total Population (2021)	QRIS Users (2021)	Total Population (2022)	QRIS Users (2022)	Total Population (2023)	QRIS Users (2023)
Kuantan Singingi	339 894	4,113	345 850	7,218	351 786	7,776
Indragiri Hulu	453 241	13,616	464 076	17,668	475 002	18,600
Indragiri Hilir	658 025	14,448	660 747	20,462	663 248	21,950
Pelalawan	399 264	10,868	410 988	13,484	422 907	14,454
Siak	466 683	19,865	477 550	25,254	488 497	26,119
Kampar	857 752	27,617	878 210	37,142	898 840	38,910
Rokan Hulu	570 952	9,344	582 679	14,368	594 438	15,009
Bengkalis	573 504	17,299	582 973	26,758	592 390	28,611
Rokan Hilir	646 791	11,362	658 407	15,877	669 996	16,656
Kepulauan Meranti	209 460	4,318	213 532	7,486	217 607	8,093
Pekanbaru	994 585	136,713	1 007 540	231,081	1 020 308	247,720
Dumai	323 452	39,939	331 832	85,161	340 310	89,472
RIAU	6 493 603	**309,502**	6 614 384	**501,959**	6 735 329	**533,370**

Source :Badan Pusat Statistik Riau, 2023; Bank Indonesia Riau, 2023

Based on table 1.1 data on Quick Response Indonesia Standard (QRIS) users in Riau province from 2021-2023 there is an increase every year. The most high Quick Response Indonesia Standard (QRIS) users will be in 2023, with a population of 6.735.329, and QRIS users will reach 533.370 users, when percented, the use of QRIS is only 7.9% of the total population in Riau Province. Therefore, to bring about the development of digital transactions that are fast, simple, affordable, secure, and reliable and do not require the use of cash, we need to develop customer satisfaction.

Customer satisfaction, it is defined as the level of the perceived state of a customer or person resulting from comparing products or perceived performance to exceed their expectations (Afthanorhan, 2019). Customer satisfaction is the most important metric used to measure the success of a product or service. Customers

will feel satisfied when the product they get and feel is in accordance with consumer expectations (Khairawati, 2020). The ability of banks to create and maintain customer satisfaction is a key index to determining business success in creating more competitive competition, so banks, especially mobile banking services, must be able to provide superior service to all their customers to increase customer satisfaction (Hamidi and Safareeyeh, 2019). In satisfaction theory there are two models, namely functional and psychological satisfaction where functional satisfaction occurs when the product is in line with expectations, while psychological satisfaction is felt in the form of not have a form but can feel satisfaction (Kaihatu, Daengs and Indrianto, 2015). The level of perceived performance and customer expectations on service quality must be thoroughly investigated in advance from the viewpoint of QRIS users in MSMEs if QRIS is to be accepted by society and achieve its intended users. The Institute can strategically modify quality services to fit regional and international markets using this knowledge.

Understanding customer satisfaction and views on services is crucial to improving service standards, especially in the digital age. the increasing population in Riau Province, demands that Micro, Small, and Medium Enterpsise (MSMEs) be able to provide good service quality in digital payments and be able to increase the use of QRIS in Riau Province.

Based on the aforementioned issues, the authors are interested in researching **"The Effect Of Payment Through Quick Response Indonesian Standard (QRIS) On Customer Satisfaction Of Micro, Small And Medium Enterprises (MSMEs) In Riau Province"**.

1.2   Formulation of the Problem

Based on the foregoing context, the problem formulation from this study is how the effect of payment through Quick Response Indonesian Standard (QRIS) on customer satisfaction of Micro, Small and Medium Enterprises (MSMEs) in Riau Province?

1.3 Purpose of the Study

Based on the formulation of the, the authors can mention the purpose of this study are:

1. To determine the influence Quick Response Indonesian Standard (QRIS) on customer satisfaction of Micro, Small and Medium Enterprises (MSMEs) in Riau Province.

2. To find out how much the influence Quick Response Indonesian Standard (QRIS) on customer satisfaction of Micro, Small and Medium Enterprises (MSMEs) in Riau Province.

1.4 Significance of the Of Study

1. For Author

   This research is expected to be a means to train the skills of writers in digging up knowledge and information about things that the writer does not know, both theoretically and descriptively.

2. For International Business Administration Study Program

   This research is expected to be a means to train the skills of writers in digging up knowledge and information about things that the writer does not know, both theoretically and descriptively.

3. For Bank Indonesia

   The results of this research are expected to be a reference material for Indonesian banks in knowing customer satisfaction with the aim of increasing the number of merchants and also users of the Quick Response Indonesia Standard (QRIS).

1.5 Scope and Limitations of the Problems

This study is expected to be useful and beneficial for various parties, including:

1. This study is only aimed at users of Quick Response Indonesia Standard (QRIS) of Micro, Small and Medium Enterprises (MSMEs) in Riau Province.

2. This study focuses only on customer satisfaction of users of Quick Response Indonesia Standard (QRIS) of Micro, Small and Medium Enterprises (MSMEs) in Riau Province.

1.6   Writing System

CHAPTER I :   **INTRODUCTION**

In this chapter, the author explains about the background, formulation of the problem, purpose of the study, significance of the study, scope and limitations of the problem, and writing system.

CHAPTER II :   **LITERATURE REVIEW**

In this chapter, the author explains about the related theory, literature review and framework.

CHAPTER III :   **RESEARCH METHODOLOGY**

The author provides details in this part about location and object of the study, types and sources of data, population and sample, sampling technique, data collection technique, data processing technique, measurement scale, test of validity and realibility, data analysis method, research hypothesis, research model, types of the study, concept definition and operational variable.

CHAPTER IV: **RESULTS AND DISCUSSION**

In this chapter, the author explains about the results of the research, discusses the research obtained and the limitations of the research.

CHAPTER V: **CONCLUSION AND SUGGESTION**

This chapter will explain the conclusions and suggestions of the research conducted.

REFERENCES

APPENDICES

WRITER BIOGRAPHY