



Open Access Indonesia Journal of Social Sciences

Journal Homepage: <https://journalsocialsciences.com/index.php/OAIJSS>

The Behavior of Using Digital Money (E-Money) in the Millennial Generation Based on Islamic Perspective

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ARTICLE INFO

Keywords:

E-money
Digital money
Millennial generation
Consumer behavior

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The author has reviewed and approved the final version of the manuscript.

<https://doi.org/10.37275/oaijss.v5i5.133>

ABSTRACT

OVO digital money is a means of payment in electronic form where the value of money is stored in certain electronic media. Users must first deposit their money to the publisher and store it in electronic media before using it for transaction purposes. Currently, there are two types of digital money in Indonesia, namely server-based digital money and chip-based digital money. This study aims to describe the behavior of using digital money in the millennial generation and its review based on Islamic perspective. This research is an observational study with a qualitative approach. Data were collected by interview, observation, and documentation methods. Data analysis was done descriptively. The results of the study show that forms of digital money transactions (OVO) are used as a means of payment for retail transactions, payments for online transportation orders and food orders, payments in e-commerce, and are used to pay bills such as purchasing credit or data packages. Muslim consumer behavior at IAIN Kediri students in using OVO is still in the reasonable stage and not excessive. In conclusion, IAIN Kediri students have shown the use of e-money based on Islamic perspective, namely shopping as a need, not as a desire, consuming halal goods, and not spending excessively.

1. Introduction

Innovations in payment instruments for financial transactions continue to grow with the innovation of digital money (e-money). Payment models that initially only used cash began to shift with the presence of debit or credit cards, internet banking, and mobile banking, all of which were banking products. Now continues to develop into digital money with a form that tends to be concise. Indonesia is currently experiencing the development of transaction media that are not published by banking institutions, and digital money products that are present are issued by non-

banking companies. Even though it contains characteristics that are not much different from other transaction media, such as ATM/Debit cards or credit cards, the use of this transaction media has similarities with the two transaction media as a transaction tool.

Simply put, digital money can be interpreted as a digital transaction medium: money is stored in certain electronic media. Users need to send some money to the issuing party and store it in the form of digital media before using it for transaction needs (Ali, 2017). When used, the nominal amount of this digital money will be reduced by the nominal



amount of the transaction, and after that, you can top up. Digital media for storing nominal money can be in the form of servers or chips (Al-Mishsri, 2006). The use of digital money as a transaction medium that is relevant to the needs of the times has the aim of facilitating transactions in the economic sector that are mass, micro, and fast. The presence of this digital money transaction media will facilitate all transaction needs, such as payments on toll roads, ticket payments, shopping at minimarkets, parking, and much more.

Server-based digital money is digital money in the form of applications that currently use mobile phones to perform user transactions, either making payments or transferring between accounts owned by users or with banking account numbers. Meanwhile, chip-based digital money is digital money in the form of a card so that when used, the user will swipe or paste on the available payment facilities, such as on e-toll cards whose transaction method is by sticking them with the media available at toll gates.

The growing use of digital money is driven by the increasingly integrated payment ecosystem that is connected from several sides, both on the user side and payment tenants. This condition is driven by the behavior of using digital money, which is dominated by millennials who really like the easiest way to transact daily needs, such as shopping or paying for online transportation. Research conducted by the Kata Data Institution (Bank Indonesia) reports on the use of digital money on 727 users of financial technology (fintech) transaction methods who have middle to upper income in various cities in Indonesia during the period of October 2018. The results obtained, 86% of participants know and understand about Go-Pay and OVO. The popularity of the two digital money certainly cannot be separated from the massive promotions they carry out. Referring to the results of a survey from Daily Social entitled "Fintech

Report 2018," said Go-Pay is the party that provides the most popular mobile services in Indonesia. Evidently, 825 participants considered that they used financial technology services on their mobile devices, then 73.39% said that they often used Go-Pay. However, according to a Morgan Stanley survey, the results are different, switching to OVO, which is able to match and even put Go-Pay in the second position, especially in terms of use (use cases). The survey results prove that 73% of participants use OVO, and 71% use Go-Pay (BPS, 2017).

Digital money, from an Islamic point of view, is actually similar to money in general because it has a role as a transaction medium. There are several scholars who express the opinion that digital money has a halal law but with some notes such as based on the rules, including: (a) Each transaction in muamalah is actually welcome unless there is an argument that prohibits it (haram), meaning that the law has changed. Be unlawful, and (b) There is a demand for human needs for digital money based on the consideration of the many benefits in the transaction system. Based on the equating of digital money to cash, (a) means a shift in nominal cash to nominal digital money as an alteration or buying and selling of similar currencies in the study of muamalah fiqh called al-Sharf; (b) ijarah contract (payment for the rental of an item or wage transaction for a certain period of time on the basis of rental payment or service fee) is used for rental transactions for equipment/equipment as well as services for digital money activities; and (c) wakalah contract (granting power of attorney for another person to act as the party authorizing welcome and known transactions) used in the case of cooperation with other parties as issuing agents (Kemen PP & PA & BPS, 2018). This study aims to describe the behavior of using OVO digital money in the millennial generation at IAIN Kediri based on Islamic perspective.



2. Literature Review

Money is all things that are common and has been accepted by the public for the purposes of transactions (paying or buying) goods or services as well as for the purpose of paying receivables. Participation is assumed to be a form of wealth owned for the purpose of paying a certain amount of money for the purpose of paying off receivables on the basis of certainty or without delay (Ali, 2017). Another opinion regarding the definition of money is presented by Bank Indonesia as follows: money, as has been assumed, if an object is exchanged for another object, can be used to determine the value of the object and can be stored. Next, don't forget that money can be used for the payment of receivables in the future (Al-Mishsri, 2006).

In Indonesia, currently, the medium of transaction is undergoing changes which are often known as digital money. Even though it includes characters that are slightly different from other transaction media, such as ATM/Debit cards or credit cards, the use of these transaction media is the same as ATM/Debit cards or credit cards: to make payments. Simply put, digital money is clarified as a digital form of transaction media, namely where nominal money is stored in certain digital media. Users also need to send some cash to the issuing party, and it will be stored in digital media before being used for transaction needs. When used, the nominal digital money will be reduced according to the nominal transaction, and after that, it can be refilled (Top-up). Digital media stores digital money in the form of servers or chips. The use of digital money is shown to be an effective and practical payment instrument in order to support access to payments in mass, micro, and fast economic activities so that the increase can be used to facilitate transactions on toll roads, tickets on trains, transactions in shops, minimarkets, vendors. food, and parking (Arikunto, 2002).

The Fatwa of the National Sharia Council of the

Indonesian Ulema Council Number: 116/DSN-MUI/IX/2017 regarding sharia electronic money can be described as follows:

QS al-Furqan (25): 67:

وَالَّذِينَ إِذَا أَنْفَقُوا لَمْ يُسْرِفُوا وَلَمْ يَقْتُرُوا وَكَانَ بَيْنَ ذَلِكَ قَوَامًا (٦٧)

"And those who, when they spend (wealth), they are not extravagant, and are not (also) stingy, and are (the spending) in the midst of such things."

Hadith of the Prophet narrated by Muslim from Abu Sa'id al-Khudri:

لَا تَبِيعُوا الذَّهَبَ بِالذَّهَبِ إِلَّا مِثْلًا بِمِثْلٍ وَلَا تُشِفُّوا بَعْضَهَا عَلَى بَعْضٍ وَلَا تَبِيعُوا الْوَرِقَ بِالْوَرِقِ إِلَّا مِثْلًا بِمِثْلٍ وَلَا تُشِفُّوا بَعْضَهَا عَلَى بَعْضٍ وَلَا تَبِيعُوا مِنْهَا غَائِبًا بِنَا جِزٍ

"Do not sell gold for gold unless it is the same (in size) and do not add some to one another; do not sell silver for silver unless it is the same (in size) and do not add one part to another, and do not sell the gold and silver which is not cash. with cash."

rules of fiqh:

الْأَصْلُ فِي الْمَعَامَلَاتِ الْإِبَاحَةُ إِلَّا أَنْ يَدُلَّ دَلِيلٌ عَلَى التَّحْرِيمِ

"Basically, all forms of muamalat are permissible unless there is proof that forbids it or negates its permissibility."

Narrated from Umar ibn Khattab, as quoted in Tafsir al-Shan'any vol. 3 p. 93:

وَلَقَدْ كَانَ عُمَرُ بْنُ الْخَطَّابِ قَالَ: هَمَمْتُ أَنْ أَجْعَلَ الدَّرَاهِمَ مِنْ جُلُودِ الْإِبِلِ فَقِيلَ لَهُ: إِذَا لَبِغْتَ فَأَمْسَكَ

Umar bin Khattab said, "I want to make dirhams out of camel skins", and he was told, "then there will be no more camels. ", then Umar canceled his intention".

Ibn Hazm's opinion in the book of al-Muhalla Vol 8 p. 477:

كُلُّ شَيْءٍ يَجُوزُ بَيْعُهُ فَهُوَ مِمَّنْ..... وَلَا تَنْدَرِي مِنْ أَيْنَ وَقَعَ لَكُمْ الْأَقْتِصَارُ بِالنِّتْمِيزِ عَلَى الذَّهَبِ وَالْفِضَّةِ وَلَا تَنْصَرِّ فِي ذَلِكَ

"Everything that can be traded may be used as a means of payment, and there is not a single text



that states that money must be made of gold and silver."

The millennial generation is a population born between 1980 and 2000, based on a study from the Ministry of Women's Empowerment and Child Protection (KPPA). The term Millennials was first coined by William Strauss and Neil in their book *Millennials Rising: The Next Great Generation*. They coined this term in 1987 when children born in 1982 entered pre-school. At that time, the media began to refer to it as a group connected to the new millennium at the time of high school graduation in 2000 (Houston, 2019)

3. Methods

This research is an observational study with a qualitative approach. The research location is the IAIN Kediri campus. The research population is IAIN Kediri students who use OVO digital money in their daily financial transactions. Sampling was done randomly. The reasons for using digital money are also quite diverse, including because it is practical to use, makes it easy, and there are many discounts and lots of cashback. Sources of data in this study are grouped into two, including primary data and secondary data. Data were collected through observation, interviews, and documentation. In this study, data analysis was carried out inductively.

4. Results and Discussion

As explained by the researchers, several research findings were found on the behavior of using OVO digital money for IAIN Kediri students, which will be presented as follows: 1) The use of OVO digital money for students at IAIN Kediri is used for various kinds of daily student activities, including 5 students use OVO as a means of payment for retail transactions, as many as 6 students use OVO as payment for online motorcycle taxi orders and food orders, 6 students use OVO for payment tools in e-commerce Tokopedia, and 6

students use OVO as bill payments which are dominated by credit purchases and data packets. Each student has several different activities in using OVO. From the four common behaviors found, in fact, some students use OVO for two or three activities simultaneously at once. 2) The use of OVO digital money, which offers convenience and many promos, encourages student behavior to be more wasteful, considering that payments through digital numbers are easier and faster, so spending money is less controllable for some students. However, considering that students do not have direct income, of course, the number of expenses can be controlled through the amount of balance they have in OVO so that the amount of spending they want can be limited. Purchases made wisely can refer to the amount of balance you have. If the balance runs out, of course, the transaction process cannot be carried out so that it stops the desire to buy outside of what it should be.

The development of OVO as a payment application is quite interesting with the speed of user growth, even though OVO was officially launched in March 2017. Every month transactions processed through OVO reach 4 million transactions with a turnover value of one trillion in 2018. The OVO brand offers quite interesting features such as payment features, loyalty point features, and financial services that have been ranked as the top free apps for the financial category in the app store and google store (Ali, 2017). It is interesting to study the behavior of using digital money owned in daily transaction activities, including the use behavior of students at the IAIN Kediri campus.

The activity of using OVO digital money based on research findings found the use of OVO as a transaction tool as follows: OVO is used as payment for retail transactions, then payments for online transportation orders and online food orders through the same application, other usage behavior



of OVO users, namely transactions in e-commerce, namely at Tokopedia, which has collaborated to facilitate the payment process if consumers buy certain products available in the marketplace, the latter is used to pay routine bills in research findings, namely buying pulses and internet data packages and occasionally used to buy electricity tokens for one or two students. The reason students use OVO is that the ease of use is very simple when making payments. Besides that, students get the benefits of using OVO products that are very

beneficial for users.

Users of the OVO digital payment application, which is dominated by the millennial group and the generation z group, are indeed interested in observing further. The digital money market target is mostly this group. A study conducted by Pangestu and Karnadi in July and August 2019 stated that the majority of digital money users were students who still received pocket money from their parents, and a third worked part-time.

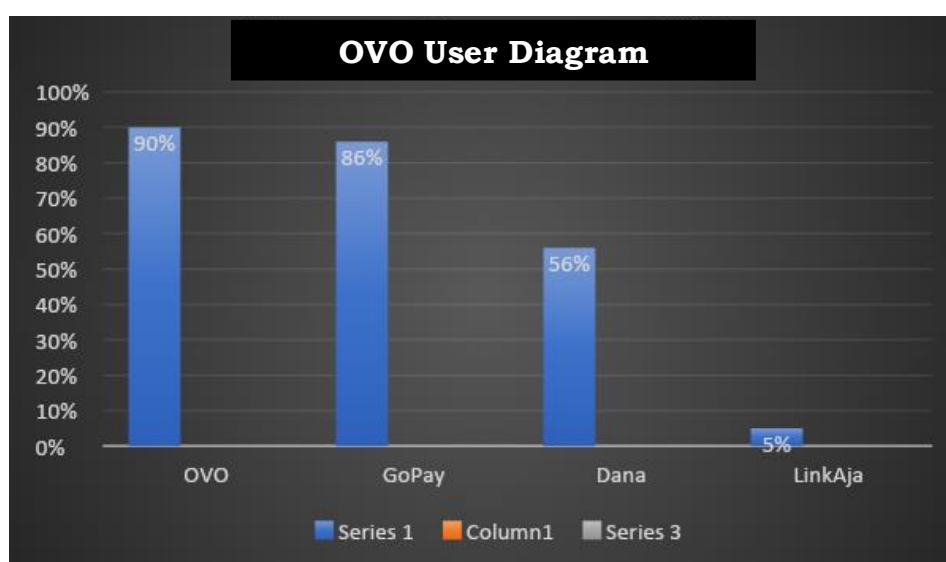


Figure 1. Percentage of OVO Users in July and August 2019.

The dominance of OVO use was also confirmed in a study conducted by Kumala and Intan, which stated that OVO was in demand for as much as 71.8 percent compared to GoPay, which was only 28.2 percent considering that OVO is more frequent. Hold promotions (Al Arif, 2010).

Similar findings in a study conducted by Houston, who conducted research on the millennial group, found that this group was accustomed to using digital payment activities. Due to the ease and number of promotions offered by the fintech application, sequentially, the OVO application is still the preferred application, followed by Dana and GoPay. In general,

consumers use digital payments as a means of paying for online transportation, shopping at minimarkets or supermarkets, and ordering food that offers promos or cashback (Arikunto, 2002).

The research findings show that as many as five students admitted to using OVO for the purpose of paying for retail transactions, then as many as six students used OVO as a means of paying for online motorcycle taxis and ordering food, and as many as six students mentioned using OVO as payment for transactions in e-commerce, specifically mentioning Tokopedia as a marketplace that already cooperated with OVO. Another finding is that the use of OVO by

IAIN Kediri students is used as a means of paying monthly bills such as buying credit and internet data packages. Considering that this study refers to the recognition of each student who becomes an informant, each informant has several diverse activities in using OVO. From the four general behaviors found, in fact, some students use OVO for two or three activities simultaneously. This condition is fairly reasonable considering that there are quite a variety of services in OVO that accommodate the needs that are likely to be needed by the target user of OVO, including IAIN Kediri students. Of course, the characteristics of the respondents will determine the value of the benefits made by digital money users. In general, the existence of digital money can be very helpful in the transaction process because of the convenience offered. Of course, consumptive behavior returns personally to each user of the product.

The regulations governing the use of OVO digital money, in general, have no problems. The rules required by the regulation have been fulfilled so that OVO can be used as a legal transaction tool by its users. Strict rules from Bank Indonesia as an authorized institution will provide a sense of security and comfort for users. For Muslim consumers, the use of OVO digital money also has strong legal legitimacy based on the issuance of the MUI fatwa regarding electronic money, in which the complete provisions of the OVO brand have also met the intended requirements.

In the context of OVO user behavior based on Muslim consumer behavior references, it can be traced to the rule that human activities are related to buying and using goods and services, taking into account the principles of Islamic teachings and being useful for the benefit of the people. That is, consuming, storing, managing, and buying goods or services in a lawful and good way, are things that are highly rewarded, and their prayers are answered. If it is related to the context of the behavior of OVO digital money users, of course, the behavior of students does not violate the

rules according to Islamic teachings. The rules for using OVO digital money are in the reasonable stage according to the needs of consumers in general.

The behavior of students as part of Muslim consumers can theoretically be explained by the "Muslim behavior model" approach. The model explains simply and thoroughly the behavior of a Muslim as a consumer that arises from the perception of Islamic needs, which leads to the perception of mardhatillah and the perception of rejecting harm, so that every Muslim when wanting to buy something, is aware of the perception of a consumer's need by considering goodness. The perception of a consumer's needs in meeting their needs determines their consumption decisions. What is prohibited in Islam is excessive consumption. Excessive consumption is a characteristic of a person who does not know God. They are condemned in Islam and are called *israf* behavior (waste) or *tabzir* (wasting wealth for nothing).

Of course, using OVO as a transaction tool is in the fairness stage and not exaggerating, considering that excessive behavior is a characteristic of people who do not know Allah SWT. As it is recommended that every Muslim must obey his orders and satisfy himself with the goods and gifts created by Allah SWT for the benefit of the ummah. Excessive consumption is a characteristic of someone who does not know God. They are condemned in Islam and are referred to as *israf* behavior (waste) or *tabzir* (wasting wealth for nothing) (Faradela, 2019). Specifically, Muslim consumers must meet the criteria contained in the recommendation that a Muslim must consume a product in a reasonable and not excessive stage, buying according to needs. Buy goods according to their financial capabilities so that they are not burdensome. In addition, of course, the goods purchased must be halal goods, and the status of the goods is clear (Fatwa DSN-MUI, 2017)

The human economy aims to increase worship and faith in Allah SWT in order to get victory, peace, and prosperity in the hereafter (*falah*), both in spending



money or income for his own needs and for righteous deeds for others (Ghoni, 2014).

5. Conclusion

The behavior of using OVO digital money is still in the reasonable stage, as is the behavior of Muslim consumers who have the following characteristics: (a) A Muslim will consume at a reasonable level and not excessive. The level of satisfaction of consuming as a need, not as a want. (b) the level of satisfaction is not only determined by the number of one or two choices, but the level of satisfaction will be determined by the benefits generated. (c) consuming goods that are clear and lawful in nature. (d) will not spend his wealth excessively and will not buy goods beyond his income range. (e) increase gratitude for what has been obtained.

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