

NARRATIVE ANALYSIS OF UNDERSTANDING AND USE OF DIGITAL WALLETS IN SOCIETY: LITERATURE STUDY

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Abstract

Digital wallets have become a crucial part of Indonesia's financial transformation, with rapid user growth. However, public understanding of this technology remains uneven and faces data security challenges. This study aims to analyze narratives about digital wallet understanding and use through a literature review, focusing on factors influencing adoption and the security challenges faced. The research method employed a qualitative, descriptive-narrative approach through analysis of secondary sources. The results indicate that people adopt digital wallets primarily due to perceived convenience and efficiency, but in-depth understanding of security features remains low. The learning process occurs socially through community networks, with key figures such as youth acting as knowledge brokers. Communities develop hybrid adaptation strategies where digital systems are used alongside traditional financial practices according to the local context. In conclusion, understanding of digital wallets is a social construct shaped through the interaction of technology, culture, and community networks. Implications of this study emphasize the importance of contextualized digital literacy programs, increased transparency of platform security, and educational approaches that leverage natural social learning mechanisms within communities.

1. INTRODUCTION

Background Problem

Advances in information and communication technology have driven significant transformations in the global financial sector, including in Indonesia. This phenomenon is marked by the emergence of Financial Technology (Fintech), which is an innovation in financial services that utilizes digital technology to provide easier, more efficient, and more affordable access (Feriyanto et al., 2024)[1]. This development is massive, with data showing that fintech transaction volume has reached over IDR 800 trillion, with a significant increase in users (Takdirmin et al., 2025)[2]. Legally, the presence of fintech also brings significant opportunities and challenges in accelerating digital financing (Hakim & Hapsari, 2022)[3].

One of the most popular fintech instruments is the digital wallet, or e-wallet. A digital wallet is understood as an electronic service, device, or application that allows users to store payment instruments and make online purchases of goods and services (Literature Review, Chapter II)[4]. Using a digital wallet allows people to conduct transactions, both online and offline, more effectively and efficiently, similar to carrying a physical wallet, but in the form of an application (Achyani & Widyana, 2024)[5].

Public acceptance of digital wallets is influenced by several psychological and technical factors. Based on the Technology Acceptance Model (TAM), perceived ease of use and perceived usefulness positively influence a person's decision to use an e-wallet (Literature Review, Chapter II)[4]. Furthermore, service quality factors such as efficiency, personal needs, and user-friendly interfaces are determinants of customer satisfaction (Utomo & Yasirandi, 2024)[6]. Fintech also plays a crucial role in increasing financial inclusion, especially for communities in remote areas where traditional banking services are difficult to access (Feriyanto et al., 2024)[1].

However, this transformation to digital finance is not without risks. The double-edged nature of fintech brings new complexities and risks, particularly related to payment system security (Qi, 2023)[7]. Data privacy and security issues are crucial variables that directly impact user loyalty (Utomo & Yasirandi, 2024)[6]. Beyond technical security aspects, another emerging challenge is the need for adaptive regulations to protect consumers from the risk of cybercrime (Takdirmin et al., 2025)[2]. Furthermore, the public's readiness to face this digital era also depends heavily on the effectiveness of training and human resource competency development to ensure optimal technological transition.

Problem Formulation

1. How is the public's understanding of digital wallets constructed as an efficient but risky financial innovation (a double-edged sword) in everyday life?
2. How does the narrative of user experience interpret the perceived ease of use and benefits of using a digital wallet amidst the digital technology transition?
3. What are the adaptation patterns and strategies of society in balancing the need for financial inclusion with privacy protection and personal data security?
4. To what extent is the effectiveness of literacy and strengthening of the community's independent competencies in facing the risk of cybercrime in the digital financial ecosystem?

Research purposes

1. Analyzing and describing narratively the construction of people's understanding of the functions and risks of digital wallets in supporting their economic activities.
2. Exploring users' subjective experiences regarding transaction effectiveness and efficiency non-cash compared to using traditional physical wallets.
3. Identifying adaptation mechanisms for communities in various regions in utilizing inclusive digital financial access while mitigating cybersecurity risks.
4. Explains the important role of strengthening digital competencies and regulatory support (such as regulatory sandboxes) in creating a safe and sustainable digital wallet ecosystem.

2. LITERATURE REVIEW

Financial Technology

Financial technology is a tool that combines finance and technology, encompassing a variety of services designed to improve financial transactions and management (Kang et al., 2016)[8]. Fintech is defined as innovation in financial services that utilizes digital technology to provide easier, more efficient, and more affordable access (Feriyanto et al., 2024)[1]. Fintech is the result of a significant transformation in the global financial sector, emerging as a solution to provide faster and more inclusive financial services (Takdirmin et al., 2025)[2]. In Indonesia, this development is supported by regulations that encourage innovation, such as the Regulatory Sandbox policy, which seeks to balance technological growth with consumer protection and cybercrime prevention (Hakim & Hapsari, 2022)[3]. However, fintech is also seen as a "double-edged sword"; on the one hand, it offers high efficiency, but on the other, it brings new complexities and risks to the traditional financial system (Qi, 2023)[7].

Digital Wallet (E-Wallet)

Digital wallets, or e-wallets, are one of the most popular fintech instruments. Technically, an e-wallet is defined as a digital currency that provides the convenience of shopping without the need to carry physical cash (non-cash) (Megadewandanu et al., 2016 in Chapter II of the Literature Review)[4]. This service allows users to store payment instruments in an app to conduct online and offline transactions more effectively and efficiently (Achyani & Widyana, 2024)[5]. The use of digital wallets continues to increase in line with the growth in fintech transaction volume, which has reached over IDR 800 trillion in 2023 (Takdirmin et al., 2025)[2].

Technology Adoption Theory (Technology Acceptance Model - TAM and Diffusion of Innovations)

Based on the Technology Acceptance Model (TAM), digital wallet adoption is heavily influenced by perceived ease of use and perceived usefulness. Individuals will use an e-wallet if they believe the system is user-friendly and practical (Literature Review, Chapter II)[4]. However, beyond the classic TAM, security and data privacy are now crucial factors determining user satisfaction and loyalty in digital transactions (Utomo & Yasirandi, 2024)[6].

Narrative Analysis Approach

Narrative analysis is used to understand the subjective meaning of individual experiences using technology. This aligns with the concept of technological frames, where people's understanding is shaped by prior knowledge and experience. In a societal context, this understanding is not only technical but also involves adapting to technological transitions, which require strengthening competencies and literacy through effective learning or training processes.

Relevant Previous Research

1. The Role of Inclusion: Fintech has been shown to drive significant changes in financial access for communities in remote areas previously unreachable by traditional banking services (Feriyanto et al., 2024)[1].
2. Service Quality: Digital service quality, including reliability and user friendliness, is the main determinant of customer loyalty (Utomo & Yasirandi, 2024)[6].
3. Effectiveness of Use: Testing on various platforms such as ShopeePay, GoPay, and DANA shows that the convenience of user interaction is the key to the successful adoption of digital wallet technology (Achyani & Widyana, 2024)[5].
4. Regulatory Urgency: Massive transaction growth demands adaptive regulations to protect consumers from cybersecurity risks in the digital financial ecosystem (Takdirmin et al., 2025)[2].

Research Framework

This research argues that people's understanding of digital wallets is a social construct, not the product of isolated individual cognition. Its conceptual framework integrates:

1. Global and Local Context: Connecting global fintech innovation trends (Qi, 2023)[7] with the need for financial inclusion in the regions (Feriyanto et al., 2024)[9].
2. Understanding Construction Process: Understanding is formed through:
 - Personal Experience: Effectiveness of daily transactions (Achyani & Widyana, 2024)[5].

- Security and Trust: How people perceive privacy and security risks (Utomo & Yasirandi, 2024; Hakim & Hapsari, 2022)[6][3].
 - Literacy and Adaptation: The process of strengthening competencies naturally or structured in society.
3. Analysis Lens: Using Narrative Analysis to collect user experience stories and Technological Frames to dissect the community's interpretation schemes of the benefits and convenience of technology (Literature Review Chapter II)[4].
 4. Output: Produce a holistic picture of adaptation patterns, security barriers, and local strategies of communities in adopting digital wallets as part of Indonesia's digital financial ecosystem.

Figur 1. Research Framework



Source: Processed by Researchers, 2025

Research Proposition

As a qualitative research, propositions or initial assumptions are formulated to explore the construction of understanding and use of digital wallets in society:

1. Collective Understanding Construction: Public understanding of digital wallets is not merely technical, but is constructed collectively through the exchange of narrative experiences within social networks. This is driven by perceived ease of use, where the belief that the system is user-friendly will accelerate the technology's acceptance in the social environment (Literature Review, Chapter II)[4].
2. Learning and Adaptation Process: People tend to use metaphors related to the effectiveness of daily transactions. Using a digital wallet is perceived as being like carrying a "physical wallet," but in a more effective and efficient application (Achyani & Widyana, 2024)[5]. This process involves gradually strengthening competencies along with the technological transition in society.
3. The Role of Technology and Inclusion Translators: Community leaders or youth groups act as information bridges to improve financial access, especially for communities in remote areas that previously lacked access to traditional banking services (Feriyanto et al., 2024)[1]. This fintech innovation provides a solution for providing faster and more inclusive services within the community (Takdirmin et al., 2025)[2].
4. Hybrid Adaptation and Security Strategies: People are developing strategies for using digital wallets that coexist with traditional systems, but rely heavily on trust in data privacy and security (Utomo & Yasirandi, 2024)[6]. Despite the convenience offered, people remain cautious because fintech is seen as a "double-edged sword" that brings new cyber risks and complexities (Qi, 2023; Hakim & Hapsari, 2022)[7][3].

3. RESEARCH METHODS

Types and Approaches of Research

This study employed a qualitative research method with a descriptive-narrative approach through a literature review. This approach was chosen to analyze the phenomenon of digital financial innovation and its impact in depth (Takdirmin et al., 2025)[2]. Through this method, researchers explored subjective narratives

regarding user experiences and the quality of digital wallet services without direct interaction, but rather through a review of available documents (Achyani & Widyana, 2024; Feriyanto et al., 2024)[5][1].

Research Object and Focus

The research object is the use of digital wallet applications as part of the Financial Technology (Fintech) ecosystem. The research focuses on:

- Construction of Understanding: How people perceive the convenience and benefits of digital wallets (Literature Review Chapter II)[4].
- Experience and Loyalty: Analysis of user experience related to privacy, security, and service quality (Utomo & Yasirandi, 2024)[6].
- Adaptation Pattern: Transformation of transaction behavior from cash to digital in various regions, including remote areas (Feriyanto et al., 2024)[1].

Data Types and Sources

The data used is secondary data collected from eight main literature sources which include:

- Scientific Journal: Research on User Experience (Achyani & Widyana, 2024)[10], Digital Loyalty (Utomo & Yasirandi, 2024)[6], and Fintech Innovation (Takdirmin et al., 2025; Feriyanto et al., 2024)[2].
- Academic Documents: Theoretical basis of technology adoption (Literature Review Chapter II)[4] and Fintech Law Textbook (Hakim & Hapsari, 2022)[3].
- Strategic Report: Analysis of strengthening digital HR competencies and global digital transformation (Qi, 2023)[7].

Data Collection Techniques

Data collection techniques were conducted through literature and documentation studies. Researchers explored and reviewed highly relevant literature, particularly reports on fintech transaction volumes reaching IDR 800 trillion and the Regulatory Sandbox regulations in effect in Indonesia (Takdirmin et al., 2025; Hakim & Hapsari, 2022)[2][3].

Data Analysis Techniques

The data was analyzed using narrative descriptive analysis techniques with the following stages:

- Theme Categorization: Grouping data based on security, efficiency, and accessibility aspects (Qi, 2023; Utomo & Yasirandi, 2024)[7][6].
- Narrative Synthesis: Developing a storyline about how digital wallets make people's transactions easier (Achyani & Widyana, 2024)[5].
- Interpretation Theoretical: Connecting the findings with the TAM (Technology Acceptance Model) theory regarding perceived ease of use (Literature Review Chapter II)[4].
- Conclusion: Formulating community adaptation strategies for digital services.

Data Validity

Data validity was maintained through source triangulation, which compared data from a legal perspective (Hakim & Hapsari, 2022)[3], a technical/IT perspective (Utomo & Yasirandi, 2024)[6], and an economic management perspective (Feriyanto et al., 2024)[1]. Furthermore, the use of the most recent references from 2022 to 2025 ensured the consistency and timeliness of the data used.

Techniques for presenting results

The research results are presented in a systematic narrative. This presentation illustrates how fintech innovation is a "double-edged sword," requiring a balance between ease of use and personal data protection in everyday life (Qi, 2023; Utomo & Yasirandi, 2024)[7][6].

4. RESEARCH RESULTS AND DISCUSSION

Research result

Characteristics and Usage Patterns

Digital wallets in Indonesia are dominated by platforms like ShopeePay, GoPay, and DANA. Usage patterns indicate that people tend to choose apps that offer high usability. Testing showed that ShopeePay has a "Very Good" satisfaction rating due to its ease of navigation (Achyani & Widyana, 2024, p. 116)[5]. Users manage their balances either through top-ups or bank account linking (Literature Review, p. 1)[4].

Construction of Understanding through Local Metaphors

Community adaptation is of a nature hybrid They use global technology (e-wallets) for local needs, such as shopping at traditional markets or for MSMEs. This aligns with Bank Indonesia's vision to promote economic efficiency through cashless transactions in various remote areas (Diva & Anshori, 2024, p. 1991)[9].

Social Learning Mechanisms

Digital wallet adoption is influenced by promotional factors and social interactions. Consumer awareness increases when they see tangible benefits in their social environment, such as discounts or ease of MSME transactions (Diva & Anshori, 2024, p. 1991)[9].

Perceived Benefits and Concerns

The primary perceived benefits are time efficiency and flexibility. However, the public's primary concerns lie with security and privacy. Users highly value the protection of their personal data; if security is perceived as weak, user loyalty will decline significantly (Utomo & Yasirandi, 2024, p. 301)[6].

Discussion

Technological Frames Based on Local Culture

Indonesian society has a mindset that places a high value on perceived ease of use. If an information system is perceived as not making things difficult for its users, the technology will be well-received (Literature Review, p. 10)[4].

Diffusion of Innovation through Social Networks

The diffusion of innovation occurs through social networks, where trust is a key pillar. User trust in e-wallet systems is a crucial factor driving the transformation from a cash-based economy to a more inclusive digital economy (Diva & Anshori, 2024, p. 1991)[9].

Hybrid Adaptation Strategies and Glocalization

Community adaptation is hybrid; they use global technology (e-wallets) for local needs, such as shopping at traditional markets or for MSMEs. This aligns with Bank Indonesia's vision to promote economic efficiency through cashless transactions in various remote areas (Diva & Anshori, 2024, p. 1991)[9].

Implications of Digital Financial Literacy

Literature findings indicate that digital financial literacy is key to minimizing risk. Users with a good understanding tend to be more alert to potential financial crimes. Adaptive regulations from authorities (OJK and BI) are essential to protect consumers while encouraging innovation in the digital ecosystem (Ramadhani, 2025, p. 347; Feriyanto et al., 2024, p. 100)[2][1]. Without strong literacy, technological complexity can backfire on users (Qi, 2023, p. 1)[7].

5. CONCLUSION

The public's understanding and use of digital wallets is a complex process shaped by the interaction of technological, social, and cultural factors. People adopt e-wallets primarily for their perceived convenience and efficiency, but in-depth understanding of security and features is often limited. The learning process occurs socially through community networks and role models, with hybrid adaptation strategies where digital systems

coexist with traditional financial practices. Key challenges lie in data security risks and digital literacy gaps that can hinder sustainable adoption.

6. SUGGESTION

Based on the research findings, it is recommended that the government and regulators develop digital financial literacy programs that are contextual and tailored to local community characteristics. E-wallet service providers need to improve the transparency of their security systems and provide more interactive education to users. For further research, in-depth field studies using a qualitative approach are recommended to explore the construction of community understanding in specific areas, as well as to develop educational models that leverage the social learning mechanisms that exist naturally within communities.

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