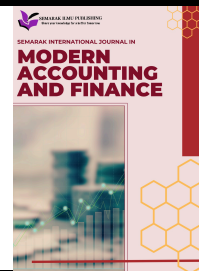




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New Wave of Digitalization: The Financial Transaction Medium of Foodpreneurs in Perlis

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ABSTRACT

Digital technology has forced entrepreneurs and businessmen to reconsider their business models (BMs). Although research on entrepreneurial intention and business models is gaining attention, there is still a large knowledge gap on both fields. In this study, researchers specifically address the financial transaction channels of digitalization on business model practice among foodpreneurs in Perlis. Several channels or platforms such as online banking, financial mobile application, and others banking application are studied. It is to foresee the business model practice among foodpreneurs. In addition, this study employed qualitative method. The data collected was among foodpreneurs that run food and beverages industry in Perlis. Furthermore, this study exposed on the common platforms used by the foodpreneurs. At the end of this study, a digitalization foodpreneurs model was presented and discussed.

1. Introduction

The state of Perlis placed a strong emphasis on educating the general population about "digital culture" by creating a platform for Digital Government that runs parallel to the Digital Perlis 2025 plan. A number of initiatives have been taken, including the promotion of "Cashless Perlis," a cashless payment technique, the Perlis Digital Geopark's virtual excursions, the Digital Mosque, and many others. Additionally, this attempt was a short-term strategy to keep generations moving toward digitization. Today, when practically all daily activities—including paying bills, shopping, and conducting financial transactions—can be done online, digital technology is a need. Business owners in tourist areas like Padang Besar are currently embracing digitalization by enabling clients to pay by scanning a QR code or making an online transfer.

According to the Initiatives Plan of Perlis 2021–2025 book [1], the digital economy was one of the seven clusters that produced the digitization of Perlis, E-commerce, digital cities, digital upgrading centers, and business @SocialMedia were so listed under economy digital. Entrepreneurs are

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encouraged to participate in these products for e-commerce. This is due to the fact that the state of Perlis is actively developing new systems that involve established e-commerce platforms like Lazada, Shopee, Lelong, Mudah, and others. Additionally, Kangar, Chuping Valley, and Kuala Perlis Port were targeted to be digital cities. The Perlis digital economy was pertinent and connected to the other six digitalization clusters.

Nowadays, digitalization was necessary for conforming to the new regulations. Digitalization fundamentally transforms businesses by enhancing entrepreneur leading to increase profits and returns in company activities reform their strategies. Digitalization is one of the strategies on reaching their target customer through digital marketing channels such as social media. Generally, companies can expand their reach customer using digital marketing with relatively low costs compared to traditional marketing methods costly using paper to make browsers and banners. Digital entrepreneurship (DE) become more popular strategy for developing and putting into use new technologies to transform established companies into new business models that are more competitive and responsive to market demands. Effectively lowering expenses can increase the return while, technology and digital media were used for marketing and business reasons. Digitalization of business activities serviced a variety of purposes, including information dissemination, promotion, payment, delivery, and more were leading to efficiency of the business. Digitalization revolutionizes the way businesses interact with their customers, leading to enhanced experiences across all touch points. Through digital platforms such as websites, mobile apps, and social media channels, companies can provide customers personalized experiences, catching to their unique preferences and needs. Leading to efficiency servicing customer, automation software such as artificial intelligence (AI), and machine learning algorithms can automate repetitive tasks, such as chatbots powered by AI can offer instant support and assistance to customers, resolving queries and addressing concerns in real time, thereby improving customer satisfaction and loyalty.

As a result, popular social media sites like Facebook, Instagram, TikTok, and YouTube can give entrepreneurs opportunities to explore, create, and grow their businesses more successfully. These opportunities come with digital sales platforms like Shopee and Lazada, which are increasing popularity among consumers today. Additionally, internet delivery services like Foodpanda, Lalamove, Grabfood, and others joined the phenomena of digitization orders by handling product deliveries.

Combining the words "asnaf" and "entrepreneur," we get "asnafpreneur." In Malaysia, the Asnaf group of residents is classified as low-income and belongs to class B40. Majlis Agama Islam Perlis (MAIPs) is one of the groups in Perlis that focuses on the asnaf. Entrepreneurs, on the other hand, are people or citizens who engage in business activities by developing their own goods and services. Foodpreneurs, one of the asnaf groups, always seek to change from non-productive asnaf to productive asnaf through entrepreneurial platforms, according to a study by [2]. Additionally, this group will receive the support and direction required to start their own businesses. It is now time for these foodpreneurs to enter the digital business sector in order to maximize their potential and ensure the long-term viability of their company.

According to Soltanifar *et al.*, [3], digital and entrepreneurs become acquainted with one another because the majority of entrepreneurs who use the digital business platform use three primary digital mediums, namely for marketing, service development, and communication purposes in order to boost a nation's economic growth. Entrepreneurs who want to advertise their products directly to customers' homes through online purchases are willing to switch from conventional marketing strategies to digital marketing [4]. The situation happens when the entrepreneurs bear a cost on infrastructure upgrades and employee training. Beginning 2020, government support for business owner initiatives to recover a short-term economic recovery plan with financial grants totaling RM

140 million for companies to go digital and start operating online [5]. This aided multiple parties in promoting innovation and cultivating local venture capitalist expertise, particularly among small business owners.

There should be several benefits to employing digital access for financial transactions or payment processes in business, including quicker transactions, higher security, improved consumer convenience, and increased efficiency. To maintain a secure and dependable digital payment ecosystem, it is essential to address cyber security issues and make sure that all applicable laws are followed. Developing a sufficient level of user trust is the most crucial component of using digital channels to conduct payment transactions [6]. One of the assistant's e-commerce firms uses online payment gateways, which is a component of that. These gateways transform sensitive data to securely process payments during online purchases, guarding against fraud and unwanted access. Peer-to-peer (P2P) payment services have the added benefit of enabling people to transfer money to each other directly through mobile apps or web platforms. These services are increasingly in demand for bill sharing, paying pals, and expenditure reimbursement. The subscription-based services like subscription-based enterprises, memberships, and utility bills also give clients the convenience of setting up automatic payments in a timely manner without manual intervention [7].

Customers and consumers today are looking for innovative ways to improve their daily activities and are turning to Internet apps, particularly online buying [8]. Retailers benefit from doing business online and can utilize it as a platform to implement digital communication and digitalize the payment process. Customers now have more ways to interact with shops and actively participate in information-seeking before making purchases of their products because of online platforms, such as social media networks [9]. When a payment process is "digitalized," it means that traditional payment methods are replaced with digital or electronic ones. In order to facilitate and streamline financial transactions for both organizations and customers, this requires using technology and digital platforms. Offering a choice of digital payment methods, including credit cards, debit cards, mobile wallets (such as Apple Pay and Google Pay), online banking, and electronic fund transfers (EFTs), is the main goal of digitalization. Providing access to digital payment options like credit cards, mobile wallets, and Internet banking is another aspect of digitalizing product delivery. This streamlines checkout and promotes cashless transactions. These options are more practical than using actual money, which could get lost, stolen, or damaged. In addition, entrepreneur still need adapt to technological change and integrating new tools and platforms into existing workflows can be challenging for entrepreneurs to sustain and develop the business.

The rapid development of technology has built a society that is no longer dependent on the physical use of money. Future' thinker predicts the existence of a "cashless society" in the future. This condition affects asnafpreneur who was still using traditional business than using digitalization in their business. According to the Global Payments Report (GPR) published by [10], an American fintech company, cash will only represents 17% of all point of sale (POS) transactions globally in 2022, which is a sharp decline compared to 27% in 2018. FIS Global also predicts that the use of cash in global POS transactions will further decrease to less than 10% by 2026, Figure 1.

For "asnafpreneurs" in Perlis, focusing on digital platforms that are accessible, cost-effective, and tailored to their target customer can significantly enhance product marketability. Leveraging popular social media platforms like Facebook, Instagram, and Twitter can help asnafpreneurs in Perlis reach a broader customer and engage with potential customers. They can showcase their products, share updates, and interact directly with their target market through posts, stories, and live videos. Setting up an e-commerce website or utilizing existing platforms like Shopee, Lazada, TikTok shop allows asnafpreneurs to establish a digital storefront and sell their products online. These platforms offer features for product listings, payment processing, and order management, making it convenient for

customers to browse and purchase their offerings. Utilizing WhatsApp Business can be an effective way for asnafpreneurs to communicate with customers, share product updates, and facilitate sales transactions. They can create catalogs, set up automated messages, and provide personalized customer support, enhancing the overall shopping experience.

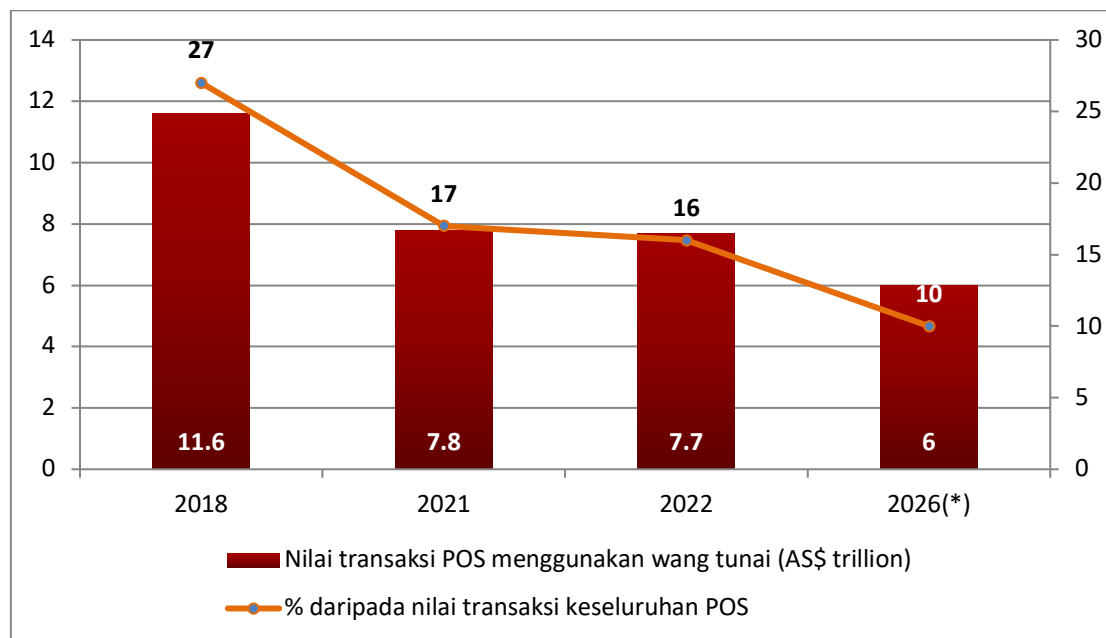


Fig. 1. Prediction on cash transactions from 2018 to 2026
Sources: FIS Global

The COVID-19 pandemic played a role in the Industrial Revolution 4.0 (IR 4.0) -related restructuring of society. The adoption of digital technology was a part of society's way of life. As a result, it was difficult for business owners or entrepreneurs to adapt their operations to the contemporary environment. Asnafpreneur need support from agencies to get e-business training. In addition, adopting new rules requires significant resources, knowledge, and expertise. Rural business owners must raise their digital skills to the level of contemporary requirements in order to take the necessary action to address the issue of product marketability. Marketers were advised to convert from conventional marketing approaches to digital marketing of their products since it allowed them to sell things directly to customers' homes through digital application ordering. One of the goals that should be targeted by the government is the production of entrepreneurs who can maintain their competitiveness. Therefore, the purpose of this study was to investigate the typical digital platform used by foodpreneurs in Perlis such as online banking, financial mobile application, and others banking application.

2. Data and Methodology

This study employed a qualitative method. The data was collected through two phases which were observation and interview session. There are six foodpreneurs around Perlis involved in the interview. However, only five foodpreneurs data were permissible. The foodpreneurs were selected among small food and beverage industry line. This study was assisted by the officers of Akademi Transformasi Asnaf MAIPs Sdn Bhd (ATAM) and Facebook of ATAM to get pre-information and list on foodpreneurs in Perlis. Then, the foodpreneurs were selected randomly represented three areas in Perlis which were Padang Besar, Kangar and Arau. The instruments tested in this study were adapted

from nine elements of Business Model Canvas [11,12]. One of the essential elements regarding to this study's finding was channel. A semi-structure interview session was held individually in different time and location.

Observation was supported by the photos taken during the visit. Then, content analysis technique was employed to explore the digitalization of financial transaction through interview session. The content was analysed with the assistance of the software program ATLAS.ti. version 9. The software works for coding the textual data and for its interpretation. The interviews and articles were coded at the sentence level. Standard content analysis techniques were used for the coding purpose [13].

3. Results and Discussion

The profile of respondents is presented in Table 1 based on several details such as business name and business location. There are five respondents overall that have been interviewed by the researchers. The instruments involved were channels of digitalization used to conduct transactions payment (from foodpreneurs to suppliers) and channels of digitalization used for payment acceptance transactions (form customers to foodpreneurs). The themes were form after repeated code by the foodpreneurs were analysed.

Table 1
Profile of foodpreneurs in Perlis

Respondent	Business Name	Business Location
R1	Nasi Dalca Che Ain	Padang Besar, Perlis
R2	De Rosa Bakery	Padang Besar, Perlis
R3	The Wany's Enterprise	Kangar, Perlis
R4	Marjan Maju Enterprise Cendol Warisan	Kangar, Perlis
R5	Iman's Ayam Gunting	Arau, Perlis

Table 2 indicated the themes of financial transaction digitalization channels applied by foodpreneurs in Perlis. Therefore, about two themes were summarized in the table. Those themes included channels of digitalization used to conduct transactions payment and channels of digitalization used for payment acceptance transactions.

Table 2
Financial transaction applied by foodpreneurs in Perlis during interview session

Instruments	R1	R2	R3	R4	R5
Channels of digitalization used to conduct transactions payment	I use cash to make payment transactions	I use online banking, CIMB Bank	I use the DuitNow Apps to make payment transactions	I use Grab Pay and online banking to make payment transactions	I use cash and DuitNow QR code to make payment transactions
Channels of digitalization used for payment acceptance transactions.	I use cash for payment acceptance transactions	Most use cash	I use the DuitNow Apps and cash for payment acceptance transactions	I use Grab Pay and online banking for payment acceptance transactions	I use cash and DuitNow QR code for payment acceptance transactions

For the first instruments, most of the respondents stated that online banking and DuitNow application for channels of digitalization used to conduct transactions payment. This supported by

“I use online banking, CIMB Bank” (Respondent 2)

“I use Grab Pay and online banking to make payment transactions” (Respondent 4)

“I use the DuitNow Apps to make payment transactions” (Respondent 3)

“I use cash and DuitNow QR code to make payment transactions” (Respondent 5)

Next, for the second instruments, most of the respondents stated DuitNow Application for channels of digitalization used for payment acceptance transactions. This mentioned by



“I use the DuitNow Apps and cash for payment acceptance transactions” (Respondent 3)

“I use cash and DuitNow QR code for payment acceptance transactions” (Respondent 5)

Table 3 proved the observation of financial transaction channel of digitalization implemented by foodpreneurs during the visit. The observation was carried out during the five foodpreneurs running their business operations. Researchers and enumerator focus on observing the financial transactions happened. Most of the foodpreneurs displayed their QR code around their stalls. However, researchers and enumerator spotted those customers preferred cash more than QR code.

Table 3

Financial transaction applied by foodpreneurs in Perlis during observation visit

Respondent	Photo
R1	 <p>The use of DuitNow QR code mobile application around stall's counter.</p>
R2	 <p>The use of DuitNow QR code mobile application on the stall's counter.</p>

R3



The use of DuitNow QR code mobile application on the stall's counter.

R4



The use of DuitNow QR code mobile application on stall's table.

R5



The use of DuitNow QR code mobile application around stall's counter.

This study explored the channel of business model canvas implemented by the foodpreneurs in Perlis. The channels involved several business activities that use digitalization especially digitalization channels of financial transaction. Here is the model generated from the analysis of themes showed in Figure 2. The model had interpreted that digital financial transaction happened both ways which means payment by foodpreneurs to suppliers and payment from customers to foodpreneurs. Therefore, the platforms used by foodpreneurs to suppliers are online banking and DuitNow application. Whereas, platforms used by customers to foodpreneurs was only DuitNow application.

As we know, Perlis was among the smallest state in Malaysia. The economics of Perlis was still developing. The cost of living in Kangar, Perlis is much cheaper compared to urban states such as Johor Bahru, Johor, Wilayah Persekutuan Kuala Lumpur, Bangi, Selangor and George Town, Pulau Pinang. This was proved by the statistic based on [14] which compared average price of meal in inexpensive restaurant in these cities. Price of meal in Kangar, Perlis is RM 8 while Johor Bahru, Johor

is RM 12, Wilayah Persekutuan Kuala Lumpur is RM19, Bangi, Selangor and George Town, Pulau Pinang is RM10. Thus, this becomes one of the reasons of minimum used of technology in Perlis.

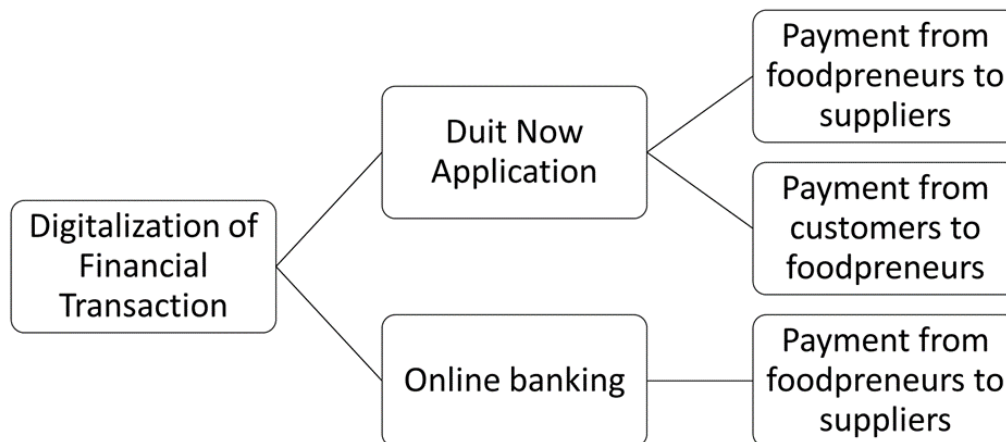


Fig. 2. Digitalization of financial transaction model

This was observed by researchers and enumerator during data collection when cash become first option while QR code and online banking become second option in physical stores around Perlis. This is because the awareness on using digitalization of financial transaction among Perlis people was still lacking. Besides, the price of the foods was considered too small and customers more convenience on bringing their cash instead of using QR code or mobile phone to scan. Thus, Initiatives Plan of Perlis 2021–2025 book had encouraged entrepreneurs in Perlis to implement digital in entrepreneurship activities assisted on transforming cash payment norms to digital payment in Perlis.

4. Conclusions

This study concludes that two types of platforms were usually implemented by foodpreneurs of small food industry in Perlis. There were DuitNow application and online banking. Apart from that, this study supported the problem statement earlier which indicated cash use was decreasing. Although cash was preferred most, digital payment was offered too as second alternative as to overcome the disruptive innovation happened globally. The initiative of foodpreneurs in implementing digital channel assisted in contributing awareness to Perlis people and other businesses' owners or entrepreneurs. This study would be the extension of future study on digging the challenges of implementing digital financial transaction in business. Besides, future study could compare challenges of each platform of digital financial transaction preferred by customers. For example, QR code was blurring, delay confirmation on receiving money online, low internet coverage area and so on. Furthermore, this study recommended conducting a survey which involved more foodpreneurs in medium and franchises food and beverage industry as unit analysis.

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