

Prospect of Islamic Electronic Money in Indonesia: Case Study on the LinkAja Application

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Abstract

This research conducted to see how the prospects for electronic money in Indonesia, considering the launch of new electronic money launched this year through the LinkAja application. This application has received a fatwa from the National Sharia Council of the Indonesian Ulama Council (DSN-MUI) to be a strong source of law for application in Indonesian society. The emergence of LinkAja electronic money is one of the policies of all stakeholders because the potential of sharia-based electronic money is quite large, apart from Indonesia having the world's largest Muslim population. The method that the author made is a qualitative method besides reading several journals and reading material about Islamic electronic money. The prospect of newly launched electronic money certainly has several challenges and opportunities that can be used as lessons for relevant stakeholders. Apart from the competition with the same applications as conventional-based electronic money, Indonesians are still used to conventional-based electronic money there is when compared to sharia-based systems. Complete support from the government is needed to make this electronic money develop well, apart from being protected by applicable laws and regulations. Promotion and marketing of all LinkAja management are also necessary to expand the reach not only in cities but also in villages.

Keywords : *Islamic Electronic Money, LinkAja, Prospect, Promotion, Marketing*

Abstrak

Penelitian ini dilakukan untuk melihat bagaimana prospek uang elektronik di Indonesia, mengingat peluncuran uang elektronik baru yang diluncurkan tahun ini melalui aplikasi LinkAja. Permohonan ini telah mendapat fatwa dari Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI) untuk menjadi sumber hukum yang kuat untuk diterapkan di masyarakat Indonesia. Kemunculan uang elektronik LinkAja merupakan salah satu kebijakan dari seluruh pemangku kepentingan karena potensi uang elektronik berbasis syariah cukup besar, selain Indonesia yang memiliki penduduk muslim terbesar di dunia. Metode yang penulis buat adalah metode kualitatif selain membaca beberapa jurnal dan bahan bacaan tentang uang elektronik syariah. Prospek uang

elektronik yang baru diluncurkan tentunya memiliki beberapa tantangan dan peluang yang dapat dijadikan pelajaran bagi pemangku kepentingan terkait. Selain persaingan dengan aplikasi yang sama dengan uang elektronik berbasis konvensional, masyarakat Indonesia masih menggunakan uang elektronik berbasis konvensional yang ada jika dibandingkan dengan sistem berbasis syariah. Dukungan penuh dari pemerintah diperlukan agar uang elektronik ini dapat berkembang dengan baik, selain dilindungi oleh peraturan perundang-undangan yang berlaku. Promosi dan pemasaran seluruh manajemen LinkAja juga diperlukan untuk memperluas jangkauan tidak hanya di kota tetapi juga di desa.

Kata Kunci : Uang Elektronik Syariah, LinkAja, Prospek, Promosi, Pemasaran

INTRODUCTION

Indonesia is one of the densest Muslim countries in the world, it is estimated that currently there are 207 million Muslim populations, most of whom adhere to Sunni Islam. (Zulfikar Hasan, 2020c). This extensive population has put about 13% of the world's Muslims in Indonesia (90% of the Indonesian population). However, the majority of the population is Muslim, this does not place Indonesia as a country based on Islamic law (Zulfikar Hasan, 2020b).

Indonesia has numerous potential and opportunities in the financial sector as well as the halal sector because it has the world's largest Muslim population. The halal industry market in Indonesia, especially the halal food, travel, fashion, and halal pharmaceuticals and cosmetics sector has reached around 11% of the global market in 2016. Along with increasing public awareness of the importance of consumption in the halal industry sector. This awareness is not only driven by belief but because the quality of halal products is getting better. On the other hand, the increasing consumer demand for halal products has encouraged an increase in investment and trade in this sector, both locally and globally. Of course, Indonesia's huge potential in the halal industry sector can support national economic growth (Z Hasan, 2021).

On a global scale with an economic value of the US \$ 2.1 trillion, Indonesia contributed 10% of the global economic value or the equivalent of US \$ 214 billion in 2017 (Zulfikar Hasan, 2020a) (Wicaksono et al., 2021). This value is also the largest compared to countries such as Turkey, Pakistan, and Egypt. Unfortunately, only about 3.8% are related to exports. Since the 1960s, many countries have

implemented Islamic economics (Roshan Lal & Rajni Saluja, 2012). Countries that also use the Islamic economic system in the operation of the banking business include Malaysia, Indonesia, Singapore, Saudi Arabia, Egypt, Sudan, Pakistan, Britain, and Germany. In fact, in its development to date, based on the 2018 Islamic Financial Development Report from Thomson Reuters, the total assets of global Islamic banking in 2017 reached the US \$ 1.77 trillion, with the global Islamic banking market dominated by Iran, Saudi Arabia, Malaysia, United Arab Emirates, and Qatar (Rasbin et al., 2021) (Rizvi et al., 2021).

The sharia economic system in Indonesia began to emerge in 1960 (Fahmi, 2019). At that time, the prohibition of *riba* (interest) was an issue that has been discussed extensively among the Muslim community (Akhter, 2015). In *fiqh*, it has stated that *riba* prohibited by Allah SWT. The prohibition of usury implemented as exploitation in companies in various economic groups (Kalsum, 2014).

The development of Islamic finance in the world also has a good impact on Indonesia. Indonesia can seek experience and knowledge from OIC members who first developed the Islamic financial sector such as Malaysia and Middle Eastern countries (Zulfikar, 2020). With the emergence of experts in the field of Islamic finance in Indonesia. It has provided good news for the Indonesian government because it will provide many inputs and also program programs that can expand Islamic finance in Indonesia, such as the emergence of Islamic banking and non-bank financial institutions (Al-Smadi, 2012). The role of the government, in this case, needs to be increased to create various kinds of sharia-based financial institutions as well as many innovations that can be developed

such as mobile banking, internet banking, fintech, and various Islamic electronic money applications (Al-Laham et al., 2009).

Indonesian people are increasingly interested in Islamic financial products, not only banking but also products of Islamic financial institutions are now starting to develop. The public also does not need to worry about whether a sharia institution is halal or not, because it has been supported by a fatwa and supervised by the National Sharia Council - the Indonesian Ulema Council (MUI) (Muslichah & Sanusi, 2019).

The evolution of digital technology has had an impact on the payment system in transactions between individuals to individuals and individuals to groups and vice versa, especially in maintaining the continuity of the business relationships of the parties. The payment system, which is one of the pillars of support for the stability of the financial system, has developed, which originally only used cash, has now penetrated the digital payment system, or can be called electronic money (e-money) (Usman, 2017) (Suharni, 2018). Technological advances in payment systems shifted the role of cash (currency) as a means of payment into a more efficient and economical form of non-cash payment. Non-cash payment instruments generally use inter-bank transfers or intra-bank through the bank's internal network. In addition, several platforms can be used for non-cash transactions such as using a debit card, credit card, or using an ATM (Afif Muamar dan Ari Salman Alparisi, 2017).

In the era of the industrial revolution 4.0, it has had an impact that can make it easier for people to make payments through non-cash platforms. Digital payment applications that are currently on the rise in society. including OVO, GO-PAY, and DANA (Zulfikar Hasan, 2020a). The use of this application is to facilitate transactions in various activities, for example for online motorcycle taxi payments, food delivery orders, electricity/telephone bill payments, PDAM payments, and there are still considerable amenities produced by digital payment applications (Zulfikar Hasan et al., 2021) (Setiawardani et al., 2021).

The payment feature in Indonesia is still controlled by a conventional-based system,

so several institutions have initiatives to develop sharia-based electronic payments by issuing Islamic electronic money (Zulfikar Hasan, 2021) (Arpan, 2021). The institution in question is the sharia-based *LinkAja* which implements a sharia-based payment system. As a national electronic financial service provider, *LinkAja* is committed to continuing to support the government's efforts in implementing financial inclusion and economic equality for all Indonesians. To support the realization of the Sharia Economic Master Plan carried out by the National Committee for Sharia Economics and Finance (KNEKS), strategic efforts that have been taken by the government to make Indonesia the world's leading Islamic economic center by 2024. *LinkAja* has officially launched an electronic money payment service based on sharia principles, which can provide services to people who want transactions according to sharia rules (Alfarizi et al., 2021).

As the first and only sharia electronic money service in Indonesia, *LinkAja* has received the MUI DSN certificate after the issuance of the MUI DSN Fatwa No. 116/DSN-MUI/IX/2017 regarding sharia electronic money, as well as a license to develop electronic money products from Bank Indonesia (Wady & Kurniawan, 2018) (Alda & Wulandari, 2020). In its implementation, *LinkAja* Shariah Services prioritizes several basic principles, namely the placement of funds in collaboration with several sharia banks, applying transaction procedures that are following sharia principles, and are accepted by all *LinkAja* merchants. Besides, *LinkAja's* Sharia Service also presents a variety of products that are following the sharia contract with no elements of *maisyir* (gambling), *gharar* (obscurity), *usury* (additional), *zalim*, and non-halal goods (Zulfikar Hasan et al., 2021) (Analita & Wijaksana, 2020).

In addition to having various advantages of the *LinkAja* payment application, can customers understand what contracts are used in the *LinkAja* application system, and this is a management challenge how to make *LinkAja* customers who use sharia contracts understand in general the principles of sharia applied therein. Hopefully, with research on Islamic electronic money in Indonesia more and more researchers will be interested in researching digital money systems.

Hopefully, this research will have a little impact on academics and practitioners who are engaged in sharia electronic payments (Sudarwati & Yani, 2021) (Saragih, 2021).

LITERATURE REVIEW

From time to time, the digital industry in various countries is increasingly showing its development, including in Indonesia (Zulfikar Hasan et al., 2021). That has a big impact on the increasingly diverse development of Indonesia's digital payments. The several digital payments that widely used today include electronic money or e-money, digital wallets or e-wallets such as T-Cash and XL Tunai, and many other types.

Along with the development of these transactions, currently, people in Indonesia, especially those living in urban areas, have started to use the non-cash transaction method. Research shows that in 2017, 55.80% had electronic money or e-money for less than a year. In addition, there are about 42.43% of respondents commented that electronic money is particularly beneficial in handling spending.

With digital payment, it will be easier for the public to make the payment process. In Indonesia, there are now various payment variations that have grown from time to time.

Payment card issuance

The evolution of digital payments in Indonesia began with the issuance of payment cards. This payment card is shaped like a credit card to be used as a tool of payment. The payment card has been popular since the 1980s and presented to replace cash payments. For people who frequently travel abroad, credit cards and debit cards are one of the most practical means of payment (Ozili, 2021) (Khan, 2016) (Djafri, 2017).

Along with the many people who are interested in using this credit card, many banks also offer various features and special discounts for their users. Recorded throughout 2016, Bank Indonesia said a transaction of Rp. 5,623.91 trillion using a debit card or ATM. Meanwhile, transactions using credit cards in 2016 reached Rp. 281 trillion. Finally, for the transaction process using e-money, the recorded amount is Rp. 7.06 trillion (Mahdi Igamo & Aulia Falianty, 2018).

Digital payment today

Behind the arrival of payment cards, digital payments in Indonesia have transformed with the sight of m-banking or e-banking (Kabir et al., 2015). Starting in 2001, BCA (Bank Central Asia) operates massive e-banking via the Klik BCA website. The presence of m-banking and e-banking is increasingly in demand by people in Indonesia, especially for those who like to shop online on e-commerce platforms. For example, Bank BNI (Bank Nasional Indonesia) recorded the growth of internet banking transactions which increased by 50%, and mobile banking which grew by 40% (Zulfikar & Sasnifa, 2020).

Payment cards are starting to evolve into e-money or electronic money (Chiu et al., 2017). According to the Bank Indonesia Regulation on electronic money, e-money is the value of money stowed electronically in media such as servers or chips. Chip-based e-money is usually available in the form of cards that are directly issued by banks, such as Mandiri E-Money, TapCash BNI, Flazz BCA, Brizzi BRI, and others. Meanwhile, server-based e-money which is better known as e-wallet, for example, Telkomsel T-cash, Go-Pay Go-Jek, and others (Soemitra et al., 2021) (Zulfikar, 2020).

Digital payments in the future

In other countries, the terms cryptocurrency and digital currency are certainly not unfamiliar. Even cryptocurrency, which is a form of digital payment, has grown rapidly, it's just that in Indonesia this payment method is not as well known and as popular as payment cards. Even so, cryptocurrency believe to be a form of digital payment for Indonesia in the future (Lin, L & Shiqian, 2018) (Soemitra et al., 2021).

According to Bank Indonesia Regulation Number: 11/12/PB/2009 Regarding Electronic Money, Electronic Money is payment instruments allocated based on the value of money paid up previously by the holder to the publisher, which is accumulated securely electronics in a medium such as servers or chips, and value for money it is not a guarantee and is utilized as a tool payment to merchants who are not money issuers electronics (Fauziah & Nurhasanah, 2020).

Based on the storage medium, electronic money divided into two types (PBI, 2018), namely: 1) Electronic money recorded in electronic media managed by the publisher and managed by the holder. 2) Electronic Money whose value of electronic money is only recorded in the electronic media managed by the issuer. In this case, the holder is granted access rights by the issuer to use electronic money. With a recording system like this, payment transactions using Electronic Money can only do online where the value of electronic money recorded in electronic media managed by an Issuer will decrease directly (Djafri, 2017).

Contracts in Electronic money

Akad pronunciation comes from Arabic, namely *al-'aqd* which is a etymology means agreement, agreement, and consensus. In terminology, Sharia Akad is a written agreement or contract between the parties containing their respective rights and obligations parties that are not against the Sharia Principles. There are several agreements related to the electronic money mechanism. Among them are as follows: 1) Sale and Purchase Agreement (*al-ba'y*), 2) *wadiah*, 3) *sharf*, 4) *ijarah*, 5) *wakalah*, 6) *qardh* (Zaki et al., 2020) (Syaparuddin, 2017).

Facility Service Fee Terms

In the management of electronic money, the issuer can charge an electronic money facility service fee to holders with the following requirements: Facility assistance payments must be in the state of fundamental fees to keep the soft process of electronic money administration. As well as the imposition of facility usefulness fees must be conveyed to the cardholder correctly following sharia and applicable laws and regulations (Piter Nainggolan, 2016) (Zulfikar & Sasnifa, 2020).

Terms and Limits for Operation and Use Electronic Money

The administration and use of electronic money are mandatory to avoid: Transactions that are *ribawi*, *gharar*, *maysir*, *tadlis*, *risywah*, and *israf*. Transactions on objects that are *haram* or immoral (Zulfikar Hasan et al., 2021) (Pambudi & Mubin, 2020).

Special Provisions for Islamic Electronic Money

The nominal amount of electronic money available to the issuer must be placed in an Islamic bank. If the card used as a medium for electronic money is lost, the nominal amount of money in the issuer must not be lost (Prayidyaningrum & Djamaludin, 2016).

METHODOLOGY

The method used in this research is the descriptive qualitative research method. James A. Black and Dean J. Champion define this type of research as research that provides an overview of social and cultural phenomena, the point of which is to understand the way of life of others based on the views of the person studied (Zulfikar Hasan, 2019) (Salvador, 2016) (Mezmir, 2020). The type of research used is library research, namely data collection techniques through libraries, in the form of books, magazines, court decisions, internet media, and research results that support the author in writing this paper (Lane, 2011).

The data collection techniques that researchers use in this paper are documentation. Documentation is a data collection method used to trace historical data. Thus, data can collect with the categorization and classification of written materials related to e-money transactions on the *LinkAja* application, both from journal articles, books, proceedings, dissertations, theses, theses, archives, newspapers, magazines, websites. (site), and so on.

Behind the data was collected, the researcher investigated it qualitatively. The data analysis is a measure made by working with data, collecting data, sorting it into effortless teams, examining for and discovering practices, discovering what is important and what is learned, and choosing what can be told to others. The actions are data deduction, data collection, validation, and decisions (Verdinelli & Scagnoli, 2013) (Personal & Archive, 2018).

RESULTS AND DISCUSSION

LinkAja officially launched the LinkAja Shariah Service as the first Islamic electronic money in Indonesia that facilitates various types of payments according to sharia rules.

LinkAja is an effort to support the realization of the Master Plan for Sharia Economics promoted by the National Committee for Sharia Economics and Finance (KNEKS), as well as one of the strategic steps in realizing the government’s plan to make Indonesia the leading sharia economic center in the world by 2024. LinkAja sees the needs of the Indonesian people which is a big product of the Islamic economy. As a strategic step in addressing these needs and to support the government’s efforts, LinkAja Sharia Services is here as the first Islamic electronic money solution in Indonesia that people can trust to do various meaningful things.

LinkAja’s Sharia service is the first and only sharia electronic money service in Indonesia to obtain an MUI DSN certificate after the issuance of the MUI DSN Fatwa No.116 / DSN-MUI / IX / 2017 concerning Islamic electronic money, as well as a license to develop server-based electronic money products from Bank Indonesia.

In its implementation, LinkAja Shariah Services prioritizes several basic principles,

namely the placement of funds in collaboration with several sharia banks, applying transaction procedures that are following sharia principles, and are accepted by all LinkAja merchants. Besides, LinkAja’s Sharia Service also presents a variety of products that are under the sharia contract with no elements of maysir (gambling), gharar (obscurity), usury (additional), zalim, and non-halal goods. LinkAja Shariah Services prioritizes three main categories of sharia service products, namely the ZISWAF Ecosystem (Zakat, Infaq, Alms, and Waqf), Mosque-based Economic Empowerment, and the Digitalization of Islamic Boarding Schools and MSMEs.

Services that can be enjoyed by LinkAja Shariah users such as digital zakat, digital donations/*infaq*, digital *waqf*, topping up balances from and to all Islamic banks, digital qurban, digital payment of school and Islamic boarding school dues, cash waqf for shares, payment at several e-partners commerce, distribution of ZIS funds (Zakat, Infaq, Alms). Currently, LinkAja Sharia Services have collaborated with more than 242 ZISWAF distribution institutions and institutions, more than 1000 mosques, Islamic boarding schools, as well as several e-commerce partners and offline merchants. All LinkAja users can change their account to the LinkAja Shariah Service by clicking the LinkAja Shariah Service banner on the main page of the application, activating the account, and entering a PIN, after which the user can immediately take advantage of various LinkAja Shariah Service products through the application.

From the figure above it can be explained that first, deposited funds or floating funds, resulting from the balance filled by LinkAja

FIGURE 1. Three basic differences distinguish conventional LinkAja and sharia.

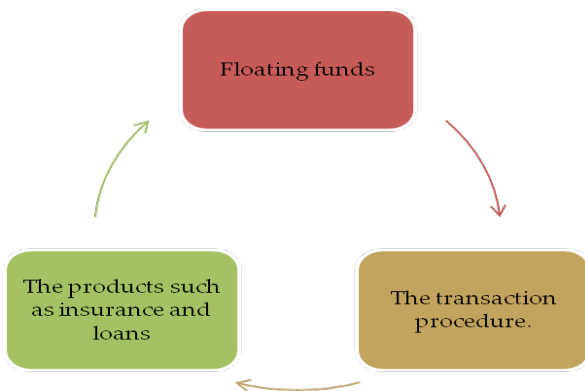
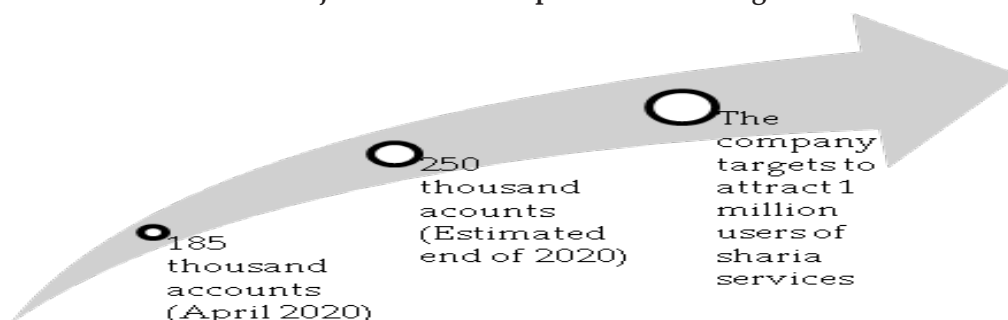


FIGURE 2. Sharia LinkAja Service users April 2020 and a target at the end of 2020



Shariah customers, will be deposited in Islamic banks. Meanwhile, conventional LinkAja is kept in conventional banks. Second, the difference is in terms of the transaction procedure. LinkAja management always consults with the Indonesian Ulema Council (MUI) and the National Sharia Council (DSN). The final difference between LinkAja Shariah and conventional ones is in terms of products such as insurance and loans, where the contract is following the sharia contract. Currently, LinkAja is working with Kredit Pintar for consumer loan distribution to conventional customers. However, for LinkAja Shariah, the lending partner will be different from conventional ones. Thus, management will collaborate with partners who adhere to sharia loan agreements.

LinkAja's Shariah Services are committed to complementing Indonesia's sharia economic ecosystem. Since its launch in April 2020, now LinkAja Shariah Service users have reached 185 thousand accounts. of these users, 50 percent are new users while the other 50 percent are Migrating LinkAja users. He added that LinkAja's Sharia Service is committed to

adding features and uses following the needs of the sharia economic ecosystem.

LinkAja's Sharia services can be enjoyed throughout Indonesia with a special Sharia ecosystem that has been built in 69 municipalities and 273 regencies. Services include mosques, *amil* zakat institutions, halal culinary centers, modern local retail, Islamic boarding schools, Islamic banks, Islamic schools, and Islamic universities. As in the development of the Islamic boarding schools-based economy which is a collaboration with the government. LinkAja targets to participate in government programs in 3,300 Islamic boarding schools, as well as in thousands of mosques.

Non-cash or cashless money is certainly no stranger to today's society. Almost all levels of society often or at least have used cashless cash services. Statistics show that the numbers for non-cash transactions have continued to grow rapidly in a short period. Bank Indonesia (BI) noted that electronic money transactions in the third quarter of 2018 grew by 300.4% compared to the same period in the previous year. In terms of value, until August 2018, the nominal value of electronic money transactions

TABLE 1. Comparison between LinkAja, Gopay and OVO

	LinkAja	Gopay	OVO
User	50 million	142 million (download the Gojek application)	More than 115 million (as of end 2018)
Number of partners	More than 183 thousand location points	More than 400 thousand Go-Food partners, around 60 thousand service providers, Gojek driver partners	More than 500 thousand partners Also used for Grab transportation services
Online Bank Payment Point (PPOB)	IndiHome, electricity, PDAM, pulses to online game vouchers	Credit, electricity, PDAM, streaming, cable TV to online game vouchers,	Credit, electricity, insurance, streaming, cable TV to BPJS health
E-commerce	in collaboration with 20 e-commerce companies including, Blanja.com, Bukalapak and Tokopedia	Blibli.com, JD.ID, Sociolla	Sociolla, Tokopedia
Transportation	KAI, Blue Bird, Trans Semarang, Damri, Garuda Indonesia, Citilink, LRT in Palembang, MRT, Railink	Gojek (motorbikes and cars), Trans Semarang	Grab (motorbike, car, Bajay)
Donation	BUMN, Bazis, Baznas, Ycab, Lazismu, Dompot Dhuafa, Rumah Zakat, mosque	Baznas, Rumah Zakat, KitaBisa, Institute of Street Music (IMJ), mosque	Baznas, Rumah Zakat, Dompot Dhuafa
Installments or Loans	LinkAja collaborates with Kredit Pintar	Go-Pay collaborates with PT Mapan Global Reksa (Findaya) to provide an installment (paylater) feature	OVO collaborates with Taralite to provide an installment (paylater) feature on Tokopedia

recorded at Rp. 3.8 trillion or an increase of 393% YoY from the same period last year of Rp. 790 billion.

This large statistic would be very reasonable given the impact of technological developments in the form of smartphones which are also very fast and change the human culture, one of which is the culture of transactions. Besides, there are also Government policies and programs, in this case, Bank Indonesia, to promote and intensify non-cash transactions through the National Non-Cash Movement (GNNT) which launched in 2014. One of the most obvious is the electronification of toll roads which began in October. 2017.

Almost all major banks in Indonesia currently have e-money services, such as Mandiri e-money, BRI Brizzi, BNI Tap cash, BCA Flazz, and there is T-cash which is a product of the telecommunications company, Telkomsel. Startup business players have also followed suits, such as Tokocash's Tokopedia, Bukalapak's Bukadompot, and Gojek's Gopay and OVO as Grab's mainstay. The *LinkAja* Shariah service has a large enough opportunity to increase financial transactions that can not only be used by Muslims but also non-Muslims. When all people accustom to using 'online wallets', it will not only change a payment culture but will also change a lot of behavior and economic policies of the government and business people.

The prospect of electronic money in Indonesia is quite good in the future due to several supporting factors such as Indonesia is a country that has the biggest Muslim population besides that non-Muslims can use *LinkAja* Shariah to make transactions. Also, electronic money industry players in Indonesia are optimistic that the contribution of the digital wallet industry to Indonesia's Gross Domestic Product (GDP) will increase significantly in the next few years. One industry player, *LinkAja*, even projects that the electronic money industry has the potential to contribute up to 8 percent of Indonesia's GDP in 2023, nearly 6 times the current contribution of 1.4 percent.

The *LinkAja* application considers being able to open wider opportunities for financial inclusion in sequence with the objective of the Ministry of BUMN which is trying to realize

an electronic-based financial service. Another benefit of *LinkAja's* presence, according to Kartika, is that it can use as a tool for the government to channel aid funds. Whether it's direct cash assistance or fuel subsidies. By using the *LinkAja* service, the government can bank people who are classified as unbanked.

The government can use *LinkAja's* existence to oversee the use of aid that has been issued by the government through APBN funds. Besides, with *LinkAja* the government can make subsidy policies that are right for the people. *LinkAja* turns a year old. The number of users has reached 50 million people spread across more than 90 percent of Indonesia's territory. As many as 83 percent of *LinkAja* users scattered outside Jakarta, with 40 percent of them outside Java. *LinkAja* is also equipped with 120 features.

This nearly 50 million user can be used as a pretty good opportunity momentum to find more users who use *LinkAja* Shariah for transactions. The transfer procedure is also quite straightforward with fairly strict customer data protection. As is known, *LinkAja* Shariah users in 2020 have only reached 185 thousand users and targeted to be 250 users by the end of 2020. The potential for researchers is quite large depending on adequate promotion and marketing management. Besides, various kinds of innovations are needed in the *LinkAja* Shariah application to make users interested in using this application more often to make transactions that are free of *usury*, *gharar*, and *maysir*.

LinkAja Shariah's growth can also be seen from the growing ecosystem it has thanks to the *LinkAja* Shariah collaboration strategy with various cross-sector parties. The focus of *LinkAja* Shariah is to provide easy access to digital financial services for aspiring people and empower MSMEs. *LinkAja* has also collaborated with several local governments through digitizing traditional markets, retribution services, and developing MSMEs. As of June 2020, *LinkAja* has also digitized payments in 466 traditional markets throughout Indonesia, collaborating with 234,000 local merchants and providing more than 1 million cash in access to the public, both in the form of bank channels, modern retail to digital financial services. Not only electronic money, *LinkAja* Shariah,

FIGURE 3. Three LinkAja Shariah Strategies



which targets all levels of society, especially the unbanked and underbanked segments as well as MSMEs, has a goal of building community welfare through economic independence. The existence of LinkAja Shariah as the leading electronic wallet in Indonesia will complement the financial industry ecosystem, especially Islamic finance, in reaching and educating the public, especially those who have not been touched by banking services. With this increase in financial literacy and inclusion, it hoped that it improves the quality of life of the Indonesian people to continue to progress and be prosperous.

The financial technology (fintech) payment company PT Fintek Karya Nusantara (LinkAja) is implementing three strategies to increase the number of users and transactions. This fintech made by State-Owned Enterprises (BUMN) competes closely with GoPay from Gojek, OVO, DANA, and ShopeePay.

First, targeting the Islamic market. LinkAja assessed that this market potential is very large considering the majority of Indonesians are Muslim. Second, holding various promotions or discounts. Especially for LinkAja Shariah services, the company will hold promotions following sharia principles. LinkAja Shariah has 185 thousand users since it launched last April. The company targets to attract 1 million users of sharia services. This strategic cooperation will be accompanied by technical assistance in participating in the development

of the Islamic economy. Lastly, it focuses on collaboration with various industries.

Through these three strategies, LinkAja Shariah is optimistic that it can attract more consumers during intense competition. The company has attracted nearly 50 million users. The state-owned payment service can also be used in more than 200 thousand merchant partners and 134 modes of transportation. Besides, it is available in more than 500 traditional markets, 14 thousand digital donation partners, and 1,600 e-commerce.

Besides, LinkAja adoption will be fast because it is supported by BUMN. LinkAja makes use of the Laku Pandai Financial Services Authority (OJK) program. This officeless financial service for financial inclusion is driven by the Association of State-Owned Banks (Himbara) to target users in the regions. Supported by Bank Rakyat Indonesia (BRI), Bank Mandiri, Bank Negara Indonesia (BNI), and Bank Tabungan Negara (BTN), LinkAja has great potential to dominate the market which located far from bank offices. Referring to the OJK target, this company can build simple financial products to accelerate financial inclusion in the country. As a combination of payment applications made by BUMN, such as TCash from Telkomsel, TBank and BRI's MyQR, e-cash from Bank Mandiri, and yap! and UnikQu from BNI, LinkAja have a wide way to move. Moreover, apart from that, several other BUMNs are also involved, such as Pertamina,

Jiwasraya Insurance, and Danareksa. Also, Jasa Marga, Garuda Indonesia, and Kereta Api Indonesia (KAI) expected to participate as shareholders in this payment fintech.

LinkAja excels in the transportation sector. This digital wallet can use for Blue Bird, Train, Trans Semarang, Damri, and Railink services. Most recently, LinkAja provides payment services for purchasing Garuda Indonesia, Citilink, MRT to LRT tickets in Palembang. This payment fintech also develops contactless payment services based on radio frequency identification (RFID) as a sensor for toll roads. That way, vehicles using LinkAja stickers can cross toll booths at a speed of 30 kilometers per hour without having to stop to pay at several toll booths equipped with RFID technology.

CONCLUSION AND RECOMMENDATIONS

From the explanation above, LinkAja Shariah's prospects are quite good going forward in Indonesia, because Indonesia is a country that has the world's biggest Muslim population. Besides, various attractive promotions and discounts are needed to attract more users, where until 2020 LinkAja Syariah users have reached 185 thousand people and are targeted to reach 1 million Sharia LinkAja users, in addition to reaching 50 conventional LinkAja users.

LinkAja's Sharia service is the foremost and singular sharia electronic money in Indonesia to obtain an MUI DSN certification after the issuance of the MUI DSN Fatwa No.116 / DSN-MUI / IX / 2017 concerning Islamic electronic money, as well as a license to create server-based electronic money developments from Bank Indonesia.

The segment that LinkAja is targeting is very large, but technology adoption is still minimal. The transaction value of users in the regions is also estimated to be smaller than consumers who live in urban areas. To be able to increase transactions both in nominal and volume, LinkAja must provide services needed by people in regions too remote areas of Indonesia. To achieve the target set by management, LinkAja Syariah will issue several strategies to compete with similar applications such as GoPay, OVO, and so on. Such as collaborating with the financial

industry such as banking, telecommunications providers, and the government.

Some of the recommendations given by the author are that it is hoped that more Islamic electronic money in Indonesia will be established and can become part of the national economic system, especially in the field of Islamic economics. Besides having a good impact on the government as well as on the users themselves, by implementing the principles of sharia in financial transactions, free of *usury*, *gharar*, and *maiysir*. And get closer to Allah SWT.

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