



Analysis of Public Motivation in Adopting Digital Financial Technology at Paiton New Market, Probolinggo Regency

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Abstract

Digital finance is a financial technology system that allows people to conduct online transactions easily and practically. This study aims to identify the motivations and barriers for people, particularly traders at Pasar Baru Paiton, in adopting digital financial technology. The research method used was qualitative, with data collection techniques through literature review, observation, in-depth interviews, and documentation. The results show that the majority of Pasar Baru Paiton traders still use manual payment systems due to limited knowledge and concerns regarding the security of digital transactions. However, some traders have begun adopting digital financial technology, motivated by the convenience, speed of transactions, and the need to increase competitiveness amidst the advancement of the digital era. The main barriers to adoption of this technology include a lack of education and training, as well as infrastructure challenges. Therefore, training and outreach are recommended to increase traders' understanding and readiness to implement digital financial technology to strengthen business sustainability and improve transaction efficiency at Pasar Baru Paiton.

Keywords: Motivation, Digital Finance, Paiton New Market.

1. Introduction

The increasingly rapid development of information technology has transformed many aspects of life, including people's daily economic activities. One example is the implementation of digital financial technologies, such as QRIS and digital wallets, which facilitate faster, safer, and more efficient transactions using only a device.smartphone. Financial technology(fintech)Providing solutions for SMEs in terms of funding and capital, fintech helps SMEs to gain better financial access, which was previously difficult to reach through traditional financial institutions. Especially in traditional markets like Pasar Baru Paiton in Probolinggo Regency, digital finance not only simplifies transactions but also helps with automated and systematic financial recording. Initial observations by researchers at Pasar Baru Paiton in Probolinggo Regency indicate that most vendors still predominantly use cash payments and manual recording. Some vendors expressed doubts and limited understanding of using digital systems, although some young vendors are beginning to attract millennial consumers with QRIS.

This phenomenon demonstrates the dynamic adoption of technology in traditional markets. As a key trading center in the Paiton area since 1973, Pasar Baru Paiton serves not only as a place for buying and selling but also as a social and cultural space steeped in traditional customs. The shift toward digital finance means a shift in merchant behavior that extends beyond technology to a sense of security, trust, and traditional transactional habits. Digital transactions are recorded directly in the system and can be traced back as transaction evidence, daily sales reports, and financial recaps. This is particularly helpful for small merchants who have traditionally used manual record-keeping or even no record-keeping at all. Merchant behavior can be explained through a behavioral accounting perspective, which examines how financial information and recording systems influence business behavior (Ikhsan & Ishak, 2008).

The implementation of digital financial technology not only facilitates real-time financial recording but also supports better business decision-making. Meanwhile, Maslow's motivational theory explains that merchants are driven to adopt technology due to the need for self-actualization, esteem, and security. Herzberg's two-factor theory asserts that motivators such as efficiency and ease

of recording can drive change, although barriers such as lack of digital literacy and security concerns remain inhibiting factors (Supriyono, 2018). Transaction recording is fundamental because it forms the basis of financial reports. Accurate financial information is essential for business decision-making such as pricing, inventory management, and profit and investment planning. The behavioral accounting approach sees merchants' use of digital finance as a response to the need for fast, concise, and reliable information. (Ikhsan & Isaac, 2008).

The implementation of electronic money, which has been used for both online and offline payments, can facilitate transactions for merchants, especially MSMEs. Collaboration between MSMEs and electronic money providers will increase financial inclusion and advance the Indonesian economy. (Sihaloho et al., 2020). And according to Fatmawati (2020), people's motivation to engage in digital transactions is influenced by ease of access and the added value of services. This study shows that people's motivation to engage in digital transactions is divided into rational motivation (considerations of benefits and efficiency) and emotional motivation (spontaneous desires due to the allure of technology and pampering services).

The use of digital payment systems by traders at Pasar Baru Paiton remains relatively low. Initial observations indicate several inhibiting factors, such as limited understanding of digital technology, concerns about transaction security, and a lack of training in using financial applications. This situation forces most traders to continue using cash payments and manual record-keeping. However, the presence of digital financial technology can support a more structured and efficient record-keeping process and encourage more modern business management (Field Observation Results, 2024; Interview with Amanto, 2024). This situation means that most traders still rely on cash transactions and manual record-keeping. However, implementing digital systems has significant potential to facilitate efficient financial record-keeping and encourage more professional business management (Ramadhi et al., 2023).

Paiton Market is one of the traditional markets in the Paiton area, near the North Coast Road, surrounded by several villages that serve as shopping centers. Paiton New Market, also known as Polowijo Market, is a shopping center for daily necessities. This market also offers a variety of products such as clothing, snacks, and children's supplies. According to Sihaloho et al. (2020), the use of QRIS among MSMEs in Medan has had a positive impact on financial recording and transaction efficiency, although it still faces obstacles in education and infrastructure readiness. Research by Darma & Wijaya (2022) found that the implementation of cashless systems in traditional markets faced obstacles due to low trader understanding, lack of outreach, and concerns about transaction transparency and additional costs. These studies conclude that motivational factors such as convenience, efficiency, and competitiveness consistently emerge as drivers of adoption, while technical and cultural barriers are the main challenges. However, previous studies have focused more on MSMEs in large cities, e-commerce, or online business actors, while this study specifically highlights traditional market traders in Pasar Baru Paiton as a local context that has unique social and cultural characteristics. This suggests that perceived benefits are a crucial factor in driving digital technology adoption. To understand how merchants adopt digital financial technology, a motivational theory approach can be used. Based on Maslow's hierarchy of needs theory, a person will be motivated to act when their basic needs, such as security, esteem, and self-actualization, have been met (Supriyono, 2018). This study aims to address this gap in previous research by focusing more specifically on the traditional market environment. The goal is to identify motivations, barriers, and appropriate strategies for increasing the adoption of digital financial technology by merchants at Pasar Baru Paiton.

2. Methods

This study employed a qualitative approach with descriptive methods. Data collection techniques included observation, in-depth interviews with traders, market managers, and consumers, documentation, and literature review. Informant selection used snowball sampling, starting with market managers and several traders, then developing based on recommendations from initial informants. Data analysis was conducted using the Miles and Huberman model, which includes three stages: data reduction, data presentation, and conclusion drawing. The study was conducted from October 2024 to March 2025, with a total of 13 informants representing various types of businesses in Pasar Baru Paiton.

3. Results and Discussion

Paiton new market profile

Pasar Baru Paiton is a significant trading center for the people of Paiton District. Strategically located on the main road and adjacent to the coastal area of Paiton Village, Pasar Baru Paiton has a long history that began in 1973 in Sukodadi Village. In 1993, the market was moved to a more strategic location on Jalan PB Sudirman, Paiton Village. This new location is approximately 1.5 kilometers from the coast. Since then, the market has been known as Pasar Baru Paiton. In 2012, Pasar Paiton established a significant collaboration with the social and environmental responsibility (CSR) program of PT Paiton Energy and PT POMI (Paiton Operation and Maintenance Indonesia). The implementation of digital finance at Pasar Baru Paiton is still in the development stage and has not been fully implemented by traders.

"Bismilahirrohmanirrohim, I have information about Paiton Market, Paiton Market is a market which is the market of Paiton sub-district which eee what is its name, Paiton traditional market which is in Paiton village, Paiton sub-district, this market was previously moved to this market moved to this market in the west, that bridge, on the Kodedi bridge, now as a temporary garbage disposal site, previously the place there was narrow so the Probolinggo district government moved it to this market, here it has been a long time, the agricultural form because here is close to the sub-district and also includes the heart of the sub-district, so here is this market, one. Second, all access from Banyuwangi to Surabaya - Jakarta is indeed strategic and from a coastal perspective we are very close to around±1.5 km. So from the sea access we get, two from here we get agriculture, because all of it can be said that the population here was around the year, eeee 2000, ee not 2000, around 1993 moved here while the old one was around 1973. After that, this new Paiton market after undergoing changes around 2012, this Paiton market had a collaboration with CSR, namely with PT. POMI, so that it changed some infrastructure little by little, so from CSR it gave us trust, the building facilities, basically the infrastructure here played a big role there, the district was also like that there, the district was also like that, both providing balance to one another, so there was a fish stall behind, then there was this stall, before there was a trade zone, zonz before there was a trade zone, a zone for selling vegetables, cloth, crafts, then there was fish, thank God at eee what's it called, at that time all the economic locations were here alive because of the blessings of CSR friends and project friends, many shop here. And the second is this market, the polowijo market, which is a market that provides things like basic necessities, vegetables, for the animal market there is no one here, there used to be poultry but only for a short time, after that this market made changes again with the cooperation with CSR until biopores were made, eee how many points, around ee 20 points or more because previously I was not the one who coordinated, I sat here 2023 as of June 2023 I sat here, it's been almost 2 years I've been here, so before that aaa the decline in turnover from friends there was a decline when there was covid in 2019-2022 so all traders especially ready-made clothes, shoes, sandals were defeated by online markets/modern markets so until now the convection in front is still the same, so if the polowijo design remains stable, so we here from friends what is the name so the big problem now how to provide education to fellow traders about dealing with the online market and how friends of market traders can take the goods directly to the IKM, if now from the trader friends it is still, from A to B, from B to C, then to the trader, so the profit value has been deducted here if the trader friends go directly to the IKM directly it can be said that if it is 50 it can be 50 like that, where the traders here are still subject to obligations, obligations to pay bedal levies and others, obligations to pay bedal levies and others so this is all friends especially those affected by AAA in this online market can recover soon like that, that's my input for friends who are doing research here I hope that later Ms. Putri AAA will provide views to fellow traders especially in responding to the online market both those behind in the middle and especially those in the middle including ready-made clothing whose seller turnover has decreased "(amanto).

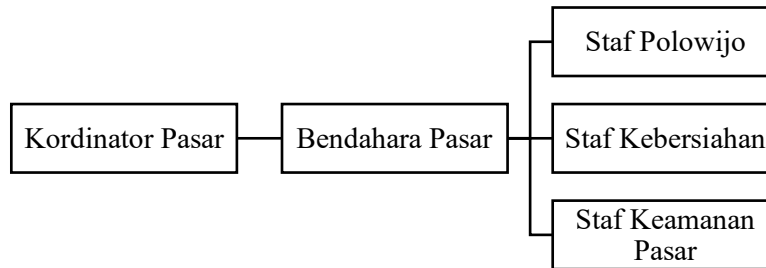
1. Vision and Mission of Paiton New Market

Visi: "The realization of a Probolinggo Regency that is Prosperous, Just, Independent, Environmentally Conscious and of Noble Morals."

Misi: "Realizing community welfare through increasing regional competitiveness, people-based economic growth, and optimizing sustainable resource management."

"Creating a society with noble morals by improving the quality of the implementation of Regional Autonomy in the implementation of good and clean governance."

2. Organizational structure of the new Paiton market



3. Trader data at the new Paiton market

Kios	107 Traders
The	111 Traders
courtyard	134 Traders
Amount	352 Traders

Motivation of new Paiton market traders in adopting digital financial technology

The motivation for using digital financial technology among merchants and consumers is generally related to ease of transactions and efficiency in financial management. The primary motivations include practicality in transactions, ease of financial management, and adapting to consumer behavior that is increasingly accustomed to cashless payment systems. This is consistent with an interview with Ilham, an egg seller, who serves as a concrete example of a merchant who has actively used QRIS. He stated:

"Usually, upper-middle class mothers rarely carry wallets or have limited cash, just scan it and the money goes into my account" (Ilham).

This digital payment system has been very helpful in accepting payments from consumers, especially those from the upper-middle class who rarely carry cash. Besides the ease of transactions, Ilham has also found it beneficial in financial record-keeping. Ilham added that:

"Every day, I find it easier to recap, such as checking balances, checking finances, making financial reports easier to recap" (Ilham).

A similar motivation was expressed by a gold shop employee, who considered the bank transfer system a practical solution for customers who don't carry cash. This is consistent with Zalina's interview, which stated:

"Sometimes mothers don't carry wallets, so it makes things easier by just paying using a bank transfer" (Zalina).

Support from market management was also a driving factor. The market head explained that his office had collaborated with Bank Jatim to promote digitalization, particularly in the payment of fees and the provision of digital transaction tools such as QR Code (QRIS). This structural support is a positive first step, although adoption has not yet been widespread among traders. According to an interview with Amanto, the head of the Paiton New Market, he stated:

"All these banks want to provide facilities that are digital, digitalizing everything, but for traders, none of them have implemented this yet; everyone still uses cash" (Amanto).



Figure 1. Documentation of Amanto's Interview

Furthermore, consumer encouragement is also a significant factor driving the adoption of digital financial technology in traditional markets. Consumers accustomed to cashless payment systems tend to seek convenience when making transactions, even in markets. This is evidenced by an

interview with a consumer who stated that she has used digital payments such as bank transfers and QRIS in her daily activities. This method is particularly useful when making large purchases or when cash is not available. Furthermore, buyers from companies or factories tend to prefer digital payments because they are considered more efficient and secure. This is consistent with an interview with Muslim Asia, which stated:

"It's practical, sis, you just have to bring your cellphone and you can pay, you can take it anywhere and make transactions whenever you want" (Asian Muslim).

"There is only one, but I only saw one, and it was just a buyer who was like a PLTU employee, a warehouse employee, who made a lot of purchases, so the money was transferred. For me, I haven't, but if I only buy vegetables, there are some who use QRIS, but I depend on it, I use more money than QRIS" (Asian Muslim).

Consumers like Asian Muslims are not only active users of digital services but also indirectly push merchants to offer cashless payment options. Some merchants even admitted that they have begun considering using QRIS or bank transfers because customers frequently ask if they can make digital payments. This indicates pressure from the demand side, where digitally literate consumers are driving adjustments by merchants. However, not all consumers are ready to switch to digital systems. Some, especially older consumers, are still unfamiliar with using technology in transactions. As Supriatin, a consumer from Kedung Rejoso, admitted that he did not yet understand how digital systems work, stating:

"I'm old, doc, I don't know whether to play with my cellphone or digital financial technology," (Supriatin).



Figure 2. Documentation of trader interviews

This indicates a gap in understanding across consumer age groups, which could impact the acceleration of overall digital adoption. Some merchants have begun using QRIS and bank transfers due to the perceived ease of transactions and financial record-keeping, as well as encouragement from consumers accustomed to cashless payments. However, the majority of merchants have yet to adopt these technologies due to barriers such as lack of understanding, concerns about fraud, limited internet access, and a habit of using cash. From a consumer perspective, while some actively use digital payments, others remain unfamiliar with them, particularly among the elderly.

Obstacles faced by new Paiton market traders in adopting digital financial technology

Barriers prevent merchants at Pasar Baru Paiton from fully adopting digital financial technology. Most merchants still face various obstacles that hinder their adoption. These obstacles encompass technical, infrastructural, and socio-psychological aspects, all of which hinder the process of transforming the payment system from cash to cashless.

The first obstacle is low digital literacy, with many merchants still unfamiliar with how to use payment applications like QRIS or mobile banking. This is consistent with trader interviews, which stated:

"I don't know how... I only use cash, I don't use anything. I used to use QR codes, but not anymore" (Hj. Ahmad).

A similar thing was also expressed by a trader who stated that:

"I just got my cellphone, I don't know about online issues, I'm old, I don't know how to use a cellphone" (Masrifa).

This lack of knowledge leads to a lack of confidence among most merchants, who prefer to stick with cash payments. Furthermore, a lack of technological proficiency leads to a lack of confidence among merchants, who prefer to stick with cash. Limited access to digital devices and limited infrastructure, particularly internet access, are technical barriers frequently complained about by merchants, leading to a rejection of digital payments. This is consistent with interview results, which stated:

"All the children are still using their cell phones, so it's still their turn to find out whether the transfer has arrived or not" (Linantul Anis).

"Internet access has not been maximized, only those close to the office can access it, because WiFi is only available in the office" (Linantul Anis).

This statement indicates that only the area around the market office has a stable internet connection. In addition to technical challenges, concerns about the security of digital transactions are also a significant obstacle. The possibility of fraud and security concerns are also common reasons. This can be seen in trader interviews, which stated:

"There are a lot of scams now, we're afraid we won't get in, so we ask for real proof of cash" (Linantul Anis).

A similar sentiment was expressed by one merchant, who noted that bad experiences also contribute to their distrust of digital payments. This was evident from interviews with merchants who had used digital wallets, who stated:

"I had experience using Dana before, it said it wanted to transfer but the money never entered the balance" (Su'ud Efendi).

Merchants' statements indicate that anxiety about potential fraud and negative experiences like this reinforce merchants' distrust of digital payment systems. This is the primary reason some merchants still prefer to use cash for transactions. Other barriers relate to the convenience and familiarity with cash transactions. This is consistent with interview results, which stated:

"I think it's better to use cash, like just 10 thousand rupiah with QRIS, so your hands don't move like that, it's lazy" (Mahfud).

Mahfud, a grocery store vendor, said he feels more physically and mentally satisfied when transacting using cash. Meanwhile, another vendor also expressed the confusion surrounding the digital financial system due to a lack of uniformity and education. This echoes the vendor's statement:

"Digital finance is necessary – it is necessary, but people are not yet educated and not everyone has the application" (Afi Rizki).

Another obstacle was also revealed by a trader, who admitted that besides not understanding how to use digital financial technology, they also lacked mobile banking facilities. Furthermore, the proceeds from sales are usually used directly for purchasing goods, rather than being deposited into an account. Interviews with traders revealed:

"I don't know how to use it... I immediately used the money to buy goods, so it didn't have time to go into my account" (Hos).

This reflects that, in addition to technical constraints, there are also daily financial management patterns that do not yet support the use of digital systems. However, not all traders are closed off to the use of technology. Some remain open to change if accompanied by adequate training. This is also evident in the statement by one trader who stated:

"That's fine, but perhaps we as traders also need education on how to do it or how to use it, because we don't know" (Taufik).

This statement demonstrates that empowerment strategies through education are a key element in driving digital transformation in traditional market environments. Based on explanations from several traders, it can be concluded that the main obstacles faced in the use of digital financial technology in Pasar Baru Paiton include low digital literacy, concerns about transaction security, limited devices and internet connections, and the habit of using cash. Most traders do not yet understand how to use QRIS or other payment applications and feel more comfortable with conventional methods. Bad experiences and limited infrastructure also reinforce attitudes of resistance to digital systems. Nevertheless, some traders expressed an openness to change if provided with training and mentoring. This suggests that education and technical mentoring are key to encouraging broader adoption of digital financial technology in traditional markets.



Figure 3. Documentation of interviews with traders who implement QRIS

Based on the research conducted above, it can be concluded that Pasar Baru Paiton traders are motivated to use digital financial technology due to the ease of transactions, efficiency of financial record-keeping, and the encouragement of consumers accustomed to cashless payments. However, adoption is uneven due to barriers such as low digital literacy, limited internet access, concerns about fraud, and the habit of using cash. Despite this, some traders are willing to change if provided with education and support. This means that educational efforts and improved facilities are crucial for expanding the use of digital financial technology in traditional markets.

4. Conclusion

Research into the motivations and barriers for Pasar Baru Paiton traders in adopting digital financial technology shows that there are interconnected drivers and challenges. The primary motivations for traders to utilize digital financial technology, such as QRIS and bank transfers, stem from the ease and practicality of transactions, the efficiency of financial record-keeping, and encouragement from consumers who are becoming accustomed to cashless payments. For example, traders like Ilham experience significant benefits in daily financial record-keeping, while modern consumers are pushing for digital payment options. Support from market management is also a driving factor, although its implementation is not yet widespread. However, the adoption of this technology has not been optimal due to a number of obstacles. These obstacles include low digital literacy, especially among older traders; limited access to digital devices and infrastructure, such as internet access; concerns about the risk of fraud; and traders' tendency to feel more comfortable and confident using cash. Bad experiences with digital services also reinforce distrust among some traders.

The daily financial management patterns of traders—which tend to channel income directly to purchasing merchandise—also prevent some traders from optimally utilizing bank accounts or digital wallets. Nevertheless, some traders still demonstrate an openness to learning and change when facilitated through education and technical assistance. Overall, the transformation toward digital transactions at Pasar Baru Paiton requires an approach that focuses not only on providing technological resources but also emphasizes increasing digital literacy, empowerment, and consistent education to increase traders' confidence and ability to utilize digital financial technology independently.

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