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IMPLEMENTATION OF DIGITAL FINANCE IN SUPPORTING FINANCIAL SYSTEM TRANSFORMATION IN THE DIGITAL ERA (BARBERSHOP VIP GENDING)

(Digital Finance Implementation to Support Financial System Transformation at Barbershop VIP Gending)

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ABSTRACT

The rapid development of digital finance has accelerated the transformation of financial systems by expanding access to digital payment services and improving business efficiency among micro, small, and medium enterprises (MSMEs). However, empirical evidence regarding the implementation of digital finance in service-based MSMEs, particularly barbershops, remains limited. This study aims to analyze the implementation of digital finance in supporting financial system transformation at Barbershop VIP Gending, Probolinggo Regency, Indonesia. A qualitative approach with a case study design was employed, involving ten informants consisting of the owner, employees, and customers selected through purposive sampling. Data were collected through semi-structured interviews, non-participant observations, and documentation, and were analyzed using the Miles and Huberman interactive model through data reduction, data display, and conclusion drawing. The findings reveal that the barbershop has implemented a hybrid payment system integrating cash, Quick Response Code Indonesian Standard (QRIS), and electronic wallets. Although digital payment infrastructure has been successfully adopted and employees possess adequate operational capabilities, customer adoption remains limited because cash transactions continue to dominate. Digital finance has improved transaction efficiency, simplified financial recording, strengthened business management, and enhanced service quality. The implementation of digital finance is supported by managerial commitment, employee competence, and increasing customer awareness of digital payments, while internet instability, limited application features, and customer preference for cash remain key challenges. These findings demonstrate that financial system transformation in service-based MSMEs depends not only on technological readiness but also on organizational capability, customer acceptance, and supporting infrastructure, providing practical implications for policymakers, financial institutions, and MSME owners in promoting sustainable digital finance adoption.

Keywords: *Digital Finance, QRIS, Financial System Transformation, SMEs, Barbershop, Financial Inclusion*

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INTRODUCTION

The rapid development of digital finance has transformed financial systems by enabling faster transactions, expanding access to financial services, and improving operational efficiency across various economic sectors (Stefanelli & Manta, 2023). In Indonesia, the widespread adoption of digital payment instruments such as Quick Response Code Indonesian Standard (QRIS), electronic wallets (e-wallets), and mobile banking has accelerated the digitalization of financial transactions among micro, small, and medium enterprises (MSMEs) (Stefanelli & Manta, 2023). Supported by government policies and continuous advances in financial technology (FinTech), digital finance has become an essential component of business operations because it enables enterprises to reduce transaction costs, improve financial management, and provide more convenient services to customers (Nugraha et al., 2022; Nurqamarani et al., 2024).

Previous studies have consistently demonstrated the positive contribution of digital finance to financial inclusion and economic development. Ozili (2026) reported that digital finance expands household access to credit, although improved financial literacy remains necessary to minimize debt-related risks. Likewise, Nurqamarani et al. (2024) found that digital financial inclusion contributes positively to economic growth in developing countries through greater access to technology-based financial services. At the institutional level, Santika et al. (2024) showed that digital banking improves operational efficiency, although its impact on profitability varies according to bank size. Furthermore, Kumar (2026) demonstrated that FinTech and blockchain technologies enhance banking efficiency and strengthen financial service delivery. Studies on QRIS adoption also indicate that perceived ease of use, trust, and supporting infrastructure are key determinants influencing digital payment adoption among MSMEs.

Despite these contributions, existing studies mainly concentrate on the banking industry, digital payment adoption among MSMEs in general, or the macroeconomic effects of financial digitalization. Consequently, limited empirical evidence is available regarding the implementation of digital finance in service-based microenterprises, particularly barbershops. Compared with retail and manufacturing MSMEs, barbershops operate through high-frequency, low-value transactions, intensive customer interaction, and daily cash flow management. These distinctive characteristics may influence how digital financial services are adopted and utilized in daily business operations. However, little is known about how digital finance affects operational efficiency, financial record-keeping, customer payment behavior, and business performance in this specific business sector.

Barbershops have increasingly adopted QRIS, e-wallets, and mobile banking as primary payment methods in response to changing consumer preferences and the rapid expansion of digital payment ecosystems (Sholihah & Nurhapsari, 2023; Santoso & Nainggolan, 2024). Beyond facilitating faster and more secure transactions, these technologies support automated financial recording through point-of-sale (POS) systems and digital bookkeeping applications, enabling business owners to monitor financial performance more effectively (Zalzabila, 2025). In addition, promotional programs such as cashback and digital payment discounts encourage customers to shift from cash to electronic payment methods, potentially increasing customer loyalty and transaction frequency (Badrawani, 2021). These developments demonstrate that digital finance has evolved beyond a payment instrument and has become an integral component of daily business management in service-based MSMEs (Stefanelli & Manta, 2023).

Building upon this research gap, the present study provides an empirical investigation of digital finance implementation in barbershop businesses as a representative of service-based MSMEs. Unlike previous studies that primarily focus on financial inclusion, banking digitalization, or digital payment adoption in general MSMEs, this study examines the role of digital finance from multiple operational perspectives, including transaction efficiency, financial record-keeping, customer payment behavior, and business performance. By focusing on a business sector that has received limited scholarly attention, this research contributes to the literature on MSME digital transformation while offering practical implications for policymakers, digital financial service providers, and small business owners in accelerating sustainable digital finance adoption.

Accordingly, this study aims to analyze how the implementation of digital finance supports financial system transformation within barbershop MSMEs. Specifically, this study aims to: (1) identify the level of adoption of digital financial services, including QRIS, e-wallets, and mobile banking; (2) evaluate the influence of digital finance on transaction efficiency, financial record-keeping, and business performance; (3) examine the factors influencing digital finance adoption, particularly perceived ease of use, trust, and infrastructure availability; and (4) analyze the contribution of digital finance to strengthening business sustainability while supporting financial system transformation in the digital era.

RESEARCH METHOD

This study employed a qualitative approach using a case study design to explore the implementation of digital finance in supporting payment system transformation within a barbershop business (Azahri et al., 2023). The research was conducted at Barbershop VIP Gending, Probolinggo Regency, Indonesia, from January to March 2026. A case study approach was selected because it enables an in-depth understanding of participants' experiences, perceptions, and business practices regarding the adoption of digital financial services within their natural setting (Hartono et al., 2025).

The participants were selected using purposive sampling based on predetermined criteria relevant to the research objectives (Magnone & Yezierski, 2024). A total of 10 informants participated in this study, consisting of one barbershop owner, three employees, and six customers. The owner was selected because of responsibility for business and financial management decisions. Employees were included because they were directly involved in daily transaction activities using digital payment systems. Customers were selected based on three criteria: (1) having used digital payment methods (QRIS, e-wallet, or mobile banking) at the barbershop at least twice, (2) being at least 18 years old, and (3) being willing to participate voluntarily in the interview.

Data were collected through in-depth semi-structured interviews and non-participant observations (Chand, 2025) (Konadi et al., 2026). An interview guide was developed to explore four main topics: (1) experiences in using digital financial services, (2) perceived benefits and challenges of digital payments, (3) the influence of digital finance on transaction efficiency and financial management, and (4) expectations regarding future digital financial services. Each interview lasted approximately 30–45 minutes and was conducted face-to-face after obtaining participants' informed consent. Observations focused on customer payment processes, the use of QRIS and other digital payment applications, and financial recording practices during daily business operations (Azahri et al., 2023; Rachman et al., 2024).

The collected data were analyzed using the interactive model proposed by Miles and Huberman, consisting of data reduction, data display, and conclusion drawing and verification

(Asipi et al., 2022; Anisa et al., 2024). During the data reduction stage, interview transcripts and observation notes were coded and categorized according to the research objectives (Jones, 2023). The reduced data were then systematically presented in narrative form to identify patterns, similarities, and relationships among emerging themes (Mishra & Dey, 2022). Finally, conclusions were continuously verified by comparing findings across different data sources throughout the analysis process (Parycek et al., 2023).

To ensure the trustworthiness of the findings, this study employed source triangulation and methodological triangulation by comparing information obtained from owners, employees, customers, interviews, and observations. In addition, member checking was conducted by returning interview summaries to participants to confirm the accuracy and credibility of the researchers' interpretations. These procedures enhanced the credibility, dependability, and confirmability of the research findings.

RESULT AND DISCUSSION

A. Digital Financial Services Adoption Rate

The findings indicate that Barbershop VIP Gending has implemented a hybrid payment system by providing three payment methods simultaneously, namely cash, Quick Response Code Indonesian Standard (QRIS) issued by Bank Jatim, and electronic wallets (e-wallets). The implementation of these payment methods represents the business owner's effort to adapt to the ongoing digital transformation of Indonesia's financial system while maintaining payment flexibility for customers with different transaction preferences. Field observations revealed that the QRIS payment code was displayed at the cashier counter and could be scanned directly using mobile banking or e-wallet applications. Employees also demonstrated adequate operational competence in processing digital payments, indicating that the business has achieved a satisfactory level of technological readiness.

To obtain a clearer description of digital financial service adoption, interviews were conducted with the owner, employees, and customers. The summary of interview findings regarding payment methods and their utilization is presented in Table 1.

Table 1. Adoption of Digital Financial Services at Barbershop VIP Gending

Informant	Main Findings

Owner (O-01)	Three payment methods are available (cash, QRIS Bank Jatim, and e-wallet). Digital payment facilities have been fully implemented, although cash transactions remain dominant.
Employee (E-01)	Employees can operate QRIS transactions without difficulty and payment verification is completed automatically.
Employee (E-02)	Digital payments reduce transaction time because employees no longer need to prepare cash change.
Customer (C-01)	Prefers paying in cash because it is more familiar and practical.
Customer (C-02)	Uses QRIS occasionally, particularly when carrying no cash.
Customer (C-03)	Chooses digital payments when cashback or promotional programs are available.

Table 1 demonstrates that digital financial services have been successfully introduced into daily business operations. However, the utilization of these services differs considerably between business operators and customers. While the owner and employees have fully adopted the technology in operational activities, customer payment behavior remains heterogeneous, indicating that the adoption process is still in the transitional stage.

The interview with the owner further confirmed these findings.

"Currently, we provide three payment methods, namely cash, QRIS Bank Jatim, and e-wallets. Every barber and cashier already understands how to process digital payments. However, most customers still pay in cash because many of them are students and local residents who are more accustomed to carrying cash rather than using digital payment applications." (Interview with Informant O-01 (Owner), January–March 2026).

The interview findings indicate that the availability of digital payment facilities has not automatically changed customer payment behavior. According to the owner, customers generally continue to use cash because they perceive it as more familiar, easier to use, and independent of internet connectivity. Similar perceptions were also expressed by several customers, particularly students who rarely used digital payment applications for small-value daily transactions. Consequently, although digital payment infrastructure has been fully established, actual utilization remains lower than cash transactions.

The interview process with the owner concerning digital payment implementation is presented in Figure 1.

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Figure 1. Interview with the Owner of Barbershop VIP Gending Regarding Digital Financial Service Adoption

Figure 1 illustrates the owner's explanation regarding the implementation of QRIS, e-wallets, and cash payment systems in daily business operations. The interview confirms that digital payment infrastructure has been fully integrated into business activities and that employees are capable of operating digital payment applications. Nevertheless, customer payment preferences continue to be dominated by cash transactions, demonstrating that behavioral adaptation has not progressed at the same pace as technological adoption.

These findings suggest that Barbershop VIP Gending is currently experiencing the transition phase of digital finance adoption. From the organizational perspective, technological readiness has been successfully achieved through the provision of QRIS infrastructure, collaboration with Bank Jatim, employee capability, and the integration of digital payment systems into daily operational activities. However, from the customer perspective, payment decisions remain strongly influenced by established transaction habits, perceived convenience, and familiarity with conventional cash payments. This finding demonstrates that digital transformation is not merely a technological process but also a behavioral transformation requiring gradual adaptation among users.

The findings support the Technology Acceptance Model (TAM) proposed by Fred D. Davis, which explains that technology adoption is primarily influenced by perceived usefulness and perceived ease of use. In the present study, the owner and employees perceived QRIS and e-wallets as useful because they accelerated transaction processing and reduced administrative work. Conversely, many customers still perceived cash payments as easier and more convenient for everyday transactions, limiting the utilization of digital financial services despite their availability.

The results are also consistent with the Diffusion of Innovation Theory developed by Everett M. Rogers, which argues that innovation adoption occurs gradually as users gain experience, develop trust, and observe the benefits of new technology. The coexistence of cash and digital payments at Barbershop VIP Gending reflects the early-to-middle stage of innovation diffusion, where organizational adoption has progressed more rapidly than customer adoption.

These findings corroborate previous studies conducted by Stefanelli & Manta (2023), who argued that digital finance transformation requires the integration of technological readiness, institutional support, and behavioral adaptation. Similarly, Nurqamarani et al. (2024) reported that the success of digital financial inclusion depends not only on the availability of digital payment infrastructure but also on users' willingness and capability to utilize digital financial services effectively. In addition, Santoso & Nainggolan (2024) found that perceived usefulness, trust, and supporting infrastructure significantly influence QRIS adoption among MSMEs. Compared with these previous studies, the present research extends existing knowledge by demonstrating that, in service-based microenterprises such as barbershops, customer characteristics—including rural residence, student-dominated clientele, and established cash-payment habits—remain critical determinants of digital financial service adoption despite the business having achieved a high level of technological readiness.

B. Effect on Transaction Efficiency, Financial Recording, and Business Performance

The findings indicate that the implementation of digital financial services has significantly improved transaction efficiency, financial recording practices, and operational management at Barbershop VIP Gending. The business currently utilizes a hybrid payment system consisting of QRIS issued by Bank Jatim, electronic wallets (e-wallets), and conventional cash payments. Since the introduction of digital payment facilities, the transaction process has become faster because payment verification is conducted automatically through the digital system, eliminating the need for employees to manually verify cash receipts or prepare change. Consequently, customers experience shorter waiting times during the payment process, particularly during busy operating hours.

To obtain a comprehensive understanding of the influence of digital finance on business operations, interviews were conducted with the owner and employees, complemented by direct observations of daily financial management activities. The summary of the findings is presented in Table 2.

Table 2. The Effects of Digital Finance on Business Operations at Barbershop VIP Gending

Operational Aspect	Before Digital Finance	After Digital Finance
Transaction process	Fully cash-based and manual	Hybrid payments using cash, QRIS, and e-wallet
Payment verification	Manual verification of cash receipts	Automatic confirmation through QRIS and e-wallet systems
Financial recording	Handwritten bookkeeping	Automatic recording for digital transactions, manual recording for cash transactions
Customer waiting time	Relatively longer during peak hours	Reduced because digital transactions are processed more quickly
Business monitoring	Daily income calculated manually	Digital transaction history supports income monitoring and financial verification

Table 2 demonstrates that the implementation of digital finance has influenced several aspects of business management beyond the payment process itself. The most notable improvements are reflected in faster transaction processing, more systematic financial recording, and improved managerial control over daily business activities. Nevertheless, manual bookkeeping remains necessary for cash transactions, indicating that the integration of digital financial management has not yet been fully achieved.

These findings were confirmed through an interview with the owner of Barbershop VIP Gending.

"Digital payments make transactions much faster because employees no longer need to prepare cash change. Every QRIS transaction is automatically recorded, making it easier for us to monitor daily income. However, our cashier application still has limited reporting features, so some financial records are still maintained manually." (Interview with Informant O-01 (Owner), January–March 2026).

Employees also expressed similar views regarding the operational benefits of digital finance.

"QRIS payments are easier to handle because payment confirmation appears immediately after customers complete the transaction. This allows us to serve customers more quickly, especially when the barbershop is busy."

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(Interview with Informant E-01 (Employee), 3 February 2026).

The interview findings indicate that digital financial services have changed not only the payment mechanism but also employees' work practices. Before adopting QRIS, employees were responsible for manually counting cash, preparing change, verifying payments, and recording daily transactions by hand. Following the implementation of digital payments, several administrative activities became automated, reducing operational workloads and enabling employees to focus more on customer service. These improvements illustrate that digital finance contributes to both operational efficiency and service quality.

To validate these interview findings, direct observations were conducted on financial recording practices during daily business operations. The observations are illustrated in Figure 2.

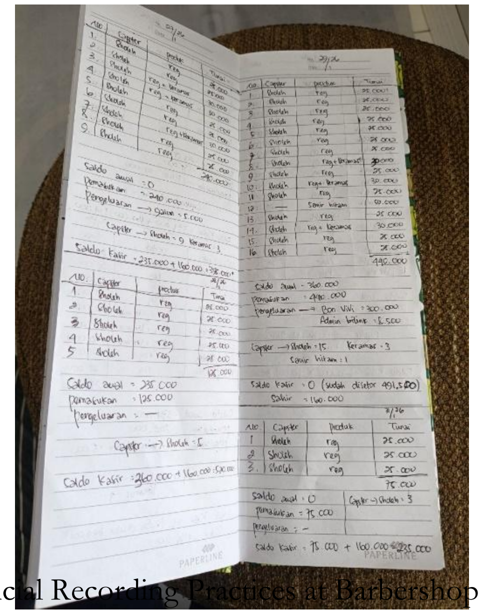

Figure 2. Financial Recording Practices at Barbershop VIP Gending

Figure 2 illustrates that Barbershop VIP Gending currently applies a hybrid financial recording system. Transactions conducted through QRIS are automatically documented within the digital payment platform, while cash transactions continue to be recorded manually using the cashier application and written bookkeeping. Although this dual recording system requires additional administrative work, it improves the accuracy of financial documentation by providing electronic transaction histories that can be verified whenever necessary.

The findings demonstrate that digital finance has transformed business management practices at both operational and managerial levels. Operationally, automated payment confirmation reduces transaction time, minimizes calculation errors, and improves service efficiency. From a managerial perspective, the owner can monitor daily income more accurately through digital transaction histories rather than relying solely on manual end-of-day calculations. This capability supports better financial supervision, facilitates income verification, and enhances business decision-making. Consequently, digital finance functions not merely as a payment instrument but also as a management tool that strengthens financial control and operational performance.

These findings can be explained through the Resource-Based View (RBV), which argues that organizational capabilities and technological resources constitute strategic assets capable of generating competitive advantages. The integration of QRIS and digital payment systems has become an intangible organizational resource that enhances operational efficiency while improving service quality. The employees' ability to operate digital payment applications further strengthens the business's capability to respond to changing customer expectations in an increasingly digital economy.

The findings are also consistent with the concept of Digital Finance Transformation, which emphasizes that digital finance creates value by redesigning operational processes rather than merely replacing conventional payment methods. Through automated payment verification and electronic financial records, Barbershop VIP Gending has improved internal business processes and reduced administrative inefficiencies.

The present findings support previous studies conducted by Stefanelli & Manta (2023), who argued that digital finance enhances business value through improvements in operational processes, organizational efficiency, and financial management. Similarly, Santika et al. (2024) reported that digital financial systems provide timely and accurate financial information that supports managerial decision-making and improves organizational performance. (Nurqamarani et al. (2024) also emphasized that effective utilization of digital financial services strengthens financial management capabilities and enhances MSME competitiveness. Compared with these previous studies, the present research contributes additional empirical evidence by demonstrating that, within service-based microenterprises such as barbershops, the primary impact of digital finance is observed in the acceleration of customer transactions, gradual modernization of financial recording practices, and improved managerial control over business operations.

Despite these positive outcomes, several operational challenges remain. According to the owner, unstable internet connectivity occasionally delays QRIS payment verification, while the cashier application still provides limited reporting functions. As a result, several financial records require manual verification to ensure accuracy. These findings indicate that the effectiveness of digital finance depends not only on the availability of digital payment facilities but also on reliable technological infrastructure and integrated financial management systems. Therefore, continuous improvements in internet reliability, cashier application functionality, and digital accounting integration are necessary to maximize the long-term contribution of digital finance to transaction efficiency, financial management, and overall business performance in service-based MSMEs.

C. Supporting Factors for the Use of Digital Finance

The findings indicate that the successful implementation of digital finance at Barbershop VIP Gending is influenced by the interaction of technological, organizational, and environmental factors. Although the business has successfully integrated QRIS, electronic wallets (e-wallets), and conventional cash payments into its daily operations, the sustainability of digital finance adoption depends not only on the availability of digital payment infrastructure but also on managerial commitment, employee capability, customer acceptance, and supporting technological infrastructure. These factors collectively determine the effectiveness of digital financial services in improving operational performance and supporting the ongoing transformation of the financial system within service-based micro, small, and medium enterprises (MSMEs).

To identify the principal supporting and inhibiting factors affecting digital finance implementation, interviews were conducted with the owner, employees, and customers. The findings indicate that operational efficiency, technological development, and changing customer payment preferences constitute the primary drivers of digital finance adoption. Conversely, unstable internet connectivity, occasional transaction input errors, and the limited functionality of the cashier application remain the major operational constraints. A summary of these findings is presented in Table 3.

Table 3. Supporting and Inhibiting Factors for Digital Finance Implementation at Barbershop VIP Gending

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Category	Findings
Internal supporting factors	Owner's commitment to digital transformation; employee capability in operating QRIS and e-wallet systems; perceived operational efficiency; simplified financial recording
External supporting factors	Increasing public familiarity with digital payments; government promotion of QRIS; customer demand for faster and more practical payment methods
Internal constraints	Limited reporting features of the cashier application; occasional input errors during transaction processing
External constraints	Unstable internet connectivity; customer preference for cash payments; relatively low digital financial literacy among rural customers

Table 3 demonstrates that digital finance implementation is influenced by both enabling and constraining factors. While internal organizational readiness has reached a relatively high level through management commitment and employee competence, several external factors, particularly customer behavior and technological infrastructure, continue to limit the optimal utilization of digital financial services.

These findings were confirmed through an interview with the owner of Barbershop VIP Gending.

"Digital payments are very helpful because transactions become faster and customers have more payment options. However, we sometimes experience internet connection problems, and occasionally there are errors when entering transaction amounts. The cashier application also still has limited features, so several financial records must be checked manually." (Interview with Informant O-01 (Owner), January–March 2026).

Employees expressed similar experiences regarding the operational advantages and technical challenges associated with digital payment systems.

"Customers who use QRIS usually complete payments much faster, but when the internet connection becomes unstable, the payment confirmation takes longer to appear. In those situations, we have to verify the transaction manually before serving the next customer." (Interview with Informant E-02 (Employee), 15 February 2026).

Customer interviews also revealed that payment preferences are influenced by familiarity with payment methods rather than technological availability.

"I usually pay in cash because it is easier for me. I only use QRIS when I don't bring cash or when there are cashback promotions." (Interview with Informant C-03 (Customer), 25 February 2026).

The interview findings indicate that perceived operational benefits have encouraged the owner and employees to consistently utilize digital financial services despite several technical

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limitations. Faster transaction processing, simplified payment verification, and automatic financial recording are considered substantial advantages that improve business efficiency. At the same time, customers gradually recognize the convenience of QRIS and e-wallets, particularly when promotional incentives are available. Nevertheless, traditional payment habits remain dominant among customers living in rural communities, limiting the growth of cashless transactions.

To validate these interview findings, direct observations were conducted on the financial recording system used during business operations. The observations are presented in Figure 3.

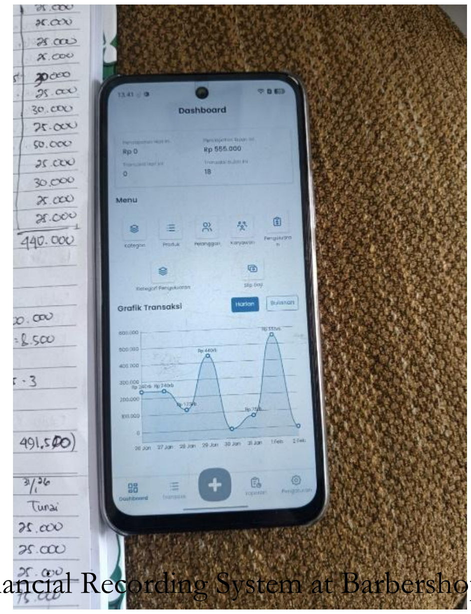

Figure 3. Digital Financial Recording System at Barbershop VIP Gending

Figure 3 illustrates that digital payment records generated through QRIS are integrated into the cashier application and automatically stored as transaction histories. These digital records facilitate financial monitoring and reduce the possibility of calculation errors. However, observations also reveal that manual verification remains necessary whenever internet disruptions occur or when processing cash transactions. Consequently, Barbershop VIP Gending currently operates a hybrid financial management system that combines digital technology with conventional administrative procedures.

The findings demonstrate that the implementation of digital finance depends on the interaction between technological readiness, organizational capability, and environmental support. From the organizational perspective, management commitment and employee competence have enabled the successful integration of digital payment systems into daily business activities. From the environmental perspective, increasing customer awareness of QRIS and the expansion of Indonesia's digital payment ecosystem have encouraged the gradual adoption of cashless transactions. Nevertheless, technological limitations and customer payment behavior continue to constrain the effectiveness of digital finance implementation.

These findings can be explained through the Technology Acceptance Model (TAM**)**, which argues that users adopt technology when they perceive it as useful and easy to use. In the present study, both the owner and employees perceived digital financial services as beneficial because they accelerated transactions, simplified administrative work, and improved financial monitoring. Customers who regularly used QRIS also acknowledged its convenience, particularly during promotional campaigns. However, customers who remained accustomed to cash transactions perceived digital payments as less necessary, illustrating that perceived usefulness varies according to individual experience and payment habits.

The findings are also consistent with the Technology–Organization–Environment (TOE) Framework, which explains that organizational technology adoption is influenced by technological capability, organizational readiness, and environmental conditions. Technologically, Barbershop VIP Gending has successfully adopted QRIS infrastructure and digital payment applications. Organizationally, management demonstrates strong commitment to digital transformation, while employees possess adequate operational skills. Environmentally, government support for QRIS and increasing public familiarity with digital payments have facilitated implementation. However, internet instability and customer payment preferences continue to limit broader adoption, demonstrating that environmental readiness remains an important determinant of digital finance success.

The present findings support previous studies conducted by Stefanelli & Manta (2023), who argued that successful digital finance implementation requires the interaction of technological innovation, institutional readiness, and user adaptation. Likewise, Nurqamarani et al. (2024) reported that MSME adoption of digital financial services is strongly influenced by perceived usefulness, ease of use, and supporting infrastructure. Santoso & Nainggolan (2024) further emphasized that trust, technological reliability, and digital literacy significantly affect QRIS utilization among MSMEs. Compared with these previous studies, the present research contributes additional empirical evidence by demonstrating that, within rural service-based MSMEs such as barbershops, customer payment behavior and internet reliability remain the primary determinants of sustainable digital finance adoption despite relatively high levels of organizational and technological readiness.

D. Contribution to Financial Inclusion and Economic Development

The findings indicate that the implementation of digital finance at Barbershop VIP Gending contributes not only to improving business operations but also to strengthening financial inclusion and supporting broader financial system transformation. Through the adoption of Quick Response Code Indonesian Standard (QRIS) issued by Bank Jatim and electronic wallets (e-wallets), the barbershop has become increasingly connected to Indonesia's formal digital financial ecosystem. Every digital transaction is automatically recorded and verified through the banking system, enabling greater financial transparency and creating a digital transaction history that may support future access to formal financial services, including business financing and credit facilities.

Interviews with the owner revealed that the availability of digital payment methods has improved customer convenience while expanding business opportunities. Customers who do not carry cash are still able to complete transactions through QRIS or e-wallet applications, reducing the possibility of lost sales caused by payment constraints. In addition, the owner perceived that the availability of digital payment facilities enhanced the business's professional image and increased customer confidence.

"Since we started using QRIS, customers have more payment choices. Some customers come without cash, so digital payments help us avoid losing transactions. I also believe that having digital payment facilities makes our barbershop look more modern and professional." (Interview with Informant O-01 (Owner), January–March 2026).

Several customers expressed similar opinions regarding the convenience offered by digital financial services.

"I prefer paying with QRIS whenever I forget to bring cash. The payment process is simple, and I receive the transaction confirmation immediately." (Interview with Informant C-04 (Customer), 15 Maret 2026).

These findings indicate that digital finance contributes to financial inclusion by providing customers with more accessible and flexible payment alternatives. Although cash transactions remain dominant, the availability of digital payment services ensures that customers with different financial preferences can complete transactions conveniently. This flexibility enhances service accessibility while supporting broader participation in formal digital financial services.

From the business perspective, digital transaction records also provide important managerial benefits. The automatic recording of QRIS transactions enables the owner to monitor revenue more systematically and establish verifiable financial documentation. Such digital financial records may become valuable assets when applying for business loans or participating in government programs supporting MSME development. Consequently, digital finance contributes not only to payment efficiency but also to improving business credibility within the formal financial sector.

The findings can be explained through the concept of financial inclusion, which emphasizes equal access to affordable, secure, and effective financial services for all individuals and businesses. By integrating QRIS into daily operations, Barbershop VIP Gending has expanded its participation in the formal financial ecosystem, reducing dependence on cash transactions while increasing opportunities to utilize other digital financial products in the future.

The findings are also consistent with the concept of financial system transformation, which views digital finance as a mechanism for improving financial accessibility, transparency, and efficiency across economic sectors. Rather than functioning solely as a payment instrument, QRIS serves as an entry point for MSMEs to participate in a broader digital financial ecosystem that integrates banking services, electronic payments, digital transaction records, and potential financing opportunities.

The present findings support previous studies conducted by Stefanelli & Manta (2023), who argued that digital finance strengthens financial ecosystems by improving operational efficiency while expanding access to formal financial services. Similarly, Nurqamarani et al. (2024) reported that digital financial inclusion contributes positively to economic development by increasing MSMEs' utilization of technology-based financial services. Ozili (2026) further emphasized that digital finance enhances access to formal financial products and promotes broader economic participation, provided that users possess adequate financial literacy. Compared with these previous studies, the present research extends the existing literature by demonstrating that, in service-based MSMEs operating in rural areas, digital finance contributes to financial inclusion through gradual integration into formal financial systems, improved business credibility, enhanced customer accessibility, and the creation of digital financial records that may support future business growth. These findings suggest that the successful implementation of digital finance has implications beyond operational efficiency, serving as a strategic foundation for strengthening the long-term sustainability and economic resilience of service-based MSMEs.

E. Analytical Framework for the Role of Digital Finance as a Driver of Financial System Transformation

Based on the synthesis of the interview findings, field observations, and document analysis, this study develops an analytical framework describing how digital finance supports financial system transformation within service-based micro, small, and medium enterprises (MSMEs), particularly Barbershop VIP Gending. The framework demonstrates that digital transformation is a multidimensional process involving technological readiness, organizational capability, customer acceptance, and financial inclusion rather than merely the adoption of digital payment technology. The findings indicate that the successful implementation of digital finance is achieved through a sequential process in which each stage strengthens the subsequent stage, ultimately contributing to sustainable business development.

To summarize the relationship among the main findings, the analytical framework proposed in this study is presented in Figure 4.

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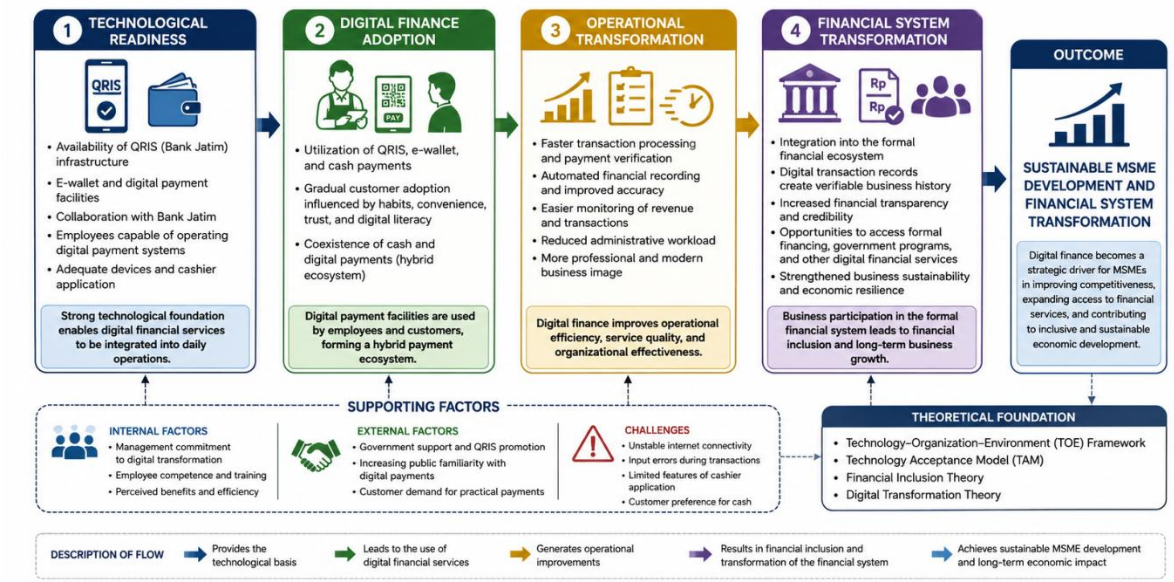

Figure 4. Analytical Framework of Digital Finance as a Driver of Financial System Transformation

Source: Developed by the researchers based on the research findings (2026).

Figure 4 illustrates a four-stage transformation process. The first stage is technological readiness, characterized by the availability of QRIS infrastructure, e-wallet payment facilities, collaboration with Bank Jatim, and employees' capability to operate digital payment systems. These factors constitute the technological foundation enabling digital financial services to be integrated into daily business operations.

The second stage is digital finance adoption, in which digital payment facilities begin to be utilized by both employees and customers. Although the business has successfully implemented digital payment infrastructure, customer adoption remains gradual because transaction decisions continue to be influenced by payment habits, perceived convenience, trust, and digital financial literacy. Consequently, Barbershop VIP Gending currently operates a hybrid payment ecosystem where cash and digital payments coexist.

The third stage is operational transformation, where the implementation of digital finance generates measurable organizational benefits. These include faster transaction processing, automated payment verification, improved financial recording accuracy, enhanced managerial monitoring, reduced administrative workloads, and a more professional business image. These operational improvements demonstrate that digital finance contributes not only to payment

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efficiency but also to organizational effectiveness and service quality.

The final stage is financial system transformation, in which the integration of digital finance strengthens financial inclusion and expands business participation within Indonesia's formal financial ecosystem. Digital transaction records improve financial transparency, establish verifiable business histories, and create opportunities for accessing formal financing, government support programs, and other digital financial services. Consequently, digital finance becomes a strategic instrument supporting long-term business sustainability and economic resilience.

The proposed framework can be interpreted through the Technology–Organization–Environment (TOE) Framework, which explains that successful technological innovation depends on the interaction between technological capability, organizational readiness, and environmental conditions. The present findings demonstrate that technological readiness and organizational commitment at Barbershop VIP Gending have been achieved successfully, whereas environmental factors—particularly customer payment behavior and internet infrastructure—continue to influence the pace of digital finance adoption. The framework also complements the Technology Acceptance Model (TAM) by illustrating that perceived usefulness and perceived ease of use shape customers' willingness to adopt digital payment systems, thereby influencing the overall effectiveness of financial transformation.

The analytical framework proposed in this study extends previous research conducted by Stefanelli & Manta (2023), (Nurqamarani et al., 2024), and Santika et al. (2024), which primarily emphasized the role of digital finance in improving financial inclusion and operational efficiency. Unlike these studies, the present research integrates technological readiness, customer behavior, operational transformation, and financial inclusion into a single conceptual framework specifically developed for service-based MSMEs operating in rural areas. This integrated perspective represents the principal theoretical contribution of the study by demonstrating that financial system transformation is not solely driven by technological innovation but also by the dynamic interaction between organizational capability, customer readiness, and institutional support. Therefore, sustainable digital finance implementation requires simultaneous improvements in digital infrastructure, financial literacy, application functionality, and customer acceptance to maximize the long-term contribution of digital finance to MSME development and national financial system transformation.

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CONCLUSION

This study concludes that the implementation of digital finance at Barbershop VIP Gending has supported financial system transformation through the adoption of a hybrid payment system integrating cash, QRIS, and electronic wallets. The findings indicate that digital finance improves transaction efficiency, facilitates financial recording, and strengthens business management despite customer adoption remaining limited due to the continued preference for cash transactions. The implementation of digital financial services is supported by management commitment, employee competence, and the growing use of digital payments, while internet instability, limited cashier application features, and customer payment habits remain the main challenges. Furthermore, digital finance contributes to financial inclusion by integrating the barbershop into the formal financial ecosystem, improving financial transparency, and creating opportunities for future access to formal financial services. These findings suggest that successful financial system transformation in service-based MSMEs requires not only technological readiness but also organizational capability, customer acceptance, and adequate supporting infrastructure to ensure sustainable digital finance adoption.

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