CHAPTER l
INTRODUCTION

1.1 General Description of Research Object

1.1.1. ShopeePay

ShopeePay is an electronic wallet service that was officially launched in 2019 by SeaMoney Indonesia. ShopeePay is a multifunctional e-wallet service that can be used by its users as an online payment tool at Shopee, to top up balances, to conduct offline transactions at a variety of affiliated merchants, to transfer funds, and to withdraw cash (Adiguna, 2020). ShopeePay has also been integrated with the QRIS (Quick Response Code Indonesian Standard) system, which is the application of the QR Code released by Bank Indonesia in the payment process, in order to make it simpler, safer, and quicker (Dewi, 2020). ShopeePay has partnered with millions of QRIS merchants in retail, beauty, fashion, logistics, food and beverage, as well as online merchants and donations in more than 500 cities/regencies. Since its release in 2019, ShopeePay has become one of the most popular e-wallets in Indonesia. ShopeePay now has over 10 million monthly users in Indonesia. (Rahardyan, 2021). ShopeePay is available in six countries, including the Philippines, Indonesia, Singapore, Vietnam, Malaysia, and Thailand, with a total of more than 23.2 million users in the fourth quarter of 2020 (Sari, 2020; Burhan, 2021).

Figure 1.1 ShopeePay Logo

Source: Official Instagram ShopeePay Indonesia, 2020

1.2.1 OVO

OVO is an e-wallet service owned by PT Visionet Internasional, a company with affiliations to the Lippo Group (Franedya, 2019). The funds in this e-wallet will be divided into OVO Cash and OVO Points. OVO Cash is the amount of money that users own and can use to make purchases at all affiliated merchants. While OVO Points are loyalty rewards for users who made OVO Cash transactions (Chandra, 2020). Currently, the OVO app is available for both Android and iOS. Furthermore, OVO offers two types of membership, OVO Club and OVO Premier. OVO Club is a standard membership that includes a maximum OVO Cash balance of IDR 2 million. While OVO Premier offers a maximum balance of 10 million IDR, free bank transfers, and free user-to-user transfers, it does not charge a fee (Pambudi 2021). OVO is accessible in 430 cities in Indonesia. OVO now has over 20.8 million monthly active users and has partnered with over 1.2 million merchants (Dewi, 2021; Herman, 2021).

Figure 1.2 OVO Logo

Source: Official Instagram OVO Indonesia, 2021

1.2 Research Background

Covid-19 is a disease that is spread by a new kind of coronavirus. Covid-19 first appeared at the end of 2019 in Wuhan City, China. It quickly spread to many places around the world, including Indonesia (Ariska, 2021). Physical distancing or physical interaction restrictions are one of the intensive advisories carried out by the government in order to suppress the spread of Covid-19. The call

for physical distancing has encouraged people to use digital payment systems. Digital payment refers to a cashless transaction service that enables users to directly check balances, make payments, and transfer funds (Iradianty & Aditya, 2020). The electronic wallet, also known as an e-wallet, is currently one of the most popular digital payment methods. This is evidenced by the number of e-wallet transactions in Indonesia reaching 396.5 trillion by 2020, a 173% increase over the previous year's total of 145.2 trillion (Annur, 2021). E-wallets are software (applications), services, or electronic devices that are used by their users to carry out transactions of buying and selling goods and services online, the development of the use of e-wallet transactions occurs because in addition to being practical and efficient, payments also do not need to be in direct contact with money and can be done remotely, as well as an e-wallet equipped with various security features that make consumers calm about their privacy such as: PIN feature, automatic backup, verification via email or phone number, and much more (Indrawati et al., 2021).

ShopeePay and OVO are presently among the most popular e-wallets in Indonesia. ShopeePay can be used as a payment method on Shopee, the largest e-commerce platform in Indonesia. In addition to being used for Shopee transactions, ShopeePay has begun to develop its services so that it can be used to shop at retail, food and beverage, and other establishments (Ramdhani, 2020). ShopeePay, which uses the QRIS system and has partnerships with 3.7 million merchants, has become one of the leading e-wallet services in Indonesia since its launch in 2019 (Intan & Pratiwi, 2020). Before making a transaction, customers must first top up their ShopeePay balance, which can be done at ATMs, mobile banking, and affiliated merchants (Mawardani dan Dwijayanti, 2021). ShopeePay, in addition to speeding up the transaction process, offers a variety of benefits such as cashback, free shipping, and vouchers (Rohman, 2021). ShopeePay also has security features that meet international standards to protect user data privacy. These include face, fingerprint, OTP, PIN, and automatic notifications that start as soon as a user turns on ShopeePay (Mulyawan, 2020).

Meanwhile, OVO is an e-wallet service launched by PT. Visionet International in 2017. OVO can be used for a variety of transactions, including the payment of electricity, telephone, internet, or insurance bills, the purchase of Grab transportation equipment, the payment of delivery orders through Grab's application services, and payments at affiliated merchants, supermarkets, and e-commerce sites (Musthofa et al., 2020).
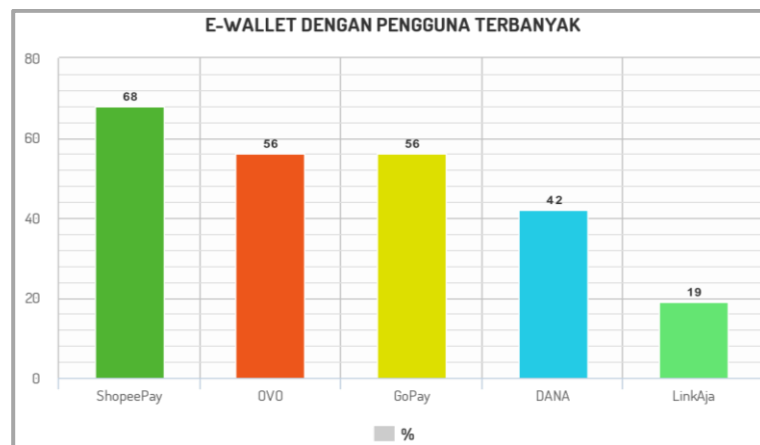

Figure 1.3 E-wallets with the Most Users

Source: Snapcart, 2020

Figure 1.2 is the result of an online consumer survey conducted by the big data startup Snapcart to determine the trend of e-wallet use in the era of the Covid-19 pandemic in June-August 2020, with 1,000 randomly selected respondents across the country, indicating that ShopeePay is the e-wallet with the most users, with a 68 % market share, far outpacing its competitors. Then OVO and GoPay engaged in fierce competition with 56 % of the market share, DANA with 42%, and LinkAja with 19 % each.
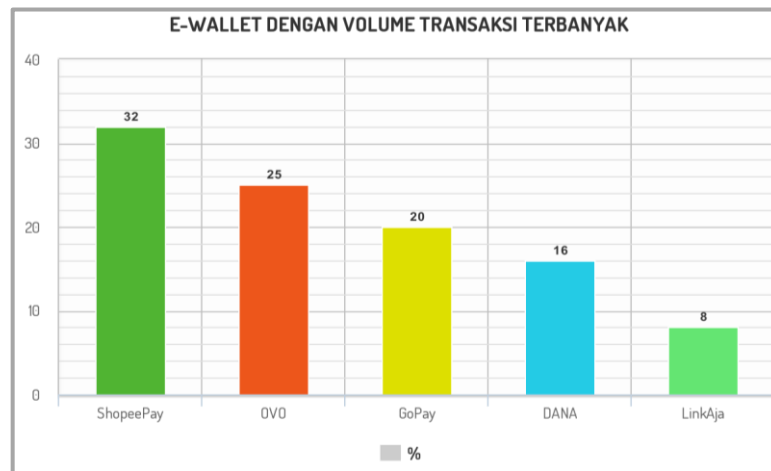
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Figure 1. 4 E-wallets with the Most Transaction Volume

Source: Snapcart, 2020.

Figure 1.3 demonstrates that ShopeePay is once again the market leader in terms of transaction volume, with a 32% market share. Then OVO with a 25%, GoPay 20%, DANA 6%, and LinkAja with an 8% market share. ShopeePay's dominance of the volume of e-wallet transactions in the country is not only due to the fact that it has the most users. Increasing usage of shopeepay in comparison to other e-wallet services also contributes to the accomplishment of this objective. This is evidenced by the fact that ShopeePay's monthly transaction equity reached 9.1 times per month, surpassing its two closest competitors, OVO with 8.6 times per month and GoPay with 6.9 times per month (Hafiz, 2020).
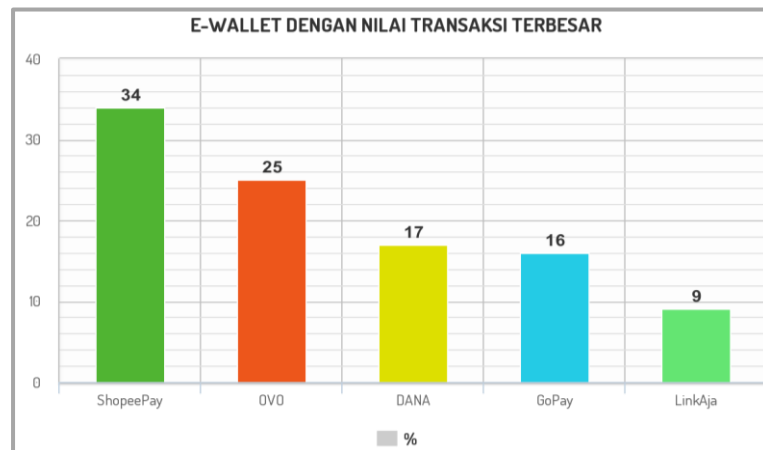
Figure 1. 5 E-wallets with the Most Transaction Value

Source: Snapcart, 2020.

Figure 1.4, which is also the result of a Snapcart survey, shows that ShopeePay has once again achieved the highest market share of transaction value, at 34 percent. In addition, OVO with a 25 percent share, DANA with 17 percent, GoPay with 16 percent, and LinkAja with a 9 percent share. ShopeePay and OVO were consistently ranked first and second as e-wallet services with the largest number of users, transaction volume, and transaction value, respectively.

Indonesia currently has 99.15 million active Instagram users, ranking fourth globally (Statista, 2022). So, to communicate and promote their services, both e-wallets use Instagram as one of their primary media. In addition, Instagram allows users to produce their own User Generated Content (UGC). "UGC" encompasses all forms of content or media created by users of online services such as social media platforms (Yoo et al., 2019). UGC represents direct user perception (Müller & Christandl, 2019). Public perception related to ShopeePay and OVO, especially on Instagram, can reflect users' awareness of their financial condition, where financial awareness can be attributed to financial literacy (Agrani & Rikumahu, 2020). This study aims to capture customer perception by mining their Instagram comments about their e-wallet experience and relating it to financial literacy and

also want to see whether the data can provide the most important financial literacy characteristics.

In recent years, the low levels of financial literacy among their inhabitants has become a growing concern for many nations. The central idea is that the financial world has become more complex, and the average citizen is less equipped to deal with these changes and make optimal decisions due to a lack of basic financial tools and knowledge. This can cause them to make mistakes when making crucial economic and financial decisions throughout their lives (Arceo-Gomez & Villagómez, 2017). Further according to the "2019 National Survey of Financial Literacy and Inclusion (SNLIK)", Indonesia is known to have a low financial literacy index with a total score is 38.03% out of 100 (Nurlaili et al., 2021). Low financial literacy will have an impact on a higher level of consumption, the low saving ratio, low level of investment, people are prone to fraud, and high levels of corruption (Wahyuni et al., 2019; Servon & Kaestner, 2008; Drew & Cross, 2016). Then Chernovita (2020) indicates that e-wallet users who take financial literacy tend to be more careful, not easily tempted, and always evaluate decisions so it will not cause harm in the future. It can be concluded that financial literacy is very is critical for individuals to equip them in choosing and making decisions on various offerings, especially financial instruments such as e-wallets (Klapper & Lusardi, 2015). E-wallet users who are increasingly developing must be aligned with an adequate literacy among the Indonesian people (Nurlaili et al., 2021)

Internet is used to exchange information, communicate across large or small distances or answer almost any question in a moment, in the form of text, voice, video, or pictures that Internet users create. The user-generated content happens when previous customers share their experiences or preferences, similar to this, users of e-wallets also post about their experiences on social media, which enables researchers to examine their preferences or find another hidden insight from their posts. UGC is unstructured data, hence it is necessary to use software and technique to extract said information (Sapountzi & Psannis, 2019). To solve this problem, researchers chose topic modeling as the primary method. Topic modeling

is a subcategory of text mining techniques that have been used to investigate a collection of texts' "hidden" thematic structure (Bai et al., 2021). The topic modeling approach used in this study is Latent Dirichlet Allocation (LDA). One of the most popular topic models, LDA, represents every document as a probability distribution of each topic. Every topic is composed of words (Amara et al., 2021; Wang et al., 2018).

1.3 Problem Statement

As the number of social media users grows, consumers become more open, and there is an increasing amount of content related to a product or service on social media (Ahani et al., 2019). Such content (UGC) can be utilized to capture customer perception by mining their Instagram comments about their e-wallet experience and relating it to financial literacy and also want to see whether the data can provide the most important financial literacy characteristics. Financial literacy is a basic need that must be improved in today's digital age. Financial literacy is required in the use of financial products and services so that people can use them effectively, understand the benefits and risks, understand their rights and obligations as consumers, make more optimal financial decisions, and avoid financial problems (Effendi et al., 2021; OJK, 2017; Mulyantini & Indriasih, 2021). UGC is unstructured data, so the extraction of UGC data requires software and techniques (Sapountzi & Psannis, 2018). Topic modelling is a technique for detecting hidden topics in a set of documents using an LDA approach to determine the probability distribution of the widely discussed topic as well as the probability distribution of the words that comprise the topic. Based on the phenomena described in the above context and problem formulation, the authors of this research question ask: "Which financial literacy characteristics are successfully captured by topic modeling?"

**1.4	Research Purpose**

The purpose of this study, based on the background and formulation of the problems described above, is to determine which financial literacy characteristics are successfully captured by topic modeling.

**1.5	Research Benefits**

**1.5.1	Theoretical Use**

Research on ShopeePay and OVO consumer topic modeling is expected to enrich insights, particularly in the field of management when combined with one of the text mining methods. Furthermore, this study can be used as a reference for future research and to provide academics with insight into the use of topic modeling.

**1.5.2	Practical Use**

This research is expected to help readers, particularly ShopeePay and OVO e-wallet users, gain financial literacy so that they can learn more about the benefits, drawbacks, and advantages of e-wallets. This study is also expected to serve as a resource for ShopeePay and OVO e-wallets as they continue to educate their users.

**1.6	Systematic Writing of Research**

CHAPTER I INTRODUCTION

Contains research background, research focus, problem formulation, research objectives, research utility and writing systematics.

CHAPTER II THEORETICAL FRAMEWORK

Expressing clearly, concisely and concisely about the results of literature reviews related to research topics to be used as a basis for the preparation of a framework of thought, previous research and the formulation of research problems The Literature review covers standard theories contained in the book

CHAPTER III RESEARCH METHOD

Contains a description of the research methods used, research stages, population and samples, data collection, and operational steps for conducting research

CHAPTER IV RESULT AND DISCUSSION

The author presents the results of the research carried out as well as its presentation.

CHAPTER V CONCLUSION AND SUGGESTION

The author draws conclusions from the findings of this study and provides relevant suggestions.