

CHAPTER 1

INTRODUCTION

1.1 Object Overview

Electronic payment solutions that use cards have evolved to more practical forms in the past few decades. Digital money, a form of payment, is currently being developed in Indonesia. The use of these kinds of instruments, which are meant for payment, is identical to that of credit cards and ATM/Debit cards even if they have a few minor differences from those other ways of making payments.

Electronic money is a type of payment where the quantity of money is stored on a particular electronic media, to put it simply. Users have to first place money with the publisher and preserve it on electronic media before using it for purchases. When used, electronic money stored on the media of storage depreciates in value by the amount of the action and can then be top up (refilled). The values of electronic money can be stored on electronic media such as chips or computer systems.

Electronic payments became commonplace when Coca-Cola introduced a couple of beverage machines in Helsinki that allowed users to buy a can using messaging applications in 1997, claims Merchantyard.com. It is assumed that this is the origin since this is significantly different from modern e-wallet transactions. Soon, mobile devices may be utilized to place orders for food, book hotel rooms, purchase movie and flight tickets, and make hotel reservations. 95 million mobile phone users have made purchases by 2003. In 2011, Google became the first big company to release a mobile wallet. Customers may pay via NFC (near field communications) technology, earn rewards points, and receive discounts.

Apple released Passbook at the beginning of 2012, but it was meant solely to be utilized for print coupons, flight discounts, and tickets. Two years later, Apple Pay became accessible. The United States served as the beginning point, and China and the United Kingdom soon followed. Android and Samsung Pay, respectively, were introduced in 2015. Since then, e-wallets like Grab Pay, Lazada Wallet, PayPal, Touch n Go, and vcash, among others, have helped make this method of payment more and more popular. According to Juniper Research, approximately 2.1 billion people are going to utilize mobile wallets to send or receive money in 2019.

The Bank of Indonesia defines electronic money as a form of payment that satisfies the requirements as follows: it is given away based on the amount of money that has been paid beforehand to the issuer; it is kept electronically in an item like a server or chip; and it is not a type of deposit that is regulated by the law regulating banking.

1.2 Background

According to the DataIndonesia.Id (2023) Indonesia's Internet user base is increasing throughout the whole year. This data shows that many of Indonesian are starting to be aware of many benefits that they can have from the Internet. One of the benefits that can be seen nowadays is that people can do business easier. They can buy and sell easier online which today can be seen through the application e-wallet. E-wallet itself is a real online application where people can save their money and use it whenever they want to purchase goods by sending the money to other users through unique numbers, however, to do the transaction both users must use the same e- wallet application that is installed in their mobile phones.

Moreover, with the help of an e-wallet, customers can conduct cash transactions swiftly and effortlessly with just a smartphone or other electronic device. With a couple of thumb taps, consumers may send money or initiate transactions. E-wallets are widely available since they don't have expensive opening or usage fees. E-wallet application and registration are occasionally even free. For protecting client details and cash transactions, e-wallets frequently have high levels of protection, including data encryption and multiple authenticity. Additionally, since payments are completed electronically, there is less chance of fraud or real cash loss. Clients of e-wallets may simply track and keep track of their historical transactions. As a result, consumers can better manage their money and comprehend their expenditures.

Numerous e-wallets provide their users with reward schemes, promotions, and special discounts. This can take the form of money back, points toward rewards, or a discount on specific purchases. This offers users of e-wallets an extra benefit. Moreover, here are some examples of well-known e-wallets in Indonesia such as: OVO, Go Pay, Link Aja, genius, and Shopee Pay.

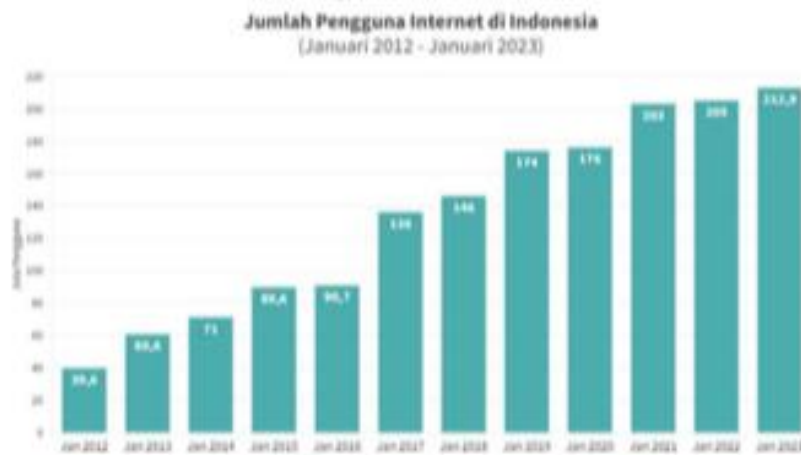


Figure 1.1 Number of Internet Users in Indonesia

Source: DataIndonesia.Id (2023)

Furthermore, when comparing Indonesia to other countries in Asia, Indonesian internet users also comes in ranking number seven in Asia. This diagram bellow shows the percentage users of internet in Indonesia compared to the other country in Asia.

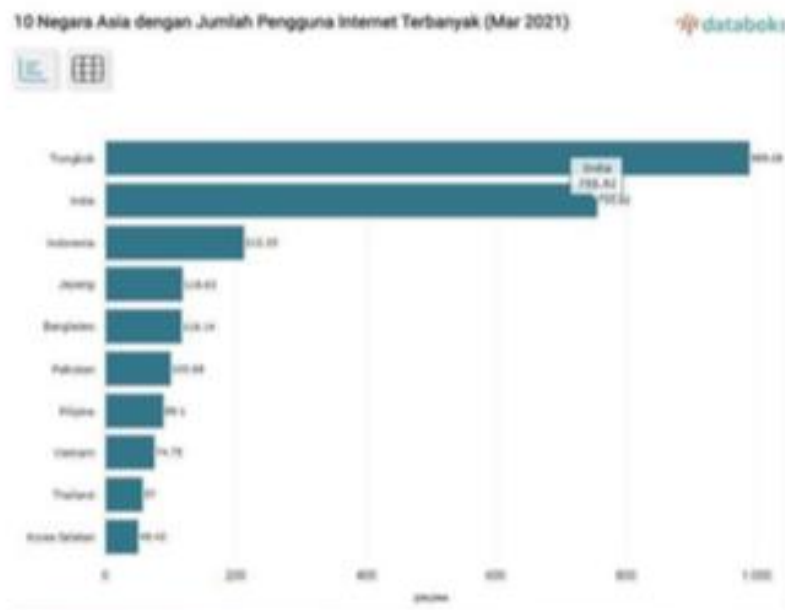


Figure 1.2 Number of Internet Users in Asia

Source: Databoks (2021)

According to internetworldstats (table above), there were 212.35 million internet customers in Indonesia as of March 2021. With this amount, Indonesia has the third-largest internet user population in Asia.

However according Detikfinance (2016) The quantity of digital payment cards (e-money) in utilized in Indonesia has risen to 37 million, yet the total amount of transactions in the last year was only about IDR 5 trillion. "Having an overall number of almost 37 million cards, the entire transaction's value is about Rp 5 trillion. The 37 million is a significant amount. But Malaysian triumphed due to a large transaction volume. As a result, Indonesia don't have easy accessibility to stores, according to Ricky Satria, Deputy Director of Electronicification and Finance Programs at Inclusive Bank Indonesia, at the seminar on Trends in the Use and Opportunities of Electronic Money Business held on Tuesday (1/11/16) at the Ritz Carlton Hotel Mega Kuningan in Jakarta.

According to data from the Coordinating Ministry for Economic Affairs, MSMEs now make up 99 percent of every company in Indonesia. They also account for 60,5 percent of the gross domestic product of the nation and 96.7 percent of all jobs created in the country. Moreover according to the ASEAN Investment Report 2022, issued in October 2022 by the United Nations Conference on Trade and Development (UNCTAD), there were 65.46 million MSME players in Indonesia, who provided 60.3% of the country's GDP and could employ 97% of the labour force (INDONESIA.GO.ID, 2022). This data shows that the importance of the SMES for the economy in Indonesia and this paper will discuss about the media for transaction that used in SMES which is e-wallet that is popular among this business area.

The plan to use QR-based E-wallets is within the research context, and this decision has important practical ramifications. Numerous micro and small enterprises benefited from the widespread usage of QR-based E-wallets, which helped disseminate the technology to more people. Since QR-based E-wallets are less expensive than other types of E-wallets, micro and small merchants can easily use them.

Moreover, according to Sticpay (2021) Indonesia is the second largest country that have the most population of e-wallet. The diagram below shows the number of users of e-wallet in Southeast Asia.



Figure 1.3 Number of E-Wallet Users in Indonesia

Source : Sticpay (2021)

According to the table above can be seen that Indonesia have the second largest e-wallet apps during a month in Southeast Asia. This phenomenon can be said as a gap that need to be solved, because as the previous data can be seen that

Indonesia have the largest growing internet user's population while the users of e-wallet is not much as the Malaysia which has one of the largest e-wallet users in southeast Asia. Therefore, the researcher wants to focus on the gaps of why e-wallet users in Indonesia is less compared to Malaysia while in Malaysia have less internet users compares to Indonesia.

These problems above demonstrate the value of the branding and technology adoption studies. Affective brand connections seem to be essential for E-wallet companies to keep up an ongoing brand when the E-wallet competitiveness heats up with new players entering the market and unfit E-wallet providers quitting (Zhang et al., 2020). To create a more significant brand presence, connection, and loyalty, technology-based businesses expand on their brand image—the tangible, psychological, and experiential awareness of their services in the minds of clients.

Increased social status and self-image are identified as one of the E-wallet implementation factors that draw consumers (Hsieh & Liu (2021), but the functions of brand image in creating a parallel link are yet unknown. Does strong branding work in conjunction with well-known drivers like simplicity of use, perceived usefulness, and self-assurance to persuade customers to adopt e-wallets? When does the aim to adopt an e-wallet follow a brand's image? As a result, the current study aims to answer these queries and contribute to the discussion on how the components in the Unified Theory of Acceptance and Use of Technology (UTAUT) relate to the adoption of E-wallet technology (de Luna et al., 2019; Singh et al., 2020).

This study solely looks at performance expectancy, efforts expectancy, social influence, facilitating conditions, hedonic motivation, perceived value as a variable to the e-wallet usage intention and the brand image as the mediators. This is because, according to a field survey, there are several elements that most strongly influence e-wallet usage intention. Based on the background, the researcher wishes to investigate how influential performance expectancy, efforts expectancy, social influence, facilitating conditions, hedonic motivation, perceived value is on ewallet usage intention in Indonesia with the

title "The influence of brand image in moderating exogenous UTAUT variables on consumer behavior towards intention to use e-wallet in Indonesia".

1.3 Research Question

1. How much the influence of performance expectancy on e-wallet usage intention in Indonesia?
2. How much the influence of effort expectancy on e-wallet usage intention in Indonesia?
3. How much the influence of social influence on e-wallet usage intention in Indonesia?
4. How much the influence of hedonic motivation on e-wallet usage intention in Indonesia?
5. How much the influence of perceived value on e-wallet usage intention in Indonesia?
6. How much the influence of performance expectancy, efforts expectancy, social influence, facilitating conditions, hedonic motivation, perceived value, and brand image as the mediators on e-wallet usage intention in Indonesia?

1.4 Research Purpose

The purpose of the study are as follows:

1. To measure the influence of performance expectancy on e-wallet usage intention in Indonesia
2. To measure the influence of effort expectancy on e-wallet usage intention in Indonesia
3. To measure the influence social influence on e-wallet usage intention in Indonesia.
4. To measure the influence hedonic motivation on e-wallet usage intention in Indonesia
5. To measure the influence perceived value on e-wallet usage intention in Indonesia
6. To measure the influence performance expectancy, efforts expectancy, social influence, facilitating conditions, hedonic motivation, perceived value, and brand image as the mediators on e-wallet usage intention in Indonesia

1.5 Research Benefit

It is hoped that this research can provide benefits for readers, both theoretical and practical. The following is a description of some of the benefits, namely:

1. Theoretical Aspect

For academics, it can be a reference for research on Factors affecting e wallet usage Intention

2. Practical Aspects

Can be a suggestion for companies and can be a reference for Telkom University students regarding Factors Affecting e-wallet usage Intention

1.6 Systematics of Final Project Writing

The systematics of this final project writing aims to provide an overview of the content of the final project research, about the contents of the final project research.

The writing systematic is divided into five chapters as follows:

1. CHAPTER I: INTRODUCTION

This chapter contains an introduction to the general description of the company object, background, problem formulation, research objectives, research usefulness, systematics of the final project.

2. CHAPTER II: LITERATURE REVIEW & RESEARCH SCOPE

This chapter describes the theoretical basis used as the basis of the analysis research, previous research, and theoretical research framework.

3. CHAPTER III: RESEARCH METHODOLOGY

This chapter describes the type of research, operational variables and measurement scales, population and sample, validity and reliability tests, and data analysis techniques.

4. CHAPTER IV: RESULTS AND DISCUSSION

This chapter describes the results of the research and further discussion of the previous chapter, so that it will be clear the picture of the problems that occur and the alternative solutions to the problems that will be faced. alternative problem solving that will be faced.

5. CHAPTER IV: CONCLUSIONS AND SUGGESTIONS

This chapter describes the conclusions from the research results that have been obtained and suggestions that will be given to the research results.