

CHAPTER I

INTRODUCTION

1.1 Background

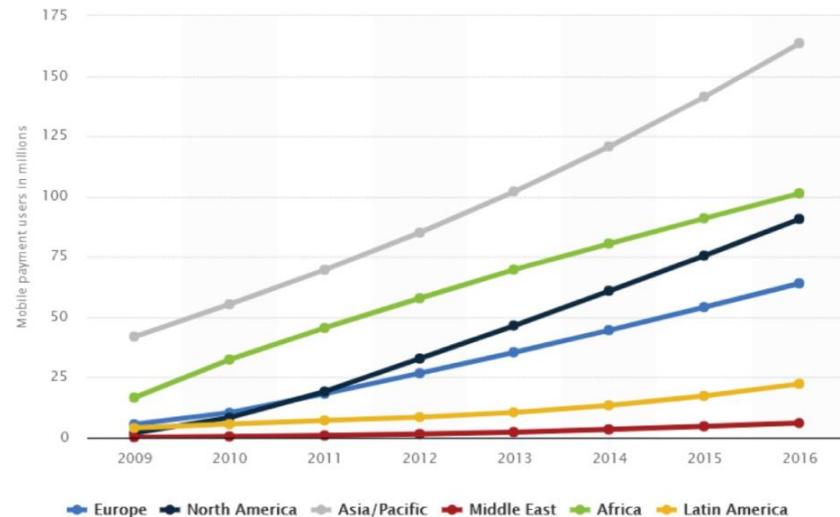
In the era of globalization as it is today, development of information science and technology is rapidly making world relationships limitless. It can not be denied that the technology has given that effect significantly to human activity. Internet helps people to be able to interact, communicate, even make transactions business with others from all over the world by providing less cost, fast, and easy. From 2011, the outbreak of technology or widely known as Industry 4.0 causing many companies and individuals to start trying promote a wide range of products produced by using internet such as computer (e-commerce) and mobile smartphone (m-commerce). Especially, in an industry called financial technology.

Fintech or financial technology is a term used to denote firms that offer modern technology in the financial sector. Fintech, it is defined as an economic industry composed of companies which use technology to achieve the more efficient, more accessible to financial products, simplify transactions and also increase financial literacy (McAuley, 2015). Fintech make life much more easier, in the past if people want to transfer money they have to go to the nearer ATM but, not all the people have time to do so, and even they can ask for someone else to do it, it's not that secure. Fintech also helps people about their money, not all of us want to carry coins and after transaction sometimes we just left it behind or maybe the coins is lost because it is so tiny yet, we don't make it a big deal but, if we make a calculation of our financial, coins

have an impact if we gather it. From few problem above, fintech is the solution.

Actually, fintech isn't a new industry in this era. The first fintech established in United States, 1998. In 1998, the use of fintech is limited. It can only purchasing goods through internet using the mastercard or visa card and for transfer money around the world, commonly known as payment based and just few people using it (Zimmerman, 2016). By the time goes, with technology sophistication people can access internet and the potential market for the users of fintech services is very broad - essentially all of the adult population of the globe. According to the McKinsey Social Sector page (Chaia *et al.*, 2010), a study conducted back in 2010, nearly 2.2 billion financially unserved adults live in Africa, Asia, Latin America, and the Middle East. As a result of the potential user and limited of fintech using in that era, the other companies see that as opportunities to make new innovation in fintech. That's why there are so many subsectors in fintech nowadays. Generally speaking, it refers to companies providing financial services by using software or mobile applications. There are several types of fintech which include money transfer, equity funding, P2P lending, mobile payments, trading platforms, and other fintech subsectors (Kantox, 2016). According to the statista, one of the leading areas of financial technologies is mobile payment and transfer. The users for the mobile payment and transfer always increase year by year. Shown in Graphic 1.1

Graphic 1.1 Number of mobile payment users (2009 - 2016) by region



source: <https://www.statista.com/statistics/279957/number-of-mobile-payment-users-by-region/>

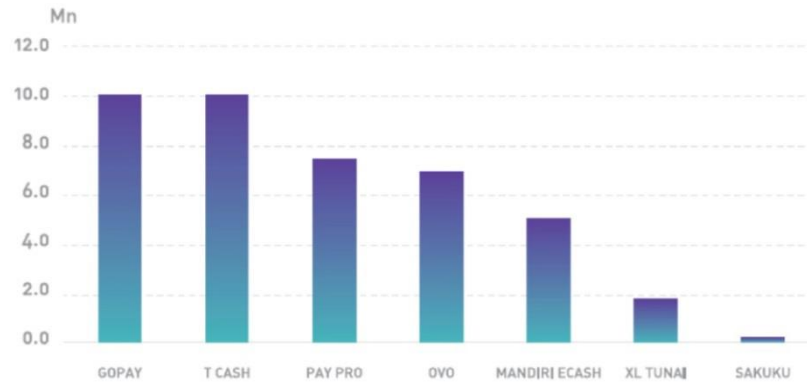
From the data above, we know that Asia/Pacific's user have the biggest potential for the fintech market especially in Asia. According to the Statista, the biggest leading market for mobile payment in Asia is WeChat Pay and AliPay because regarding the regulation of Government in China, the Government fully support for their society going cashless.

Indonesia as the second largest population in Asia, also have big potential for fintech market as Jokowi considered that the cashless payment system or cashless payment must now be applied. Even, Bank Indonesia Governor Agus Martowardojo himself revealed that Bank Indonesia established Fintech Office with facilitate, prepare, improve the development of financial technology also, absorb information and feedback. From this it can be concluded that Bank Indonesia itself fully supports Fintech and encourages it to continue to grow so as to facilitate the public's need for fast and secure financial facilities (Wicaksono, 2016).

The potential for financial technology development in collaboration with banks is wide open. So it is also potential in the development of society without cash or cashless society. But the CEO of Akseleran, Ivan Tambunan argues that the current state of Indonesia is still far into a society that is completely without cash. A cashless society will also be realized if the majority of people understand how to do financial governance or financial literacy. In this case Indonesia has a big challenge because the level of financial literacy in Indonesia based on OJK data published January 2017 ago revealed that in 2016 financial literacy in Indonesia is still at 29.66 percent. This means that the people of Indonesia who understand how to manage money well only for 75 million people only from 240 million Indonesian population (Ilyas, 2016). This is one of the challenges that must be answered to create a cashless society and further, a comprehensive financial inclusion in Indonesia

From the story we can conclude that the way of transacting the people of Indonesia has begun to change. The transition of this transaction is nothing but an interference from Bank Indonesia's regulation on electronic money in 2009. To encourage these electronic money transactions, five years later in 2014, Bank Indonesia launched the Non-Cash National Movement Bank (Indonesia Regulation for Mobile Payments, 2016). For that reason there are so many company in Indonesia built the e-money system. The leading fintech in mobile payment sector in Indonesia shown at Graphic 1.2 Two services with the highest users (around 10 million users) are GO-PAY and Tcash. Other services that are starting to get significant user growth are PayPro and OVO but, Gopay, Tcash, and OVO are the most popular mobile payments among all of the options in the Graphic 1.2. OVO is the newest mobile payments among all the options but, the users are increasing significantly.

Graphic 1.2 Mobile Payment User Base (2017)



Source: MDI Ventures & Mandiri Sekuritas Research

source: <https://dailysocial.id/post/perkembangan-mobile-payment-indonesia>

OVO established in 2017, under the auspices of LippoX as a digital payment company owned by the Lippo group. Under the auspices of PT Visionet Internasional, the OVO application will try to provide integrated mobile financial solutions, focusing on business networks owned by the Lippo group of companies. Trying to be a financial application that works on an ongoing basis, one that is also offered is the e-money system. The electronic money model is indeed on the rise today among Indonesian mobile device users.

Various forms of e-money systems are offered. In the OVO application, there is an OVO Cash that can be used for various financial transactions. OVO Cash can now be used to make payments at Lippo merchants, top up and check balances, and make transfers between OVO accounts. In addition, the OVO application has the Siloam Account option. Siloam Account allows OVO users to save funds for various treatment needs and various other transactions at Siloam hospital branches. Broadly speaking, OVO wants to reach its services as a simple payment system and smart provincial services. For its use as a transaction medium, it is currently only in

the Lippo network with limited areas. In the application itself there are several popular outlets that have been provided to withdraw reward points, such as for purchasing food or cinema tickets.

The OVO application is currently available for the Android and iOS platforms. OVO uses a reward point system, called OVO Point, to maintain and increase user traction. This service is divided into two categories of users, OVO Club (regular users) and OVO Premier. The difference is in OVO Points obtained for each transaction acquisition, maximum OVO Cash balance and also some other features. In the premium version, users are given access to expense management features. In addition there is an easy transfer of nominal money offered in the application. OVO is a smart app that gives you easy transactions (OVO Cash) and also a greater chance to accumulate points in many places (OVO Points). Basically, we can top up the balance through transfer it via ATM. OVO already cooperating with several bank. Name it, Bank Mandiri, Bank CIMB Niaga, Bank Mega, Bank Permata, Bank BNI, Bank BTPN, Bank BTN, Bank BRI, and Bank DBS. Every store that have OVO payment system they have various of cashback. The cashback itself can be points or discount. If the cashback is points, the customer can use the point to buy something to the store that under one company with OVO, Lippo Group. With the various of cashback it surely make customer use OVO.

From the explanation we know that OVO is very useful and easy to use for society. Aside from its cashback, society also can shopping without bring lots of money in their wallet. It's efficient. Also, people nowadays using smartphone and it's not that hard to use the OVO application. Since, there are so many human activities related to technology nowadays. This explanation give me two variable that I would like to use as my study which is Perceived Usefulness, and Perceived Ease Of Use.

Men and women have quite a lot of different characteristics and characteristics that make them different in behavior. Their physical and psychological differences give birth to differences in needs, expectations, desires, lifestyle, social environment, and consumption patterns. Although the difference is not one hundred percent, the difference exists. Men and women may have the same desire, but the strength of that desire may be different. That's why gender as the variable moderating itself can impact the intention to use OVO.

Although OVO services that proved that it's useful and the application easy to use and the growing marketplace increasingly pamper the community to transact online. Still, the results of a survey conducted by OJK (Financial Services Authority) in 2016, the level of Indonesian financial literacy is only 29.66 percent of the total population. This means that the people of Indonesia who understand how to manage money well only by 75 million people only from 240 million people of Indonesia.

Technology Acceptance Model (TAM) is one of the theories that are the most widely applied theoretical model in adoption of technology. There are several researcher also use TAM for their paper such as Hu et al., (2014), Han et al., (2015), and Smeda et al., (2017).

Hu et al., (2014) use TAM model for their research to computer using in Saudi Arabia, the variable that the researcher use are perceived ease of use, perceived usefulness, subjective norms, perceived behavioral control, attitude, perceived usefulness, behavioral intention with gender as moderator and the results that most all this variable affect each other.

Han et al., (2015) the researcher using TAM model for their research toward m-commerce usage in Vietnam with the variable personal

innovativeness, system quality, content quality, service quality, perceived cost, perceived usefulness, perceived ease of use, perceived playfulness, intention to use, and m-commerce usage with gender, hedonic, utilitarian as the moderator. the results shows that several variable affect each other but Perceived Usefulness, Perceived Ease of Use, Intention to Use shows that significant positive results, the gender moderator also works on this variable.

Smeda et al., (2017) the researcher also using TAM model for their research toward E-book with the variable social influences, computer self efficacy perceived usefulness, perceived ease of use, attitude, and behavioral intention with gender as the moderator. the results shows that perceived usefulness had the strongest following by perceived ease of use, attitude also as a good intervening to behavioral intention, and gender affect perceived ease of use.

After brief explanation about former researcher. Knowing that perceived usefulness and perceived ease of use affect attitude toward using and attitude toward using affect intention to use and gender as moderator works on several study because of those results this study using variable perceived usefulness, perceived ease of use, attitude toward using to intention to use and gender as the variable moderating to know the results if tam applied on this object.

1.2 Research Question

Based on the background, there are some formulation of the problem as follows:

1. Does perceived usefulness positively affects attitude toward using OVO?

2. Does the perceived ease of use positively affects attitude toward usingOVO?
3. Does the attitude toward using positively affects intentions to use of OVO?
4. Does gender moderate the influence of perceived usefulness, perceives ease of use on attitude toward using OVO?

1.3 Objective to the research

Based on the research, the following objective could be concluded:

1. To analyse that perceived usefulness positively affects attitude toward using OVO.
2. To analyse the perceived ease of use positively affects attitude toward using OVO.
3. To analyse the attitudes toward using positively affects intentions to use of OVO.
4. To analyse the moderating effect of gender towards the influence of perceived usefulness, perceives ease of use on attitude toward using OVO.

1.4 Significance of The Study

1.4.1 Theoretical Benefit

The results of this study are expected to provide useful materials for the development of research science in the field of retail management especially about Perceived Usefulness, And Perceived Ease of Use To Intention To Use through attitude Toward Using and Gender as the variable moderating In the field of financial technology especially OVO.

1.4.2 Practical Benefit

The results of this study to widen the knowledge about Technology Acceptance Model on OVO users especially to know where the exactly that the company should improve whether in the usefulness or ease of use and to know the gender differences work on the field of financial technology or other company that want to expand their business on Financial Technology field.

1.5 Systematic Writing

The systematic of this research are arranged as the following:

Chapter 1. Introduction

Background, research questions, research objectives, significant of study and systematic of study are discussed in this chapter. The aims of this chapter are to introduce the gap or problem from previous research and issues recently. It also introduces the variables that used for study.

Chapter 2. Theoretical Background

This chapter presented the theoretical background, previous research, relevant journal, significance between variable, hypothesis, and framework design. The theoretical background will explain about perceived ease of use, perceived usefulness, gender, attitude towards using, intention to use and also relationship between variables.

Chapter 3. Research Methods

This chapter describing the process of analyzing the data including research design, identification of variable, operational definition, type of source data, variable measurement, data collection method, population, sample and sampling technique, data analysis technique, validity and reliability and hypothesis testing.

Chapter 4. Data Analysis and Discussion

This chapter consists of research data description, data analysis, and discussion, also discussing about respondent description, research variable statistic descriptions, hypothesis testing.

Chapter 5. Conclusion

This chapter is the closing of this study that consists of conclusion and suggestion for the research object and for the consumer or researcher to do a further research