Analysis of Factors Motivating in the Use of E-Wallets in Indonesia

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ABSTRACT: *This paper aims to find out the factors that motivate the use of e-wallets in Indonesia. This research is a descriptive study uses quantitative methods. Quantitative methods are method with the aim of testing hypotheses that have been established. The sample in this study are Indonesian who used e-wallets (Go-Pay, OVO, DANA and Link Aja) as many as 400 respondents were randomly selected by using nonprobability accidental sampling method. The analysis technique used is Factor Analysis, which uses 8 factors from three previous studies that has been conducted. The research result using EFA and it carried out there are 6 factor that motivate the use of e-wallet in Indonesia, namely Efficiency, Personal Engagement, Security, Subjective Norms, Perceived Usefulness, and SwitchingCosts.*
KEY WORD: *Factor Analysis, E-Wallet User, Motivated E-Wallet Users*

I. INTRODUCTION AND LITERATUREREVIEW

The development technology in the current era of digitalization is doing a fierce competition in the business world. Companies must have an innovated and creative business ideas that make it easy to meet the needs of people's lives and can still maintain customer satisfaction. To realize this, many companies recently use Information Technology (IT). The advances of Information Technology make all human activities easier both in the economic and social fields. As a result of the development, emerging technologies that lead to financial innovation with a touch modern technology called Financial Technology(Fintech).

The Financial Technology Industry in recent years has developed rapidly in Indonesia. According to Statista Data 2017, the value of Fintech transactions has reached 15 billion USD. By 2020, Indonesia is expected to become the largest digital economic in the region with a potential of 130 billion USD Utomo, 2017). The financial transaction conducted by Indonesian people more than 50% is usinge-wallet.

In Indonesia, one of the financial services is e-wallet. Bank Indonesia support the use of e-wallets with a program that launches the National Non-Cash Movement or commonly known as a less-cash society. There are three advantages of less-cash society; first, non-cash transactions are more efficient because everyone does not need to carry cash. Second, non-cash are relatively inexpensive. Third, non-cash transactions make it easier to trace if a crimeoccurs.

The existing of e-wallet which on internet-based electronic provides some convenience to its users, where payments become more efficient and can be done in anytime and anywhere. E-wallet is an alternative payment method that has something in common with cash, which used by public for payments (Damara and Suyanto, 2019). E-wallets continues to transform following the demand and needs of users. Each player has their interpretations and strategies, not only in terms of technology but also tariffs, convenience, and security levels.

Figure 1. List of The Biggest E-Wallet in Indonesia

.Source: iprice.co.id

According to iPrice titled "Who is the E-wallet Apps with the most users in Indonesia?", it stated that the top 4 e-wallet applications with monthly active users are still dominated by local players, which are Go-Pay, OVO, DANA, and Link Aja.

Those four e-wallets are very interesting, this can be proven by a larger number of downloaders and also the active users. The growth of those four e-wallets will not survive without efforts to improve service quality and understand the consumer preference in usinge-wallets.

With this, the primary objective of the paper is to identify the factors that can either directly or indirectly motivate Indonesian people in using e-wallets (Go-Pay, OVO, DANA, and Link Aja). The objective of the research is to identify the factors that directly or indirectly motivating Indonesian people in using e-wallets and to identify the most dominant factors of using e-wallet inIndonesia.

Therefore, structure of the paper is organized as follows. Section 1 of the paper introduces the concept and clearly mentioned the basic research objectives of the paper. Section 2 tried to justify the possible reasons behind the study through a brief review of literature and model proposed. Section 3 clarifies the data and methodology of the paper. Finally, section 4 interprets the result and concludes

II. LITERATUREREVIEW

2.1 Consumer Behavior

Consumer behaviour as the behaviour that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they will satisfy their needs (Schiffman and Kanuk, 2000:7). Mothersbaugh and Hawkins (2016:6), stated consumer behaviour is the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumersociety.

2.2 Financial Technology

Financial Technology refers to the enabled financial solutions. The term of Fintech is not confined to specific sectors (e.g. financing) or business models (e.g. peer to peer (P2P), lending), but instead covers the entire scope of services and products traditionally provided by the financial service industry (Armer, Barberis, &Buckley, 2015). There are 4 types of Financial Technology services shown in **Figure 2**below.

Figure 2. Financial Technology Product and Services

Source: An Overview of Fintechs (2017).

2.3 E-Wallet

E-wallet or electronic wallet is a form of technology development in the finance field. E-wallet is a web based program or service which allows its users to save money and it can be used when it is required (Varsha and Thulasiram, 2016). The use of e-wallet is not restricted to bank account transfer, but uses also can buy a range of products from airline tickets to grocery without sweeping a debit or credit card. E-wallet can also monitor their transaction track and other information they need. It is secured by a password which should be entered to see the account's information, so its safely is guaranteed.
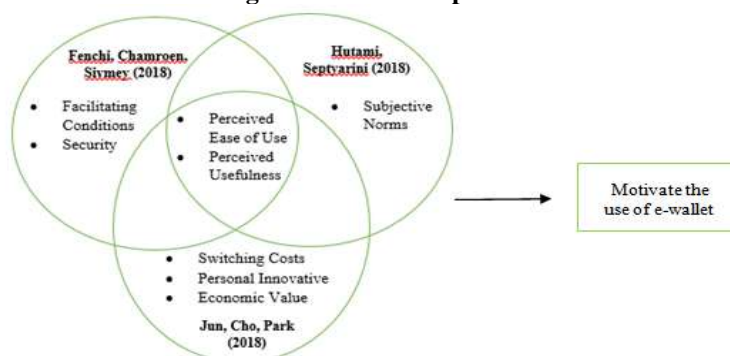
2.4 Factors Motivating the use ofE-Wallets

Digital wallet appears to be beneficial in generating real value stream to all stakeholders of mobile ecosystem like customers, banks, mobile-operators, and financial institutions. The research conducted by Rathore H.M (2016), explains there are benefits parties simultaneously. For consumer; it provides benefits of anytime payment, balance and transaction check option, security, reduced transaction time, offers and discounts, and convenience. Also there are several factors influencing the use of e-wallets (Rodrigues, 2018:19), whichare:

a. Ease ofuse
b. Security
c. Convenient
d. Attractivediscount
e. Economical and lesstransaction
f. Writtenrecord

2.5 Research Framework

In this research framework, it is using 8 factors. These factors can motivate the use of e-wallet. It adopted from several previous studies which show there are several factors in driving the decision to use e-wallet. Researcher do a combination of several factors before the factor analysis is processed.

Figure 3. Model Proposed

Source: Model Proposed by Author, 2019

Based on the model proposed described above, the hypotheses in this study proposed and can be proven that "there is one or more dominant factors motivate the use of e-wallet in Indonesia".

III. EMPIRICALRESEARCH

Based on the research objectives, type of the research is a descriptive research which the researcher only describes the factors or variables, without seeing or testing the relationship or influence between the factors or variables. The method used in this research is quantitative method to obtain data or facts and answers the research questions. In this research is using interval scare, it is the data obtained can be sorted by distance and or the same interval. Meanwhile for the instrumental is using Likert scale, the answer of each instrument has a range from the most positive to the most negative. The analysis techniques is using factor analysis. Factor analysis is used to find out what factors are motivating people in using e-wallets inIndonesia.

The population in this study is Indonesian people who use e-wallets as their daily uses, using 5% significance level. Due to the number of people who have been using e-wallet is not known certain, the samples used in this study were 400 respondents.

IV. RESULT ANDDISCUSSION

Factor analysis testing in this study begins by evaluating variables that can be processed in the next analysis. Types of variables can be entered into next analysis are variables that have high correlations with other variables, so they can form a newfactor.

Respondents' data are obtained from the questionnaires as many as 400 respondents, then it processed with inputting the respondents' data into SPPS 25 software, which generate from 8 factors into a 6 new factor of motivating the use of e-wallets as following:

1. Efficiency

In this factor has an eigenvalue of 7.532 and contribution percentage of 30.094%. This factor includes six item variables which are: in operating e-wallet is easy to understand (0.654), easy to find the information needed (0.609), top up balances in e-wallet is easy to understand (0.712), receiving confirmation notification when the user completed a transaction (0.521), e-wallet offers attractive discounts and voucher for user (0.586), and PayDay promotions are very tempting for e-wallet user (0.568).

2. Personal Engagement

In this factor has an eigenvalue of 1.721 and contribution percentage of 6.883%. This factor includes four item variables, which are: the e-wallet application enables user to shop economically (0.328), user would

look for ways to experiment with e-wallet as a new technology (0.602), e-wallet excites user because of the features (0.703), and user think purchasing product using e-wallet is interesting (0.699).

3. Security

In this factor has an eigenvalue of 1.357 and contribution percentage of 5.427%. This factor includes six item variables, which are: e-wallet can store user's money safely (0.529), e-wallet company will protect the user's information (0.528), every time user make payment, they must provide a password (0.615), e-wallet can work 24/7 without problems (0.682), e-wallet continuously improved in features (0.543), and e-wallet is easy to register(0.457).

4. Subjective Norms

In this factor has an eigenvalue of 1.302 and contribution percentage of 5.206%. This factor includes three item variables, which are: people consider important (family, friends) think I should use e-wallet services (0.826), people who influenced my decision, think I should use e-wallet services (0.822), and I think it is important that everyone in the society should use e-wallet (0.676).

5. Perceived Usefulness

In this factor has an eigenvalue of 1.230 and contribution percentage of 4.921%. This factor includes three item variables, which are: e-wallet can be used for various transaction services (0.785), e-wallet makes payments more efficient (0.520), and e-wallet can be used in anywhere and anytime (0.705).

6. Switching Costs

In this factor has an eigenvalue of 1.154 and contribution percentage of 4.616%. This factor included three item variables, which are: to switch the payment method (cash to non-cash) means that user must take time to find the information about e-wallet (0.445), switching to e-wallet will cost a new amount of expenditure (0.778), and switching a method with e-wallet will result an unexpected hassle for user (0.821).

The growth of four E-wallets company (Go-Pay, OVO, DANA, and LinkAja) will not survive without efforts to improve service quality and understand the user's preferences in using e-wallets. E-wallet's management should understand and could make a priority which factors are needed to be concerned in development business strategy. Thus, management will understand more what the user's preference to improve the company's performance.

In the process of analysis factors have been carried out, the paper has identified the factors that motivate people in using e-wallets in Indonesia, namely efficiency, personal engagement, security, subjective norms, perceived usefulness, and switching costs.

The paper also concluded from the new factor have been formed, there are several dominant variables of each factors, including: "top-up balances in e-wallet is easy to understand" found in Efficiency, "e-wallet excites user because of the feature" found in Personal Engagement, "every time user make payment, they must provide a password" found in Security, "people consider important (family and friends) think I should use e-wallet services" found in Subjective Norms, "e-wallet can be used for various transaction services" found in Perceived Usefulness, and "switching method with e-wallet will result in unexpected hassle for users" found in Switching Costs. But in overall, the most dominant factor in motivating the use of e-wallets in Indonesia is Efficiency factor which has the highest score of7.532.

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