CHAPTER I

INTRODUCTION

1.1   Background of The Study

The financial services business has undergone dramatic changes in recent years as a result of technological advancements (PwC, 2019). By the fact that COVID-19 has impacted both human behavior and economic activities, where social distance has become worldwide regulation, e-commerce and digital financial services usage have been rising (Beaunoyer et al., 2020).

Thus, the emergence of Financial Technology (Fintech) has altered traditional financial transactions since Fintech has made substantial changes to the financial industry. Even while nobody knows the long-term consequences of the financial crisis, it is certain that Fintech, as a sector devoted to innovation, will likely offer novel and imaginative solutions. Additionally, online channels have grown in popularity as individuals have begun to use them to manage their money. Mobile apps in the Fintech business typically have an edge in terms of offering an appropriate design and environment for transactions. As more financial transactions are performed through digital channels, the use of digital channels will continue to grow in importance (Alber & Dabour, 2020).

According to Ghahroud et al. (2021), Fintech start-up falls into numerous categories such as a bank, international payment, insurance, cryptocurrency, accounting, and personal financial management, stock market and investment, security, lending, crowdfunding, payment, authentication, and many more.

PT. Top Remit, which is mainly known as Topremit in short, is the first online remittance in Indonesia. As a part of the Fintech industry, it provides an international money transfer service. In 2009, Topremit was a conventional remittance that helped neighbours and acquaintances to send money to Singapore and Malaysia. In 2018, Topremit was digitalized by Hermanto and Henry Wirawan as the co-founders. Today, Topremit can help 100,000+ people send money from Indonesia to 60+ countries abroad through their website and application that can be downloaded on App Store and Play Store (Internal Source, 2021).

Figure 1. 1 Topremit Logo Before (2009) and After (2018)
Source: PT. Top Remit (2021)

As Topremit holds their vision to make an international money transfer as easy as chatting and keep on being customer-centric, after Topremit has been digitalized, Bank Indonesia awarded them as "The Best Money Transfer Provider in 2019". Other than that, the Co-Founders have also covered on Forbes Asia 30 Under 30 2021 Edition in the Finance and Venture Capital Category (Internal Source, 2021).

Figure 1. 2 "The Best Money Transfer Provider in 2019" by Bank Indonesia
Source: PT. Top Remit (2021)

Figure 1. 3 Topremit's Co-Founders on Forbes Asia 30 Under 30 2021
Source: PT. Top Remit (2021)

The remittance market has been vast and growing as the result of increased immigration and globalization, which has had a significant impact on developing countries. One of the current options for international workers to send money abroad is digitizing international money transfer services (Jarkas, 2021).
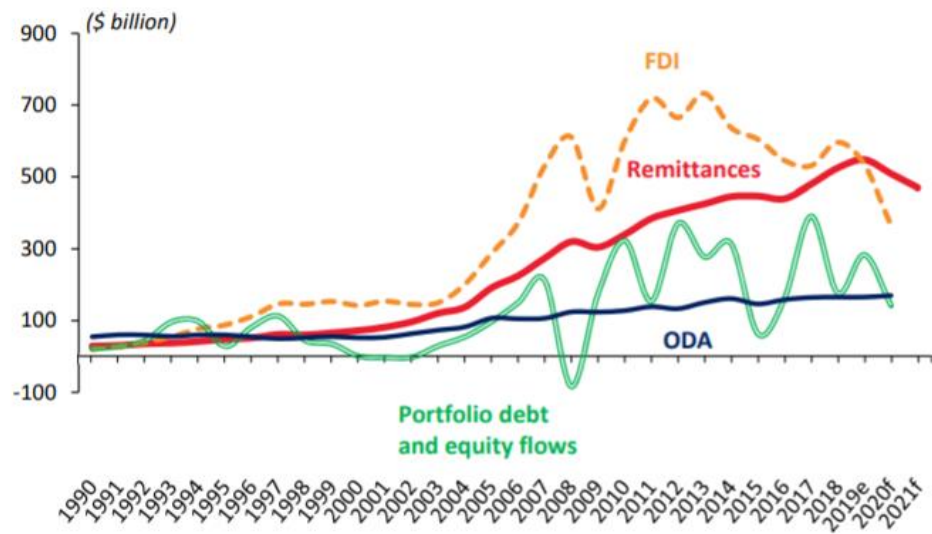
Figure 1. 4 Remittance Flow to Low and Middle-income Countries
Source: worldbank.org (2021)

As described by Figure 1.4, it can be seen that between 1990 and 2019, the value of remittances received worldwide grew substantially during the last two decades, surpassed government development aid, and was steadier than the private capital influx into the lower to middle-income nations. The World Bank stated that remittances will surpass the foreign direct investments in 2019 and are expected to keep growing (World Bank, 2020).
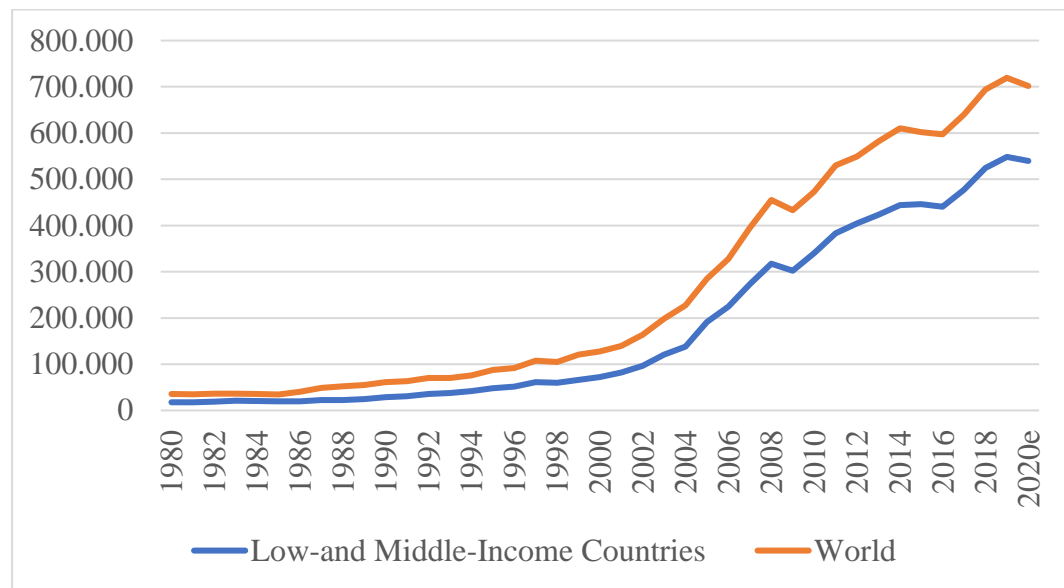
Figure 1. 5 Migrant Remittance Inflows Globally (US$ million) in 1980-2020e
Source: worldbank.org (2021)

Since migration and globalization have been accelerating in recent decades, more individuals migrate across nations to search for better job prospects, stability, or finding more experiences while maintaining connections with their family members in their hometown. Based on World Bank's statement, personal remittances totalled US$694 billion in 2018, US$719 billion in 2019, and US$702 billion in 2020. This has proven the strong service demand in the remittance industry.

In general, money transfer service providers were formed to assist people who need to send money in the conventional way or online. Conventionally, money transfer service usually involves some people who act as the agent and money orders such as what is provided by Western Union, MoneyGram, banks, Money Changer, and many more. While online money transfer usually allows people to send money instantly, such as with Paypal, m-banking, or online remittances such as Topremit, where people can send money simply from their device and the money

will directly be sent to the recipient's bank account, or the recipient can also visit a pickup point to withdraw their money Conventional remittance may be a more accessible platform for people to send money abroad despite being more expensive and not accessible 24 hours a day because of the limited operational hours. Other than that, it took approximately 3-5 working days to send the fund, which is relatively slow, and there is also a fraud risk (Plender et al., 2020).

Table 1. 1 Topremit Competitor Analysis per March 2021

	Bank	Western Union	Transfez	Wise	Topremit
Competitive Rate	No	Yes	Yes	Yes	Yes
Services					
Bank Transfer	Yes	No	Yes	Yes	Yes
Instant Transfer	No	No	No	Yes	Yes
Cash Pickup	No	Yes	No	No	Yes
Home Delivery	No	No	No	No	Yes
E-Wallet	No	No	No	No	Yes
Available Countries	180+ (Outbound)	200+ (Inbound & Outbound)	48 (Outbound)	65 (Inbound & Outbound)	68 (Outbound)
Online Transaction	No	No	Yes	Yes	Yes
Local Currency	Yes	Yes	Yes	Yes	Yes
Delivery Time	2 to 5 Banking Days	2 to 5 Banking Days	Same Banking Day	Start from 5 minutes	Start from 5 minutes

Source: bca.co.id (2021), westernunion.com (2021), transfez.com (2021), wise.com (2021), topremit.com (2021)

According to Table 1.1, it can be seen that the most outstanding competitive advantage of Topremit is its extensiveness offering five services with different specifications. The first service is Instant Transfer, where money will be sent to the recipient's bank account within 5-15 minutes during the bank's operating hours. The second service is Bank Transfer, where money will be sent to the recipient's

bank account starting from the same day during the bank's operating hours. The third service is Cash Pickup, where money can be picked up in the nearest available location in 15 minutes during the bank's operating hours without using any bank account. The fourth service is Home Delivery, where money will arrive at the recipient's address within one day according to the bank operating hours. The fifth service is E-Wallet, where money will be sent to the recipient's E-Wallet within 15 minutes according to the bank operating hours.

While the services are not yet available in all countries, it is stated that their wide range of services has become one of their most significant advantages. However, since the number of remittance providers continues to grow, it has been difficult for Topremit to give the best service to increase their end-user satisfaction, as shown in Table 1.2 below.

Table 1. 2 Online Remittance Application Comparison per 2021

Application	Play Store (Android)			App Store (iOS)		
	Release Year	Average Rate	Total Ratings	Release Year	Average Rate	Total Ratings
Topremit	2019	4.2/5.0	1K+	2019	4.7/5.0	200+
Wise	2014	4.5/5.0	144K+	2014	4.5/5.0	300+
Transfez	2019	4.8/5.0	2K+	2019	4.9/5.0	600+

Source: Play Store & App Store (2021)

Referring to the data above provided by the online remittance that provides an application that can be downloaded on Play Store (Android) and App Store (iOS), it can be seen that Topremit is still not the application that gains the highest rating on Play Store and App Store. It can be seen from Table 1.2 that there is a tight competition among online remittance applications. Hence, it can be concluded that it is important for Topremit to improve its end-user satisfaction to survive in the competitive market.

The rapid growth of online services has emphasized the importance of paying greater attention to user satisfaction when designing websites or applications (Dianat et al., 2019). The reason for the importance of increasing end-user satisfaction is explained by Garrity & Sanders (1957) as cited in Nirwanto (2019), who confirmed that end-user satisfaction is the degree to which users feel the existing information system satisfies their changing needs. It is worth noting that when the end-users expectation is being ignored or underestimated, a major negative impact will occur on the adoption of the system as the ignorance of user's views and the impression has been one of the most general reasons that occur in a system failure (Sebetci, 2018). Table 1.2 provides evidence of end-user satisfaction of Topremit application. It can be seen that the rating from Play Store is 4.2 out of 5 while the rating from App Store is 4.9 out of 5. This shows that most of the users are satisfied with Topremit application. In addition, Figure 1.6 shows that the user loves the service provided by Topremit application, which is expressed through the review writings.

Figure 1. 6 Review by Topremit Application User
Source: App Store (2020)

Dianat et al. (2019) has proven that there is a significant relationship between usability characteristics and end-user satisfaction. Calisir & Calisir (2004) has

mentioned that there are six interface usability characteristics, which are system capability, user guidance, learnability, compatibility, flexibility, and minimal memory load. According to Park & Hwan Lim (1999) cited in Calisir & Calisir (2004), it is also proven that interface usability characteristics are one of the variables influencing end-user satisfaction, where in Topremit application case, the interface usability characteristics may involve the application's design and information provided that may help to simplify the user's experience when the users use the application to send money abroad. Figure 1.7 below also shows how an easy-to-navigate application and great User Interface (UI) may lead to end-user satisfaction.

Impressive!   14 Jul
★★★★★   Nash992

I'm so glad I've found this service.
The costumer service is impeccable, clear, helpful and fast.
The transfer was fast and the rates are fair.
App it self is easy to navigate and great UI.
Usually I do not write reviews here but this one is well deserved.

Figure 1. 7 Review by Topremit Application User
Source: App Store (2021)

In the scope of mobile payment application, perceived usefulness is the individual's opinion about utilizing technology to improve their efficiency and effectiveness in creating transactions. However, the system must give confidence to the users that transactions can be created anytime through the mobile phone (Anissa Denaputri & Usman, 2019). The presence of perceived usefulness in Topremit can be seen from the time and budget efficiency that Topremit users gain

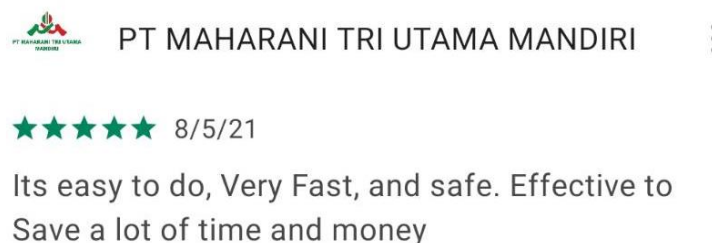after using the application to send money abroad, which is proven by Figure 1.8 below.

Figure 1. 8 Review by Topremit Application User
Source: Play Store (2021)

According to Davis (1989) as cited in Grover et al. (2019), it is stated that perceived ease of use refers to the degree of effortless use for the new technology, which also means that it is the estimation from each individual to count the effort required to use the technology. Moslehpour et al. (2018) added that perceived ease of use is the term utilized to understand better the user, which perceives technology such as a user-friendly interface. It is also mentioned that a mobile payment technology utilizes a self-service system, where if the system is seen as user-friendly or easy to be utilized, users are more likely to feel at ease (Anissa Denaputri & Usman, 2019). This can be seen from the user's perception towards Topremit application that the application is easy to use, learn, and easy to understand the interactions needed to create an international transaction, where Figure 1.9 shows one of Topremit application's users review on the application's easiness to be used and Figure 1.10 shows the simple login page of Topremit application.
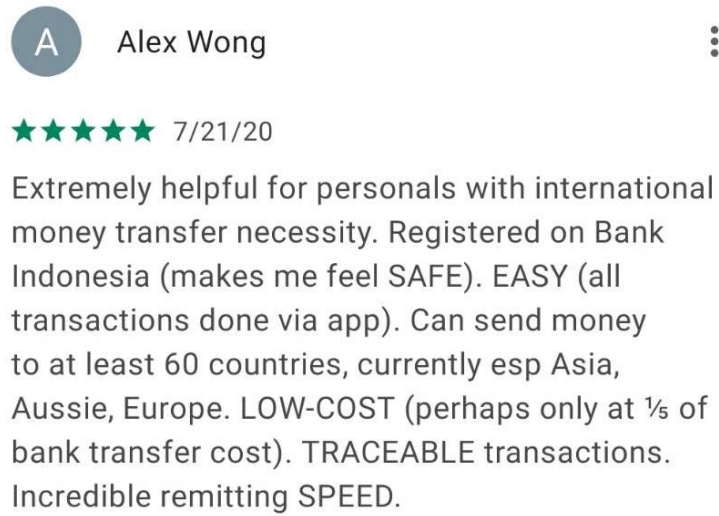
Figure 1. 9 Review by Topremit Application User
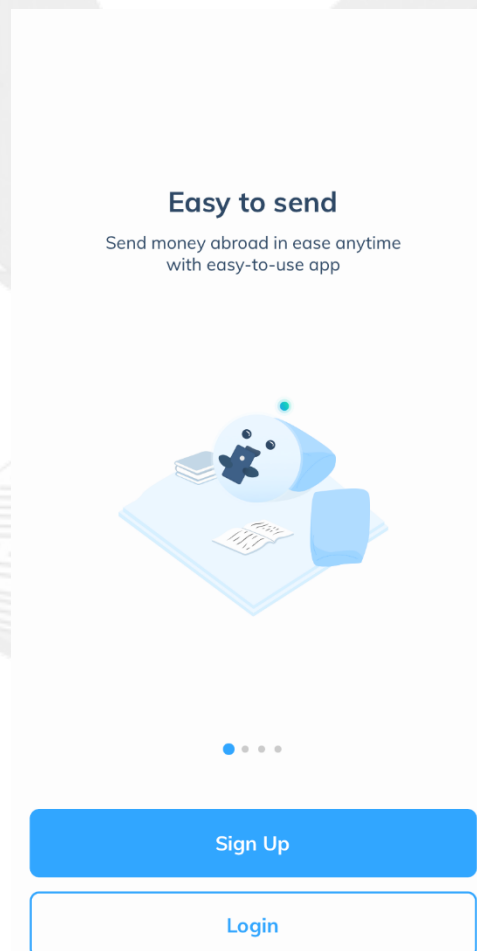Source: Play Store (2020)

Figure 1. 10 Topremit Application Login Page
Source: Topremit Application (2021)

Moreover, when all other factors are equal, it is more likely for the application to be easy to use than the others to be adopted. However, it should be emphasized that no prior study has tried to determine the variables that contribute to the end-user satisfaction with the Fintech application. To ensure that the Fintech application can be utilized successfully in a global organizational context, a greater knowledge of the variables that affect end-user satisfaction must be established (Calisir & Calisir, 2004).

System capability is the strategic pair of skills and resources that add value, which includes the execution of strategic planning to provide rapid delivery and cost-effective operations and support (Ravichandran & Lertwongsatien, 2005). Moreover, it is mentioned that usableness is the ability of users to efficiently and effectively attain the objectives with the system, the ease of learning to use the system, the system capability to assist users in avoiding errors or recovering from errors, the system's degree of user satisfaction, and the system's fit based on the usage (Jeng, 2005). The presence of system capability can be seen in the review in Figure 1.10, where the review stated the application's reliability for overseas remittance services because when the user made a transactional mistake, the user is informed right away, and the money is refunded transparently.
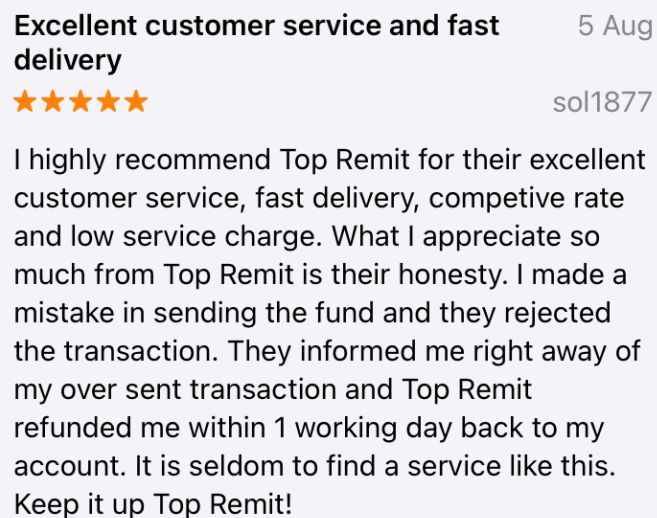
Figure 1. 11 Review by Topremit Application User
Source: App Store (2021)

According to Nielsen (1993) as cited in Gavefalk & Lundberg (2019), it is stated that the most basic usability characteristic is widely accepted as learnability because the system must be simple to learn. Ngadiman & Sulaiman (2017) also stated that learnability is used as one of the main factors involved in User Interface Design (UID), and it is defined as the extent where the system allows its users to seek how to make use of it. The learnability of Topremit application can be seen from the in-app learning guidance, information, and simple terms used in daily transactional activities. User guidance, which is also known as customer guidance, is the information that will assist the system's users to find out the top option that fits their requirements to solve the user's problems when using the system. With the help of user guidance, a business will be able to improve (Hassenzahl et al., 2006). Here, the user guidance in Topremit application can be seen from the presence of the CANCEL option and error messages.
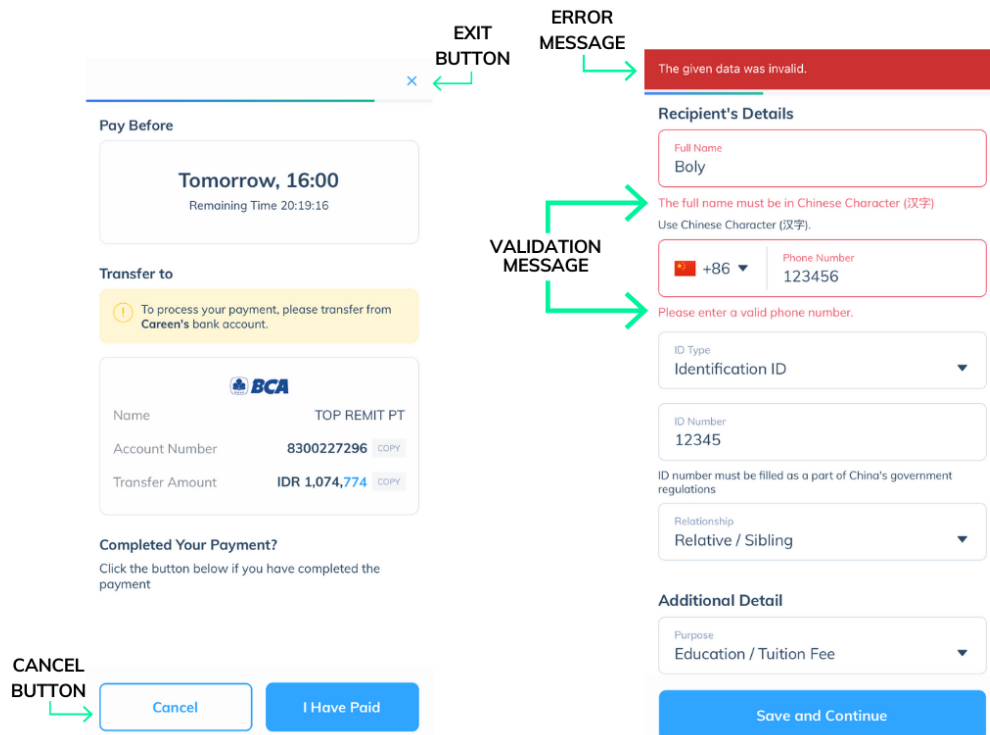
Figure 1. 12 Topremit In-App Guidance Buttons and Informative Messages
Source: Topremit Application (2021)

Figure 1.11 shows the user guidance in Topremit application, where there is a clear cancel button, exit button, error message, and validation message, which also boosts the application's learnability with the clear messages provided on the application.

In preparation for the larger-scale research effort, a pilot research project was conducted to narrow down the variables. Pilot Research is done to ensure the success of the final research, and the researcher will use it to determine the viability of the research method in a real case, select or revise the research topic, determine the most appropriate technique to use to accomplish the research objective, and forecast the time and resources required to complete the final research (Ismail et al., 2017).

Table 1. 3 Mini Pilot Research Result of End-User Satisfaction from 32 Respondents

Perceived Usefulness	Learnability	Others
14	7	8

Source: Prepared by the writer (2021)

Based on the pilot research result, among 32 respondents who have been using the Topremit application to send money abroad for 1.9 years on average, there are 26 respondents that still use the application because of their satisfaction, while 7 respondents stated another reason. Among the 26 respondents who are satisfied with the Topremit application, there are 3 respondents satisfied with the application because of both perceived usefulness and learnability; 11 respondents satisfied because of perceived usefulness; 4 respondents satisfied because of the learnability; and there are 8 respondents satisfied with the application because of its helpful customer support, the security, and the fast service.

Table 1. 4 Mini Pilot Research Result of Perceived Usefulness and Learnability from 32 Respondents

System Capability	Perceived Ease of Use	User Guidance	Others
9	11	9	9

Source: Prepared by the writer (2021)

Out of 18 respondents who are satisfied with the application because of perceived usefulness or learnability, many of the respondents answered that it is because of several reasons, where there are 9 respondents vote for system capability, 11 respondents voted for perceived ease of use, 9 respondents vote for user guidance, and 9 respondents mentioned other reasons such as the application helps them feel more productive, and the application fits their needs. Thus, the mini pilot research result can support the validity of this research's variable flow.

The discussion has shown the importance of Topremit in boosting the application's end-user satisfaction by maintaining and improving the variables that influence end-user satisfaction as the market is very competitive. Moreover, the

subject of online remittance solutions is still very under-researched in academic publications (Jarkas, 2021). Thus, this research will determine the factors that influence Topremit application's end-user satisfaction in Medan by distributing questionnaires to Topremit application users who live in Medan and have used the service to send money abroad at least twice in the last year.

1.2   Problem Limitation

There are some limitations to conduct the research, where the research only examines Topremit application users, excluding the website users as Topremit can be accessed through both website and application. The research questionnaire will contain each user's personal data, such as gender and age. Moreover, this research will consist of both male and female, only involve Topremit application's users within 18-60 years old who live in Medan, and ever created transactions on their own Topremit application more than once in the last one year. In addition, the respondent's name, email, phone number, or any sensitive data remain confidential as the company does not allow any sensitive personal data leak.

1.3   Problem Formulation

There are some problem formulations for this research, which have been stated below:

1. Does perceived ease of use significantly influence perceived usefulness at Topremit Application PT. Top Remit Medan?

2. Does system capability significantly influence perceived usefulness at Topremit Application PT. Top Remit Medan?

3. Does user guidance significantly influence perceived usefulness at Topremit Application PT. Top Remit Medan?

4. Does user guidance significantly influence learnability at Topremit Application PT. Top Remit Medan?

5. Does perceived usefulness significantly influence end-user satisfaction at Topremit Application PT. Top Remit Medan?

6. Does learnability significantly influence end-user satisfaction at Topremit Application PT. Top Remit Medan?

1.4   Objective of the Research

The objective of this research is to assess the solution and conclusion according to the hypothesis while analyzing the influence of:

1. Perceived Ease of Use (PEU) towards Perceived Usefulness (PU) of Topremit application PT. Top Remit in Medan

2. System Capability (SC) towards Perceived Usefulness (PU) of Topremit application PT. Top Remit in Medan

3. User Guidance (UG) towards Perceived Usefulness (PU) of Topremit application PT. Top Remit in Medan

4. User Guidance (UG) towards Learnability (L) of Topremit application PT. Top Remit in Medan

5. Perceived Usefulness (PU) towards End-user Satisfaction (CS) of Topremit application PT. Top Remit in Medan

6. Learnability (L) towards End-user Satisfaction (CS) of Topremit application PT. Top Remit in Medan

1.5 Benefit of the Research

There will be two types of benefit expected from this research, which mainly improve and support the current existing theories related to end-user satisfaction through interface usability characteristics, perceived usefulness, and perceived ease of use theories.

1.5.1 Theoretical Benefit

1. This research is being conducted to provide more information so people can be more understanding and aware of the influence of interface usability characteristics, perceived usefulness, and perceived ease of use towards end-user satisfaction.

2. This research outcome can also be used to substantiate the pre-existing theories related to the relationship between the variables.

3. This research outcome can be used as guidance to assist further academic research in developing a similar research subject or simply by examining the relationship between certain variables.

1.5.2 Practical Benefit

1. This research outcome can be used as a reference for other Fintech companies or online remittances to help them understand more about the

factors that contribute to end-user satisfaction, such as the interface usability characteristics, perceived usefulness, and perceived ease of use.

2. This research outcome can be used as the reference for Topremit application PT. Top Remit in Medan to create the following strategies for application improvement in the future to boost end-user satisfaction of Topremit application PT. Top Remit in Medan through further understanding about the interface usability characteristics, perceived usefulness, and perceived ease of use.