

CHAPTER I

INTRODUCTION

1.1. Background of the Study

Indonesia's GDP has been rising consistently in the period of year 2015-2019 with the average growth rate of 5.07% (<https://www.indonesia-investments.com/>, retrieved on September 5, 2020). Through figure 1.1 below, it shows the contribution of agriculture, industry and services sectors towards Indonesia's economic.

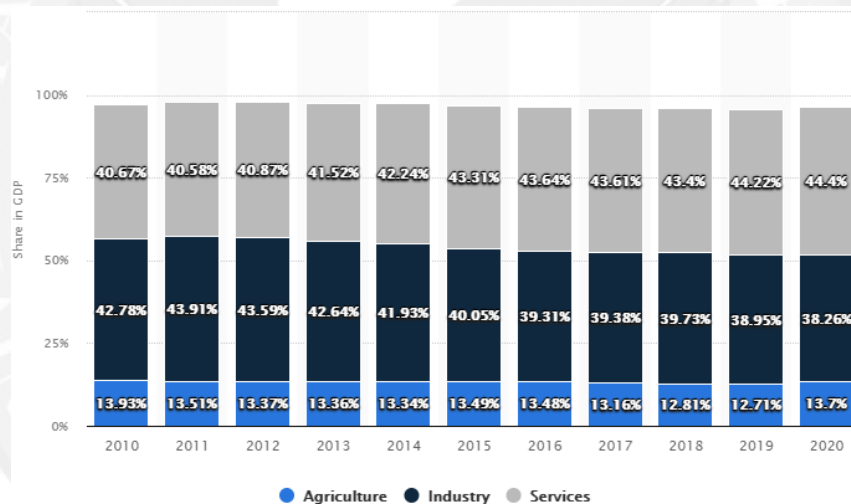


Figure 1. 1 Share of Economic Sectors in the Gross Domestic Product (GDP) from 2010 to 2020
Source: <https://www.statista.com> (2021)

In 2020, agriculture sectors contributed around 13.7%, industry sectors contributed around 38.26%, and services sector contributed around 44.4% to the Indonesia's GDP. Therefore, Indonesia's economy is mostly driven by the services sector. According to Investopedia (<https://www.investopedia.com/>, retrieved on September 5, 2021), businesses that are running in service sectors are producing

intangible goods, such as information services, warehousing and transportation services, securities and other investment services, professional services, et cetera.

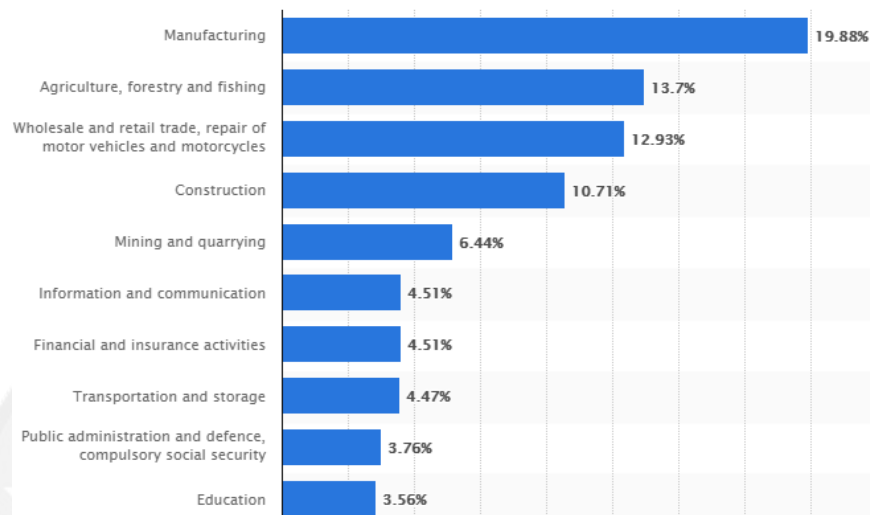


Figure 1. 2 Contribution to Gross Domestic Product of Indonesia in 2020, by industry
Source: <https://www.statista.com> (2021)

From figure 1.2 above, it depicted that financial and insurance activities contributed 4.51% to the GDP of Indonesia in 2020. Since 2014, the financial and insurance activities in Indonesia have been constantly increased which the growth can be seen in figure 1.3 below.

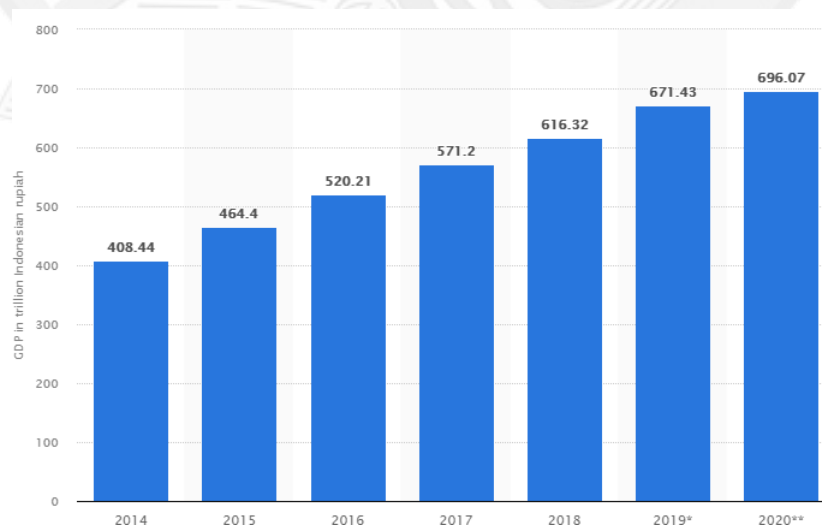


Figure 1. 3 GDP from Financial and Insurance Activities in Indonesia from 2014 to 2020
Source: <https://www.statista.com> (2021)

In 2020, financial and insurance activities contributed up to 696.07 trillion for the Indonesia's GDP. The Investment Coordinating Board (BKPM) stated that the realization of investment throughout year 2020 was 826.3 trillion Rupiah which is 2.1% of increase from 2019 which was 809.6 trillion Rupiah (<https://databoks.katadata.co.id/>, retrieved on September 5, 2021). This happened not without any reasons. Indonesia has abundant natural resources and a large domestic market. A large number of people have the potential for workforce development. With all the wealth that Indonesia has, it is not only increasing the number of local investors, but also many investors make this country an investment destination that has the potential to generate asset growth.

Actually, investment is a term that people commonly heard but rarely understand. Investment is an activity to invest in capital, both money and other forms of assets, with the hope that someday it can get a profit after a certain period of time (Hayes, 2021). Investment used to be known as a source of passive income. According to the Indonesia Central Securities (KSEI, 2019), the number of Single Investor Identification (SID) in 2019 was 2,484,354.

On 2020, when the first case of Covid-19 happened in Indonesia, it changed people perception towards investment. Based on (IPOTNEWS, 2019), people afraid to do an investment because of the negative stigma such as investment will make people lost all their money, investment need huge pool of fund, and investment is complicated and need knowledge. The trend of investment happened until today and will keep increasing.

Based on the press release (Laoli, 2021), the number of SID increases by

56% from 2.48 million become 3.88 million and the number is projected to be increased by 10% each month until December 2021. Investment is not becoming the choices for passive income anymore. People are shifting to make investment as their first priority for financial support.

In 2018, investment used to be dominated by people from age range 30-60 years old. Based on the press release on 23 February 2021 (Utami, 2021), the number of investor age range 18-25 years old has increased by 50.7% of the total new investor. It means that the millennial has now know the important of doing investment. With the advancement of technology and the demand by the customers to have an effective and efficient investment, there are many securities company that put emphasize on developing the mobile application. Thus it means that people have wide range of choices on what application that they want to use. Below is the comparison between numbers of download and play store ratings for several securities company and its application.

Table 1. 1 List of Mobile Apps for Investment

No.	Securities Company	Mobile Application	Launched Year	Number of Downloads	Play Store Ratings
1	<i>PT. Indo Premier Sekuritas</i>	IPOP	2007	1M +	4.1
2	<i>PT. Phintraco Sekuritas</i>	Profits Anywhere	2010	10K +	4.5
3	<i>Bareksa</i>	<i>Bareksa</i>	2013	500K +	4.6
4	<i>Stockbit</i>	Stockbit	2015	500K +	4.3
5	<i>PT. Bibit Tumbuh Bersama</i>	<i>Bibit</i>	2019	1M +	4.6

Source: <https://www.indopremier.com> (2021), <https://lifepal.co.id> (2021), <https://www.bareksa.com> (2021), <https://gizmologi.id> (2021), <https://market.bisnis.com> (2021).

From table 1.1 above, the application launched by PT. Phintraco Securities on 2010 was not really popular in Indonesia which can be seen by the number of the application downloaded in Play Store. There is a big gap between Profits

Anywhere Application users compared to the others. PT. Phintraco Securities is one of the companies that provide broker-dealer services which already listed on Indonesia Stock Exchange. (<https://www.phintracosekuritas.com/>, retrieved on September 5, 2021).



Figure 1. 4 Logo of PT. Phintraco Securities
Source: <https://www.phintracosekuritas.com/> (2021)

Although PT. Phintraco Securities had launched the Profits Anywhere Application, the company is still provided the offline services thus people can registered manually. The supremacy offers by PT. Phintraco Securities is simple way to open an account, low deposit fee, and many RDN options (<https://lifepal.co.id>, retrieved on September 5, 2021). Unfortunately, Profits Anywhere Application not yet provided mutual fund. Currently the number of PT. Phintraco Securities customer is 100.000 people (<https://www.phintracosekuritas.com/>, retrieved on September 5, 2021). As the comparison, the customer of PT. Indo Premier Securities is already reach 600.000 (<https://www.indopremier.com/>, retrieved on September 5, 2021). The supremacy of IPOT also similar with Profits Anywhere Apps which is convenience of creating an account, no minimum deposit of funds and having others investment options such as mutual funds. Therefore, it can be said that Profits Anywhere Apps by PT.

Phintraco Securities is not complete in providing the investment options. Despite so, PT. Phintraco Securities is able to gain 65.000 of customers which can be said they are the loyal customers for the company because there are others mobile application that can offers more products of investment but they are still using the Profits Anywhere Apps. Therefore, according to table 1.1, it can be seen that the competition between investment service providers in Indonesia is tight so that in order to survive and develop, PT Phintraco Securities needs to increase E-Customer loyalty.

The reasons for the important of research about e-customer loyalty are according to (Jeong & Lee, 2010) defines that e-customer loyalty is the customer behavior to use one website in one period of time and show high enthusiasm when using it. The presence of e-customer loyalty of Profits Anywhere users can be seen through the review given by the user of Profits Anywhere Application in Play Store from figure 1.5.

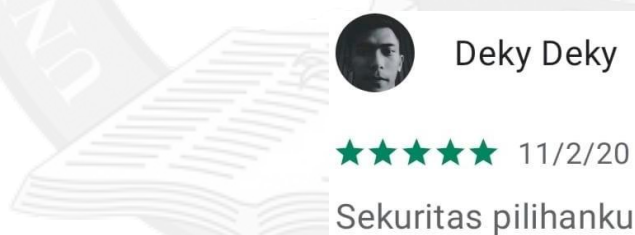


Figure 1. 5 Review from Play Store
Source: Play Store (2021)

Where the user is choosing to use Profits Anywhere Application rather than other similar application. Moreover, respondents from the mini pilot project stated that they know and use the Profits Anywhere Application because they get recommendation from their friends. Ramseook-Munhurrun and Naidoo (2011) figure out that e-customer satisfaction and e-customer loyalty have a significant

relationship.

Customer loyalty is affected by customer satisfaction because people are usually aware towards risk and therefore, they have the tendency to lower the risk and stay with the service or product that they have been comfort with. According to (Jameel, 2021) defines that with the affective and cognitive assessment process of judgement it can resulted at affective state which is satisfaction. Customer satisfaction and customer loyalty are distinct constructs, but both are highly correlated.

In an effort to achieve e-customer satisfaction, Profits Anywhere Application also accepts suggestions from users in the form of ratings and reviews on social media, in the Play Store there is a place to accommodate ratings and reviews which can be seen from figure 1.6 below.

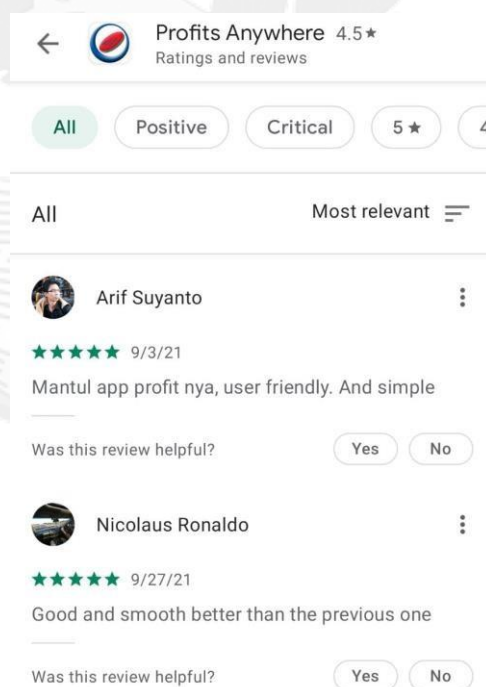


Figure 1. 6 Rating and Review by Profits Anywhere Application Users
Source: Play Store (2021)

The figure 1.6 above shows a rating system, namely an assessment based on stars in Play Store and also a suggestion. Both of these things will later be used by PT. Phintraco Securities to be able to make changes or updates based on requests from users, whether they have met user expectations or not.

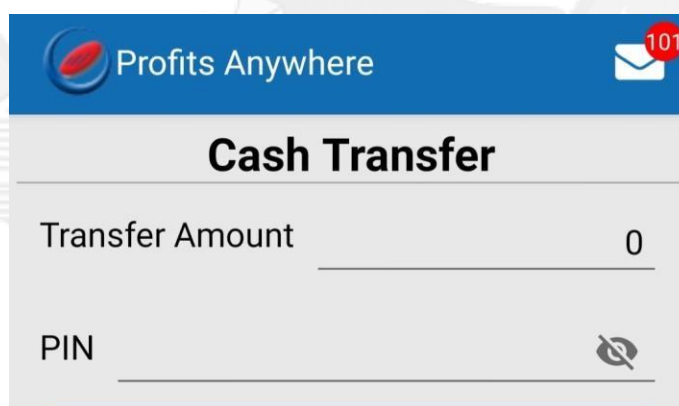
Based on the research by (Cahaya, 2020) found that e-customer satisfaction has a positive effect on e-customer loyalty. Every businesses objective is to sustain their customers in long-run, thus they put customers satisfaction as the top priority in order to retain the customers. A crucial element to determine customer satisfaction is the perception towards service quality.

According to (Sathiyavany, 2018) defined that e-service quality is the customers overall evaluation towards the quality of the service powered with the internet. Based on the research by Caruana & Malta (2002) on (Sathiyavany, 2018) the aspect of service quality can give direct and indirect influence on customer loyalty through customer satisfaction. Based on the research by (Setiawan, 2019) found that service quality has a significant influence towards customer loyalty.

Dimension of e-service quality proposed by Carlson and O'Cass (2011) on (Amin, 2016) was consisted of environment quality, delivery quality and outcome quality are antecedents to global e-service quality measurement. According to Herington and Weaven (2009) on (Amin, 2016), e-service quality have four dimension such as personal needs, site organization, user friendliness and efficiency. According to Rod *et al.* (2009) on (Amin, 2016), there are three dimension of e-service quality such as customer service quality, online information system quality and banking service product quality. Thus, in this research, the

dimensions that will be used for defining the e-service quality are personal needs, site organization, user friendliness and efficiency.

According to (GHANI, 2015) defined personal need as the ability that concerns with the protection of information about individuals that is stored in a database. The research by (Herington & Weaven, 2009) found that personal needs to have the greatest influence on satisfaction. The presence of Personal Need variable can be seen in the following figure. In order to have a cash transfer which mean to transfer the money from RDN account to personal bank account, the user should enter the PIN and this PIN is only can be known by the user. Therefore, user does not need to worry because only them can do the cash transfer. Moreover, Profits Anywhere Application is supported by Secure Socket Layer (SSL) protocol and 128-encryption technology and hence systems are monitored to prevent unauthorized access (<https://www.phintracosekuritas.com/>, retrieved on September 29, 2021).



Profits Anywhere	
Cash Transfer	
Transfer Amount	0
PIN	[Masked]

Figure 1. 7 The Presence of Personal Need Variable
Source: Profits Anywhere Application (2021)

According to (Corona, 2017) stated that site organization is put more emphasize on the design and specification of a page. It is used to manage the

navigation of information in each page and how it can affect the user's experience. It can be referred as how easy users can use the Application to find an information, how the application is best managed by the company and how the tools can be easily found in the Application which can increase the experience of the users.

The presence of Site Organization variable can be seen through the reviews and ratings from the user of Profits Anywhere Application in Play Store in figure 1.8 below where the users are stating that the Profits Anywhere Application is easy to use.



Figure 1. 8 Review from Play Store
Source: Play Store (2021)

Shackel (1997) defines a user-friendly interface as one which users can effectively learn and use in a simple manner, and which is flexible and causes positive attitude in users. If an application is fulfilling the characteristic mentioned before, the application can be categorized as a user-friendly Application.

The presence of User-Friendly variable can be seen through the reviews and ratings from the user of Profits Anywhere Application in Play Store in figure 1.9 below where the users are stating that the Profits Anywhere Application is user friendly.

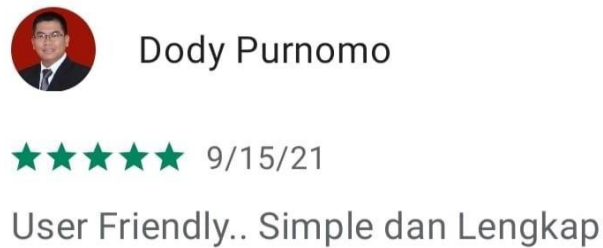


Figure 1. 9 Review from Play Store
Source: Play Store (2021)

According to (Yusfiarto, 2021) defined efficiency as how the ease, accessibility and speed provided by the system can facilitate transactions and other functions. The presence of Efficiency variable can be seen directly on the Profits Anywhere Application where the feature needed for searching information and others are all combined in one section name market info which can be seen from figure 1.10 below.



Figure 1. 10 Feature Display of Profits Anywhere Application
Source: Profits Anywhere Application (2021)

The research by (Nugraha, 2021) figure out that the dimension of e-service quality that have the strongest relationship to explain e-customer satisfaction is efficiency.

Based on the research by (Cahaya, 2020) stated that electronic customer satisfaction will be highly influence by service quality but not the overall dimension will give the same effect on it. Meanwhile, according to research by (Nugraha, 2021), personal need, site organization, user friendliness, and efficiency have a significant influence towards customer satisfaction.

To support this research, a mini-pilot qualitative research have been done in order to know assure the flow of variable using for this research is valid. There are 3 questions that being asked to minimal 20 respondents which are Profits Anywhere Apps users. According to (Ismail, 2017) a Pilot Study (PS) referred to a small research project done before actually having the full research study. With PS, researcher can understand the process of research in order to decide the final method to use for the final study.

Table 1. 2 Mini-Pilot Results

Personal Need	Site Organization	User Friendliness	Efficiency	Others
13	9	8	12	7

Based on the tabulated answers from table 1.2 above, 20 respondents have been used Profits Anywhere Application more than 1 years with transactions more than 2 times so it can be said as a loyal customer of PT. Phintraco Securities Medan Profits Anywhere Application and all of them are satisfied towards the apps. There are 13 respondent satisfied because it can fulfill their personal need, 8 respondent satisfied because the apps is user friendly, 9 respondents satisfied because of the

well-organized site, and 12 respondents satisfied with the apps' efficiency. The others reason from the satisfaction is derived from having a low deposit and transaction fee. Moreover, several respondents use the apps because it is recommended by their friends. Thus, the pre-test result can give high assurance that the flow of variable that going to be used for this research is valid.

As mentioned in the discussion above, e-service quality is believed to have an influence towards e-customer satisfaction and thus having a positive implication towards e-customer loyalty. While there are plenty of securities which offer the online trading services, this research is aimed to figure out about "THE INFLUENCE OF E-SERVICE QUALITY TOWARDS E-CUSTOMER SATISFACTION AND E-CUSTOMER LOYALTY OF PROFITS ANYWHERE APPLICATION PT. PHINTRACO SECURITIES MEDAN."

1.2. Problem Limitations

This research have limitation that should be noted. The main focus on this research will be personal need, site organization, user friendliness, and efficiency of apps as the variables of e-service quality and e-customer satisfaction variable will be used to investigate its power in determining e-customer loyalty of Profits Anywhere Apps users at PT. Phintraco Securities Medan.

The respondents of this research will be characteristic by male and female, domicile in Medan, age range between 18 - 60 years old, have been a customer of PT. Phintraco Securities Medan more than 1 years, have installed and used the Profits Anywhere Application on the cellphone in the last 6 months, have done a

transaction using Profits Anywhere Application more than 2 times in the last 6 months, have contacted the customer service of Profits Anywhere Application in the last 6 months, and have known any other trading apps besides Profits Anywhere Application. Researcher assume that respondent have the ability to use the apps without guidance by others, thus it is homogeneous.

1.3. Problem Formulation

1. Does personal need significantly influence E-Customer Satisfaction of Profits Anywhere Application Users at PT. Phintraco Securities Medan?
2. Does site organization significantly influence E-Customer Satisfaction of Profits Anywhere Application Users at PT. Phintraco Securities Medan?
3. Does user friendliness significantly influence E-Customer Satisfaction of Profits Anywhere Application Users PT. Phintraco Securities Medan?
4. Does efficiency of apps significantly influence E-Customer Satisfaction of Profits Anywhere Application Users PT. Phintraco Securities Medan?
5. Does E-Customer Satisfaction significantly influence E-Customer Loyalty of Profits Anywhere Application Users PT. Phintraco Securities Medan?

1.4. Objective of the Research

1. To know whether personal need significantly influence E-Customer Satisfaction of Profits Anywhere Application Users at PT. Phintraco Securities Medan.
2. To know whether site organization significantly influence E-Customer

Satisfaction of Profits Anywhere Application Users at PT. Phintraco Securities Medan.

3. To know whether user friendliness significantly influence E-Customer Satisfaction of Profits Anywhere Application Users at PT. Phintraco Securities Medan.
4. To know whether efficiency of apps significantly influence E-Customer Satisfaction Profits Anywhere Application Users at PT. Phintraco Securities Medan.
5. To know whether E-Customer Satisfaction significantly influence E-Customer Loyalty Profits Anywhere Application Users at PT. Phintraco Securities Medan.

1.5. Benefit of the Research

This research is aimed to give new insights regarding the implementation of e-service quality specially to maintain e-customer satisfaction and e-customer loyalty.

1.5.1. Theoretical Benefit

1. This research is aimed to bring new information as to broaden the researcher and reader knowledge regarding the importance of personal need, site organization, user friendliness, efficiency of apps towards e-customer loyalty. The result is aimed to become an evidence to support the existing theories about the relationship of each variables.

2. This research is expected to be use as references by future researcher who wants to conduct the similar research or even merely using the relationship between each variable.

1.5.2. Practical Benefit

1. The result of this research is aimed to be use as a reference for Securities Company in understanding the significance of improving e-service quality through four variables of personal need, site organization, user friendliness and efficiency of apps in increasing e-customer satisfaction and thus simultaneously influence the e-customer loyalty.
2. This research' result is aimed to give new information for PT. Phintraco Securities Medan on how to enhance the e-service quality in order to increase the e-customer satisfaction and thus maintain the e-customer loyalty for using Profits Anywhere apps powered by PT. Phintraco Securities. This research will also benefit to business that provided e-service quality as the consideration on improving the indicators of e-service quality and thus retain the e-customer loyalty. The result of this research can also be used as a reference for academic purpose and future research.