CHAPTER I

INTRODUCTION

1.1 Background of the study

The rapid advancement of information technology has resulted in numerous changes around the world, where information technology has evolved into a critical tool for meeting a variety of human needs. Information and communication technology (ICT) is a tool that can be used to help people in all aspects of their lives. As a result, many people are migrating from traditional life to the digital world, where a plethora of applications are available to assist people in their daily lives (Saintz, 2019).

According to Dwiningrum, (2012), In short, today's technological advancements have been recognized as providing a great deal of convenience and comfort to human life. Today's information world is inextricably linked to technology. As society becomes more reliant on technology, the world of technology expands. Communication that used to take a long time to convey has now become very fast and appears to be without distance thanks to technology (https://bdkjakarta.kemenag.go.id/, retrieved in 2021, 24 Nov). Technological advancements have an impact on all aspects of life, including payment system changes. Money-based payment instruments have begun to give way to non-cash payment instruments (Wulandari, Soseco, & Narmaditya, 2016). The financial and banking industries are undoubtedly affected by technological advancements. The presence of financial technology (fintech) is evidence of very rapid development. Fintech, according to the Financial Services Authority (OJK), is a technology-

driven innovation in the financial services industry (https://www.ojk.go.id/, retrieved in 2021, 24 Nov). Fintech products are typically systems designed to facilitate specific financial transactions. Fintech has the potential to change people's transaction habits to make them more practical and efficient. Fintech also makes it easier for people to get financial products and improves their financial literacy. Fintech products are usually systems that are designed to carry out specific financial transactions. Crowdfunding, microfinancing, peer-to-peer lending, market comparison, and digital payment systems are all examples of fintech (https://sikapiuangmu.ojk.go.id/, retrieved in 2021, 24 Nov).

Year after year, the number of fintech users and companies increases. According to data from the World Bank, Fintech users increased from 7% in 2007 to 20% in 2011. In 2014, it increased to 36%, and by 2017, it had increased to 78 percent, or 135-140 companies, with a total value of FinTech transactions in Indonesia estimated to be IDR 202.77 trillion in 2017 (https://money.kompas.com/, retrieved in 2021, 24 Nov). Indonesia is known as one of the world's largest economic markets today, according to Kominfo at the 71st Oeang Day Seminar in 2017. Indonesia continues to strive for digital transformation to maintain its leadership position. Advance robotics, artificial intelligence, the internet of things, mainframe computing, 3D printing, and digital payments are all examples of digital transformation. The government, on the other hand, is currently concentrating on digital payments (https://www.kominfo.go.id/, retrieved in 2021, 25 Nov).

The government's efforts to reduce the physical amount of money circulating in the community by promoting the use of digitalization systems and

electronic money have resulted in an increase in non-cash transactions in the community (Manik, 2019).

According to Wulandari et al. (2016), the growth of non-cash payments is not only separate from technological development but also supports the government's efforts to create a Cashless Society.

The public's growing interest in using electronic money could be since the fact that the currency that is frequently used in every transaction has many flaws, one of which is that it is less practical. Cash transactions will be inefficient because buyers must carry the same currency as the price of the goods; this is less convenient and can invite criminal activity. The government is also expected to inform the public about the use of electronic money and its benefits, such as the elimination of counterfeit money (Putri & Prasetyo, 2020).

The presence of the Covid-19 pandemic has had a significant impact on the global community as well as the Indonesian people. People are encouraged to use non-cash or digital payments during the pandemic to help prevent the spread of the COVID-19 virus, which can be transmitted through direct contact. Not only that, but COVID-19 has ushered in a paradigm shift for many industries, particularly MSMEs, in terms of the importance of digital adaptation. According to a VISA survey, 85% of business owners have changed the way they do business by going digital, with 43% selling goods and services online, 39% accepting non-cash payments, and 38% promoting on social media. Similarly, 85 percent of consumers prefer digital payment for shopping (https://ideoworks.id/, retrieved in 2021, 25 Nov). Cashless payments increased by 33% globally, while cash payments

decreased by 38%, according to a Fiserv survey. Non-cash payments in Indonesia are also increasing every month, according to Databoks, with digital transactions increasing by 23.66 trillion rupiahs in May 2021 compared to only 15.03 trillion rupiahs in May 2020 (https://pressrelease.kontan.co.id/, retrieved in 2021, 25 Nov). This means this digital payment trend will continue to increase.

Financial transactions and the digital economy, according to Bank Indonesia (BI), have continued to grow. This, according to BI Governor Perry Warjiyo, is in line with growing public acceptance and preference for online shopping, as well as the expansion of digital payments and speeding up of digital banking. "This growth is reflected in the IDR 21.4 trillion in electronic money transactions in March 2021, up 42.46 percent year on year" (YoY) (https://money.kompas.com/, retrieved in 2021, 25 Nov).

Table 1. 1 Electronic Money Circulating in Indonesia in 2015-2021

Period	Amount of Electronic Money in circulation (units)	Percentage (%) increase
2015	34.314.795	
2016	51.204.580	49%
2017	90.003.848	76%
2018	167.205.578	86%
2019	292.299.320	75%
2020	432.281.320	48%
2021	575.323.419	33%

Source: Bank Indonesia: Electronic Money Payment System Statistics, 2021

Based on data from Bank Indonesia, as shown in Table 1.1. the number of electronic money in circulation in 2021 was 575,323,419 units. This means that almost the entire population of Indonesia has used electronic money.

Along with the increase in the number of e-money in Indonesia from year to year, it is also accompanied by an increase in e-money transactions which can be

seen in table 1.2. which shows the transactions and nominal transactions that continue to increase from year to year.

Table 1. 2 Electronic Money Transactions in Indonesia 2015-2021

Period	Volume (Transaction)	Nominal (Million IDR)
2015	535.579.528	5.283.017,65
2016	683.133.352	7.063.688,97
2017	943.319.933	12.375.468,72
2018	2.922.698.905	47.198.616,11
2019	5.226.699.919	145.165.467,60
2020	4.625.703.561	204.909.170
2021	5.450.400.276	305.435.829,00

Source: Bank Indonesia: Electronic Money Payment System Statistics, 2021

When viewed in terms of number, transactions, and volume, e-money continues to increase from year to year.

Bank Indonesia (BI) recorded that the value of electronic money transactions reached Rp. 20.7 trillion in January 2021. This number increased by 30.7% compared to the same period in the previous year of Rp. 15.9 trillion. Electronic money transactions have not experienced a decline during the Covid-19 coronavirus pandemic. Its value rose 41.2% to Rp 204.9 trillion in 2020. This means that this type of money is increasingly in demand by the Indonesian people to transact during the lockdown period, in contrast to credit and debit cards.
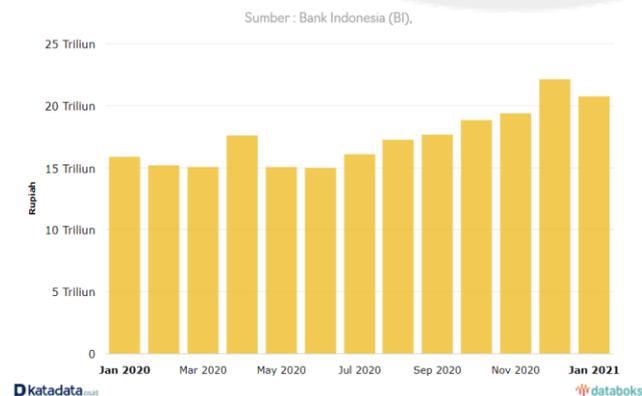
Figure 1. 1 Electronic Money Transaction Value

Source: https://databoks.katadata.co.id/. retrieved in 2021, Nov 25

Digital payment is a non-cash payment method that uses digital money (non-cash). Digital payments are a convenient way to conduct business. Furthermore, one of the benefits of using digital payments is the promotions that are offered to users. Money is stored in the system and can be retrieved in digital form in digital payments, with the transfer process taking place through electronic payment instruments such as payment cards, electronic money, or applications (Houston, 2020).

According to Kantar research conducted in May 2019, OVO is an electronic wallet that is frequently used by respondents in eight major Indonesian cities. This e-wallet was mentioned by 53 percent of respondents, who were followed by 47 percent who mentioned five national e-wallets issued by other fintech companies and banks. A total of 1,200 people aged 18 to 50 took part in the Kantar survey, which included users of smartphones and electronic payment instruments. OVO is not only the most popular electronic wallet, but it is also mentioned as the top of mind in digital wallets by 49 percent of respondents, with its closest competitor being chosen by 42 percent.

The open ecosystem used by companies, namely through collaboration with Grab and Tokopedia, as well as 500,000 MSME traders, increased in the use of OVO. OVO has expanded to 319 cities in Indonesia since its launch in 2017. The Joint Venture for Sharing campaign, which was run by OVO, Grab, and Tokopedia throughout May 2019, is said to have contributed to OVO's high popularity
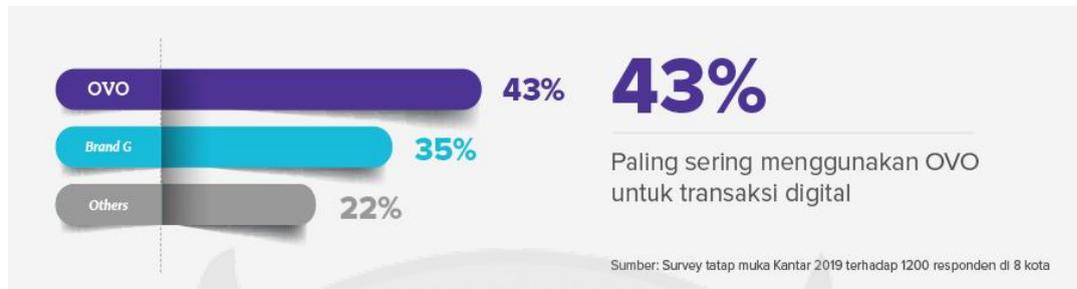
(https://katadata.co.id/, retrieved in 2021, 25 Nov).

Figure 1. 2 Frequently Used E-wallet
Source: https://katadata.co.id/, retrieved in 2021, Nov 25

Rapyd conducted research for the 2020 Asia Pacific eCommerce and Payment Study. In March and April 2020, 3,500 internet users were polled, with 500 respondents in each of the following countries: India, Indonesia, Japan, Malaysia, Singapore, Taiwan, and Thailand. According to one of the study's findings, OVO Wallet is the most commonly used payment method in Indonesia. 69 percent of respondents said they had used OVO in the previous month. In Indonesia, OVO Wallet is the most popular digital payment service. OVO was chosen by 17.8% of respondents in addition to other payment brands (https://www.indotelko.com/, retrieved in 2021, 25 Nov).

Purnomo (2021) conducted a survey in which data was collected using Mapid features, specifically the MAPID FORM, with 100 respondents filling out the MAPID FORM spread across several provinces, with the data distribution dominated by West Java province with 82 respondents. It can be concluded that the majority of respondents use e-money OVO Cash (26%), ShopeePay (25%), and Go-Pay frequently (25%) (https://geo.mapid.io/, retrieved in 2021, 25 Nov). which can be seen in the graph below.
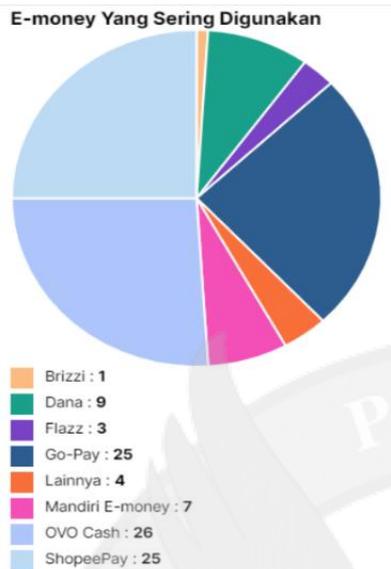
E-money Yang Sering Digunakan

- Brizzi : **1**
- Dana : **9**
- Flazz : **3**
- Go-Pay : **25**
- Lainnya : **4**
- Mandiri E-money : **7**
- OVO Cash : **26**
- ShopeePay : **25**

Figure 1. 3 Frequently Used E-money
Source: https://geo.mapid.io/, retrieved in 2021, Nov 25

OVO is an application that fulfills various requirements regarding mobile and cashless payments. The OVO digital payment application, which was officially launched in March 2017, is one of the digital payment applications in Indonesia. OVO was created by PT. Visionet Internasional is a company that is part of LippoX, the digital payment division of the Lippo Group (https://finansial.bisnis.com/, retrieved in 2021, 25 Nov). OVO was founded in response to the growing demand for cashless and mobile payments. The public can use the OVO application to make transactions using electronic or digital payment methods, and there is an OVO Cash balance in OVO. OVO cash allows users to make payments entirely through their mobile phones (https://idcloudhost.com/. retrieved in 2021, 25 Nov). The OVO app offers a variety of services and collaborates with other e-commerce and

transportation companies (Safitri & Andriansyah, 2020).

Figure 1. 4 OVO cooperation with other partners.
Source: https://pojokkita.com/, retrieved in 2021, Nov 25

OVO is no longer just a digital payment company, according to Karaniya Dharmasaputra (2020), President Director (President Director) of PT Visionet Internasional (OVO) (e-payment). OVO, which will celebrate its third birthday in September, has grown into a fully integrated digital financial technology services company. OVO's services have expanded to include peer-to-peer (P2P) lending, investment, insurance, and credit scoring, as well as multi-finance in the future (https://www.beritasatu.com/, retrieved in 2021, 25 Nov).

OVO's Head of Public Relations, Sinta Setyaningsih, explained that the digital financial services business carried out by OVO has proven to help the government increase financial inclusion. This is reflected in 30% of OVO users who have not previously used banking services (unbanked) (https://kurio.id/, retrieved in 2021, 25 Nov).

One of the services from OVO is OVO Paylater, the company claims that it directly serves 96% of Indonesians who do not have access to consumer credit who conduct retail transactions. Based on DailySocial's research, PayLater OVO was the most widely used in the last year, as seen in the Databoks below.
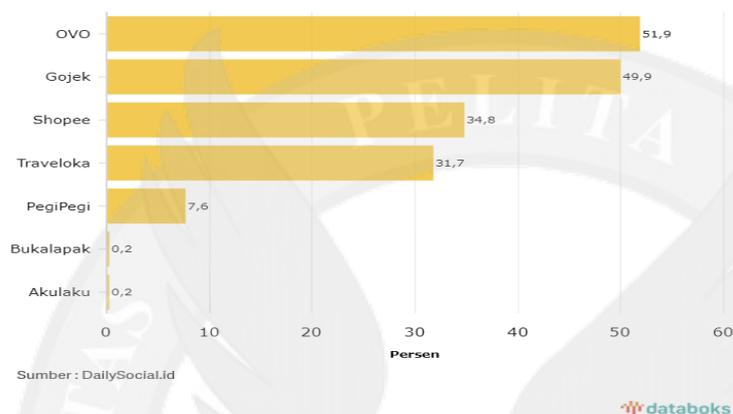

Figure 1. 5 Most Used Paylater Feature
Source: https://katadata.co.id/, retrieved in 2021, Nov 25

Some of other OVO features that are also very easy to use, efficient, and often used by OVO users, such as paying for electricity, buying data packages, or credit, where these features are certainly very easy for users (https://duwitmu.com/, retrieved in 2022, 05 June). The results of the Dailysocial.id survey throughout 2021, consistently states that OVO as e-money is the most widely used by the public for both online and offline transactions, as well as by MSMEs who are familiar with digital payments. According to the survey, the highest average use of e-money is around 2-3 to 4-6 times per month, considering that e-money is often used for various types of transactions, especially money transfers, top-ups (such as paying electricity/electricity tokens, data packages), e-commerce, and investment.

As reported by TeknoHits, Ovo itself also has customer service that is easy to contact by its users. This is because the service from OVO always prioritizes

customer convenience, OVO will provide customer care who can be contacted at any time. When experiencing problems, OVO users can immediately call and make a report to the customer services that are currently on duty. They are customer service providers who provide solutions to the problems of OVO users (https://www.teknohits.com/, retrieved in 2022, 05 June).

The presence of OVO, according to Dharmasaputra (2020), President Director (President Director) of PT Visionet Internasional (OVO), has strategic value for the national economy. OVO has been actively involved in helping the government prepare the Pre-Employment Card Program since late last year, in addition to assisting MSMEs and increasing financial inclusion. "OVO's contribution is significant because we were involved from the beginning in the development of the Pre-Employment Card platform. This is the first platform in the Republic's history to distribute funds for social assistance based on digital technology. There will also be a slew of other initiatives, particularly to assist MSMEs," Dharmasaputra said (2020) (https://www.beritasatu.com/, retrieved in 2021, 25 Nov).

Because of the widespread use of smartphones in Indonesian society, particularly among the millennial generation, the OVO application is currently available for Android and iOS platforms. OVO Cash and OVO Points are the two types of payment methods available in the OVO app. OVO Cash can be used to make a variety of payments with companies that have partnered with OVO. Meanwhile, OVO Points are loyalty rewards for those who make purchases at OVO merchant partners using OVO Cash. OVO makes it use simple for its users so that they can get the most out of the app. When it comes to making payments, OVO

makes it simple for everyone, such as when people shop at a supermarket or use an online motorcycle taxi, the user simply scans the QR code or barcode in their app.
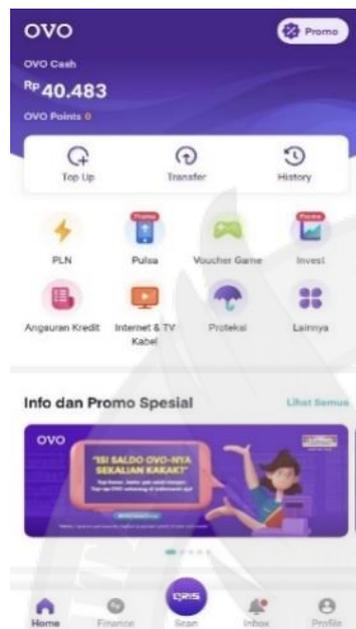

Figure 1. 6 Interface of OVO
Source: OVO apps, retrieved in 2021, Nov 25

Hypermart, First Media, Matahari Department Store, BIG TV, Bolt!, Cinemaxx, Matahari Mall, Foodmart Fresh, Siloam Hospital, Agoda, Shop & Drive, and others are among OVO's current partners. Even though there is a lot of competition from companies that issue digital payment systems, OVO is now developing a collaboration strategy with four major Indonesian companies. Bank Mandiri, Alfamart, Grab, and Moka are the four companies (https://www.pricebook.co.id/, retrieved in 2021, 26 Nov). Even now, OVO has a partnership with Tokopedia, one of Indonesia's largest online stores. This collaboration is being carried out by OVO to build trust in non-cash transactions for Indonesian consumers, as well as to expand the OVO network (https://tekno.kompas.com/, retrieved in 2021, 26 Nov). Although Tokopedia and

Gojek recently merged, OVO services on the Tokopedia platform and other OVO partners remain unchanged, including the use of OVO cash and OVO Points in payment transactions (https://keuangan.kontan.co.id/, retrieved in 2021, 26 Nov).

Figure 1. 7 OVO payment method in Tokopedia
Source: Tokopedia apps, retrieved in 2021, Nov 26

Many significant corporations are competing to establish a non-cash payment system that is nearly identical to the rising payment trend, such as Telkomsel, Indonesia's largest network company, with T-Cash, GOJEK with GOPAY, Shopee with Shopeepay, and Lippo Group with OVO. Moreover, the latest research by Neurosensum shows that Indonesian people are getting used to digital wallets. Research respondents indicated that they prefer digital wallets as a transaction medium (https://www.tempo.co/, retrieved in 2021, 25 Nov). According to Neurosensum research, digital wallets are slowly starting to replace the role of cash, including debit cards and even credit cards. From the research released in early March 2021, it was also revealed how tight the competition for digital wallets in Indonesia is in attracting users and expanding market penetration. Neurosensum

looks for trends in digital wallet usage among 1,000 respondents in 8 major cities for 3 months, from November 2020 to January 2021, which can be seen in the table.

Table 1. 3 Digital Wallet Usage Trends Survey by Neurosensum

Digital Payment System	Transaction Volume	Transaction Frequency	Highest Transaction Value
ShopeePay	29%	14.4 times per month	33%
OVO	25%	13.5 times per month	24%
Gopay	21%	13.1 times per month	19%
Dana	20%	12.2 times per month	18%
LinkAja	6%	8.2 times per month	6%

Source: https://katadata.co.id/, retrieved in 2021, Nov 25

In the table above, we can see that digital payment system competition is fierce, starting from ShopeePay, which is superior in terms of volume, which is 29% of total transactions. Then, OVO 25% of the total, GoPay 21%, DANA 20% and LinkAja 6%. Meanwhile, the highest transaction values were from offline and online shopping ShopeePay 33%, OVO 24%, GoPay 19%, DANA 18%, and LinkAja 6%. In terms of frequency, users transact with ShopeePay an average of 14.4 times per month. OVO is used for transactions 13.5 times per month, GoPay 13.1 times, DANA 12.2 times, and LinkAja 8.2 times.

It can be seen that the competition in the digital payment world is very tight. The opportunity for digital payments in Indonesia is very large, where the use of paper money will indeed be minimal in the future (https://www.cnnindonesia.com/, retrieved in 2022, 9 March). Therefore, it is important for OVO to be able to increase Actual Usage. The reason is that according to Kim et al. (2007), actual usage is the usage frequency of technology and usage times, actual usage also can be defined as how often users use information technology. It could be indicated from the data throughout 2020, that OVO users had quite significant growth

specifically 267% (https://katadata.co.id, retrieved in 2021, Nov 26). OVO also managed to record an increase in transactions from online streaming platforms up to 280% YoY in August 2021. Attempting to pay for platforms such as Disney+ Hotstar, Spotify, Joox, Viu, Iflix, Vidio, and other similar apps (https://keuangan.kontan.co.id, retrieved in 2021, Nov 26). It can be seen that the actual use of OVO continues to increase.

Further another important aspect is behavioral intention explained by Venkatesh et al. (2012) behavior intention to use is the extent to which a person has formulated a conscious plan to do or not to perform certain behaviors in the future. In addition, Fishbein dan Ajzen (2010) defined behavioral intention as the strength of a person's intention to perform a certain behavior. Dharmesta (2008) defines behavioral intention as the behavior or attitude of consumers who have a desire to use services continuously. In OVO itself, many people who have tried to use OVO have the intention to continue using OVO, this is because OVO itself has been trusted by the community for various digital transactions for the needs of the Indonesian people (https://pressrelease.kontan.co.id/, retrieved in 2022, 18 July). In addition, the survey results of the Behavioral Study of the Use of Digital Payments and Financial Services in Indonesia released by Kadence International Indonesia revealed that in terms of brand awareness, OVO managed to hit the hearts of 96 percent of respondents, of which 71 percent were active users for at least the past month. This survey that examines the behavior patterns of active users of digital payments reveals that OVO is the brand they use the most, with a figure of 31 percent, and is widely used for transactions, both online and offline

(https://pressrelease.kontan.co.id/, retrieved in 2022, 18 July).

Venkatesh et al., (2003) defined performance expectancy as the degree to which a person believes that using the system will help him achieve performance gains in his work. Gunawan (2019) also explains that performance expectancy is an individual's level of belief that using the system will help him get profits or more optimal performance at work. Moreover, the study by Gunawan (2019) explained that behavioral intention is significantly influenced by performance expectancy. In this case, OVO has an OVO Points system which is a loyalty reward that OVO users get every time they make transactions at various OVO partner merchants. People can exchange OVO Points directly with various attractive offers or make transactions at OVO partner merchants and currently, there are hundreds of merchants who are OVO partners, including hypermart, First Media, Matahari Department Store, BIG TV, Bolt!, Cinemaxx, Maxx Coffee, MatahariMall.com, Books & Beyond, Foodmart Gourmet, Foodmart Fresh, Agoda, Siloam Hospital (https://pointsgeek.id/aplikasi-ovo/, retrieved in 2022, 28 Feb).

Effort expectancy is the level of ease of use of the system information that will reduce effort (energy and time) in doing their job (Venkatesh et al., 2003). effort expectancy is defined as the level of ease associated with the use of the system (Venkatesh, 2003 in Jogiyanto, 2008). Venkatesh found that effort expectancy has an influence on behavioral intention. The same thing was also found by Abu (2010) in Jogiyanto (2008). According to Adenan (2015), effort expectation refers to how easy a person thinks in using a system. In addition, Christiono and Brahmin (2018) proved in the research that effort expectancy is indicated to be significantly

influencing behavior intention. In this case, OVO is an application that is easy to use and easy to learn, with a system that is not complicated, OVO can be used to make any payments quickly. Only by entering a bank account number or a registered mobile number, people can make transactions. people will also get an OVO ID that can be shown to OVO merchant partners when making transactions. OVO can also be used to pay for electricity, credit, data packages, postpaid, insurance, BPJS Health, cable tv, and environmental fees (https://pointsgeek.id/aplikasi-ovo/, retrieved in 2022, 28 Feb).

Social Influence is defined as the degree to which an individual perceives the people around him as family or friends inviting the individual to use the new system (Venkatesh et al., 2003). In addition, according to Wang and Chou (2014), social influence refers to how other people influence one's behavioral decisions. A study by Lai (2017) and Gunawan (2019) proved that social influence definitely contributes to behavioral intention. OVO Head of Corporate Communications, Harumi said that OVO itself also has a strong social influence, this is because the presence of OVO also focuses on making a positive impact where OVO itself has served more than 270 million people and more than 1 million QRIS merchants throughout Indonesia, OVO committed to continuing to provide comprehensive financial services and collaborate with various related industry lines, including the entertainment sector (https://keuangan.kontan.co.id/, retrieved in 2021, 15 July). In addition, based on the research of the 2021 Core Indonesia Study, it was recorded that 84% of MSMEs claimed to be able to survive during the pandemic because they used the OVO digital wallet application as a payment method

(https://www.cnbcindonesia.com/, taken in 2022, 13 April).

Facilitating conditions are defined as a person's perception of the infrastructure, resources, and techniques for using technology (Venkantesh et al., 2012). To put it another way, these variable measures how confident a person is that the system's technological capabilities can support its use. Based on a research study by Khairiyah (2017) it has been found that facilitating conditions have a direct influence on behavioral intention. The booths provided by OVO are spread throughout Indonesia where the OVO Booth will be ready to serve the needs of its users is one of the facilities provided by OVO. In addition, people can also get direct information about the current OVO promo. If anybody experiences problems in the OVO application, the customer service will provide the best solution (https://www.ovoint.com/booth-ovo/, retrieved in 2022, 28 Feb).

Hedonic Motivation means the enjoyment, fun, and pleasure a consumer derives from the use of technology (Venkatesh et al., 2012). In other words, hedonic motivation is defined as the satisfaction or pleasure that arises from using technology. Not only cares about performance but also the feelings obtained from using technology and determines that hedonic motivation is a strong factor to influence behavioral intentions toward technology adoption (Venkatesh et al., 2012). The study by Widyanto et al. (2020) proved that hedonic motivation definitely contributes to behavior intention to use mobile payment. By getting the first rank as the most commonly used digital payment from research conducted by the Asia Pacific 2020 eCommerce and Payments Study referred to in Figure 1.4, it can be shown that the feeling felt when using OVO is not bad because if using OVO

gives a bad feeling such as uncomfortable, not excited and not happy then OVO will not rank first as the most commonly used payment method. In addition, OVO itself also won 3 Gold Medals and 1 Bronze Medals from the Contact Center World Award 2021, which proves that the service quality standards and operational performance of the OVO Contact Center team have worked hard and consistently in serving the various needs of its users (https://pressrelease.kontan.co.id/, retrieved in 2022, 28 Feb).

Habit is the extent to which consumer tends to perform behaviors automatically because of learning (Venkatesh et al., 2012). According to a 2012 study published in the British Journal of General Practice, habits are "actions that are triggered automatically in response to contextual cues that have been associated with their performance." In that context, Habit use reflects the multiple results of past experiences (Venkatesh et al., 2012). The habit has a significant influence on the behavioral intention toward e-money use (Khatimah et al., 2019). As one of the digital payments that are very popular with the Indonesian people, this shows that the majority of OVO users are used to using OVO in transactions. Some of the reasons quoted from the Kadence International Indonesia survey are that it is compatible with many applications and online merchants, can transfer balances to bank accounts and the application is easy to use (https://radarsurabaya.jawapos.com/, retrieved in 2022, 28 Feb). In addition, many MSMEs in Indonesia choose to use OVO because they are already familiar with using it. According to the Behavioral Study of the Use of Digital Payments and Financial Services in Indonesia, which was released by Kadence International

Indonesia, this is because as the most widely used digital payment platform, OVO has the majority of users. who are productive or of working age (https://mix.co.id/, retrieved in 2022, 28 Feb).
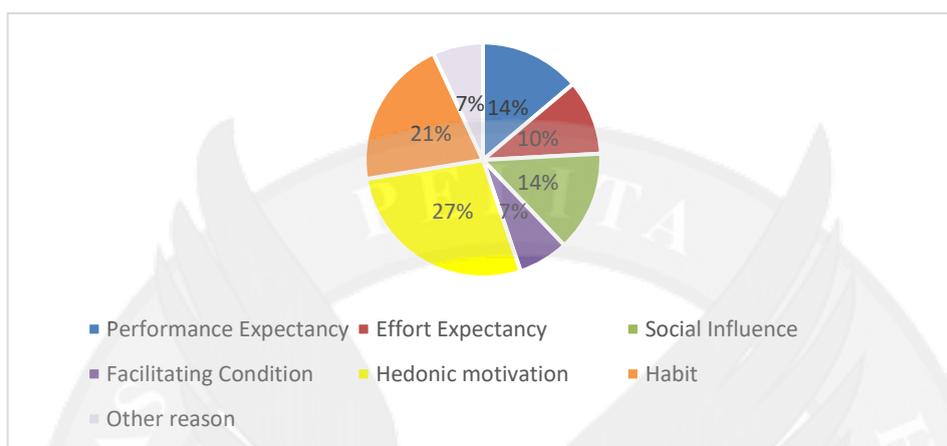

Figure 1. 8 Pre-Test Respondent Data
Source: Prepared by writer (2021, Nov 29)

The reason that specifically performance expectancy, effort expectancy, social influence, facilitating condition, hedonic motivation and habit is the focus of this study is supported by a pre-test conducted among 30 respondents whose details are attached in the appendix at the end of the report. During the pre-test study, the average respondent had used OVO for 2.6 years which was considered a fairly long period of time. Furthermore, respondents were asked the reasons why they use OVO and whether they still have the intention to use OVO again, it turns out that 29 out of 30 respondents said that they had the intention to use OVO again and the results were dominated by factors such as hedonic motivation (8), habits (6), performance expectations (4), social influence (4), effort expectations (3), facilitating condition (2). In addition, there is also another reason for having the intention to use which is promotion (1) and one unrelated answer is mentioned because OVO can be used by all groups (1).

A simple-qualitative-research is conducted as the pre-test to support this research, which highlights the situation that is currently happening where the competition in the digital payment industry is getting fierce. Hence, Actual usage is highly essential for the digital payment industry to keep leading the industry. Bringing actual usage as the main question in the pre-test, results in several answers which are dominated by those aforementioned variables. The result is aligned with several previous researches that become references. Thus, The Influence of performance expectancy, effort expectancy, social influence, facilitating condition, hedonic motivation and habit toward behavioral intention and actual usage of Digital payment systems OVO in Medan are going to be analyzed and studied in order to come up with particular insights to makes OVO leading the industry.

1.2 Problem Limitation

In order for this research to be more precise, there are some limitations as follow:

1. This research will study about several variables including; Actual usage of digital payment systems, behavioral intention to use digital payment systems that contain performance expectancy, effort expectancy, social influence, facilitating condition, hedonic motivation and habit. Specifically on the research object of, OVO in Medan.

2. The data that is going to be used in examining the research model is going to be collected in form of questionnaires that are designed based on the research object.

3. The samples that are going to be analyzed are limited to certain criteria;

both male and female, 18 to 60 years old, living in Medan, have done

an OVO top up and used the OVO application at least 2 times in the last

three months, know the promos offered by OVO, ever received

invitations to use OVO from family, friends and the surrounding

community and have made various purchases of electronic products (eg

credit, PLN, PDAM) using the OVO application.

1.3 Problem Formulation

Refer to the information provided on the background of study, here will be formulated some problems precisely to be researched. In order to see whether actual usage of digital payment systems is significantly influenced by the Behavior Intention to use digital payment systems. Here are the problems formulated:

1. Does performance expectancy significantly influence behavior intentions of OVO in Medan?

2. Does effort expectancy significantly influence behavior intentions to use digital payment systems of OVO in Medan?

3. Does social influence significantly influence behavior intentions of OVO users in Medan?

4. Does facilitating condition significantly influence behavior intentions of OVO users in Medan?

5. Does hedonic motivation significantly influence behavior intentions of OVO users in Medan?

6. Does habit significantly influence behavior intentions of OVO users in

Medan?

7. Does behavior intention significantly influence actual usage of OVO users in Medan?

8. Does behavioral intention mediate the effect of performance expectancy on the actual usage of OVO users in Medan?

9. Does behavioral intention mediate the effect of effort expectancy on the actual usage of OVO users in Medan?

10. Does behavioral intention mediate the effect of social influence on the actual usage of OVO users in Medan?

11. Does behavioral intention mediate the effect of facilitating condition on the actual usage of OVO users in Medan?

12. Does behavioral intention mediate the effect of hedonic motivation on the actual usage of OVO users in Medan?

13. Does behavioral intention mediate the effect of habit on the actual usage of OVO users in Medan?

1.4 Objective of Research

The objective of this paper is that researcher aims to find out the solution and conclusion from the hypothesis that are developed in order to be able to provide advantages for any stakeholders who might be benefits from this report. Refer to the background of study, this report aims to analyze and evaluates the influence of:

1. To determine whether performance expectancy have a significant impact on behavior intentions of OVO users in Medan

2. To determine whether effort expectancy have a significant impact on behavior intentions of OVO users in Medan

3. To determine whether social influence have a significant impact on behavior intentions of OVO users in Medan

4. To determine whether facilitating condition have a significant impact on behavior intentions of OVO users in Medan

5. To determine whether hedonic motivation have a significant impact on behavior intentions of OVO users in Medan

6. To determine whether habit have a significant impact on behavior intentions of OVO users in Medan

7. To determine whether behavioral intention a significant impact on actual usage of OVO users in Medan

8. To determine whether behavioral intention mediates the effect of performance expectancy on the actual usage of OVO users in Medan

9. To determine whether behavioral intention mediates the effect of effort expectancy on the actual usage of OVO users in Medan

10. To determine whether behavioral intention mediates the effect of social influence on the actual usage of OVO users in Medan

11. To determine whether behavioral intention mediates the effect of facilitating condition on the actual usage of OVO users in Medan

12. To determine whether behavioral intention mediates the effect of hedonic motivation on the actual usage of OVO users in Medan

13. To determine whether behavioral intention mediates the effect of habit on

the actual usage of OVO users in Medan

1.5 Benefit of the Research

The researcher really hope that this report could provide advantages for any stakeholders under this specific topic not only theoretically but also practically, as follows:

1.5.1 Theoretical Benefit

In terms of theoretical benefit, this report is expected to provide appropriate information and investigation regarding the influence of factors consist of performance expectancy, effort expectancy, social influence, facilitating condition, hedonic motivation and habit towards actual usage to use digital payments through behavioral intention to use. Furthermore, researcher hopes that this report could be used as a reference for not only general research but also academic research in the future.

1.5.2 Practical Benefit

This report wishes to provide practical benefits including:

1. For readers and upcoming researchers, that the result of this research hopefully could be used as useful insights and foundation regarding on how performance expectancy, effort expectancy, social influence, facilitating condition, hedonic motivation and habit towards actual usage to use digital payments through behavioral intention to use.

2. For the policy makers or management team of OVO, the research wishes to be able to provide suitable data and evaluation on those factors; performance expectancy, effort expectancy, social influence, facilitating condition, hedonic motivation and habit that might influence actual usage of digital payments through behavioral intention to use. Hence, the management team will be able to prepare better strategies in maintaining the actual usage in this competitive era.