

CHAPTER I

INTRODUCTION

1.1 Background of the Study

The development of information and communication technology is very fast make all human activities easier, both in the economic field and social. One of the benefits of technological developments is in terms of transactions. According to Kasmir (2013), the use of money as a payment facilities have become the main activity in almost every public activity. Mobile phones are now widely used in financial transactions which is in terms of doing transaction by using mobile payment.

Mobile payment is a modern payment system that utilizes smartphone devices. This method is increasingly in demand, because it is able to offer convenience to its users. Mobile payment is an alternative method to conventional payment systems, which use cash, checks or credit cards as payment media (Jatmiko, 2022).

According to Pertawijaya (2015), mobile payments are payments for services and goods using mobile devices such as mobile phones. According to Rizeki (2022), payment is a process, method, act of paying. Payment here has a wide range of uses; it can be used for transactions or daily economic activities up to business transactions.

Payment was born simultaneously with the birth of the concept of 'money' as a medium of exchange (medium of change) or intermediary in goods, services

and financial transactions. The simple definition of a transaction is an agreement between a buyer and a seller to exchange goods, services or financial assets. In general, transactions are defined as activities that involve at least two parties, buyers and sellers, who mutually exchange (Muhammad, n.d.).

According to Rizeki (2022), payment system is a system that regulates the transfer of funds between the buyer and the seller. In its application, the notion of a payment system is often equated with a means of payment. Basically, the payment system is a system that is used in the payment process. The definition of payment is the way or method used to carry out the transfer of funds such as transactions.

The impact of this condition is that consumers benefit from increasing alternatives in doing transactions using mobile payment, because increasing speed when doing transaction, convenience, and ease of using mobile payment to do transaction. Broadly speaking, mobile payment services have provided many conveniences for people in carrying out their daily activities in terms of transaction. Nowadays anyone can transact without having to be constrained by time, geographical conditions or other factors by using mobile payment to do transaction.

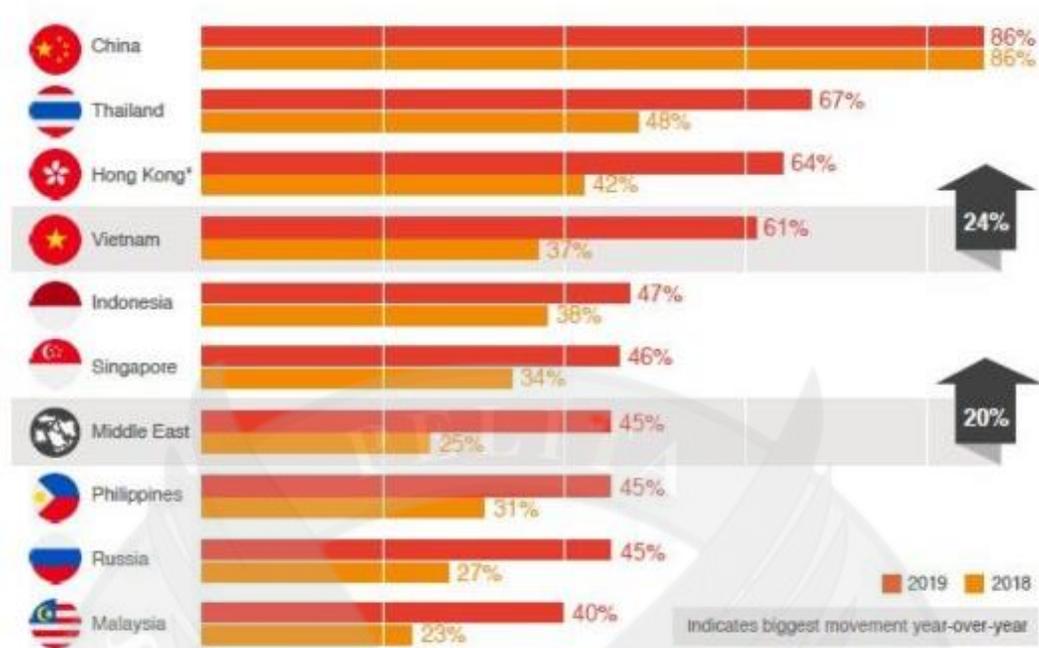


Figure1. 1 Growth in mobile payment

Source: Setiaji (2019)

From figure 1.1 above, it can be seen that mobile payment users in Indonesia in 2019 reached 47%. In fact, in 2018 the figure was still 30%. This means that there has been an increase in the number of Indonesian people using mobile payment as one of the transaction tool. In which, PwC survey above involved 21,480 respondents from 26 countries and countries in the Middle East region. In the survey, Indonesia is one of the countries that participated as respondents along with other countries.

Technology has affected the world of business; such as mobile payments have been one of the most important way of payment in transactions. Because it helps all the people around the world to pay, buy things, as it saves time in doing transaction. With the increasing use of the internet and technology, several electronic media have emerged that use digital payment instruments. The emergence of the development of transactions from cash payments to non-cash

payments (one of which is mobile payments) among the public is very attractive and cannot be avoided. It can be seen that there is considerable interest from some developer in developing payment instruments in order to improve the efficiency of their business management related to transaction.

With the features and benefits of various mobile payments, encouraging its users to use mobile payments. Although mobile payment is currently operating and is starting to attract the attention of potential consumers, it does not mean that the existence of this service will always run smoothly. There are many things that need to be addressed and developed so that the mobile payment service will always be reliable by providing a sense of security and comfort for its users.

The use of mobile payment is also not free from costs. Some mobile payments impose operational costs on users, for example fees for each transaction. Not only that, some mobile payments also charge administrative fees, such as when topping up funds, withdrawing funds, or transferring funds. Of course this is a disadvantage for the users. The use of mobile payments sometimes requires entering information about a credit or debit card and also linking the user's account on the application with a credit or debit card. Moreover, because transactions are carried out online, this makes some users or potential users worry about financial risks that can occur, such as misuse account or identity theft which can cause financial losses, or there are errors in the application that can result in loss of money.

A financial technology that is used to do such as mobile payment does not escape the threat of risk. Before using mobile payment, potential users will think

about risk, trust and ease of use toward their intention to use mobile payment. To gain the trust of mobile payment users, developers need to minimize risk by increasing the security of their providers. If mobile payment security is maintained, users trust will increase and users will be more motivated to use mobile payment.

The application of mobile payment aims to increase financial inclusion, and mobile payments can also be used as an alternative to reach people who do not have access to mobile payment and financial system services. The intention to use the OVO application has decreased which is reflected in the most popular which has decreased and is less competitive with other e wallet products. The way so that the wider community can reach these assets is through the use of the reach of telecommunications infrastructure, such as mobile phones. Some of the mobile payments used in Indonesia are GoPay, OVO, LinkAja, Dana, and other mobile payments.

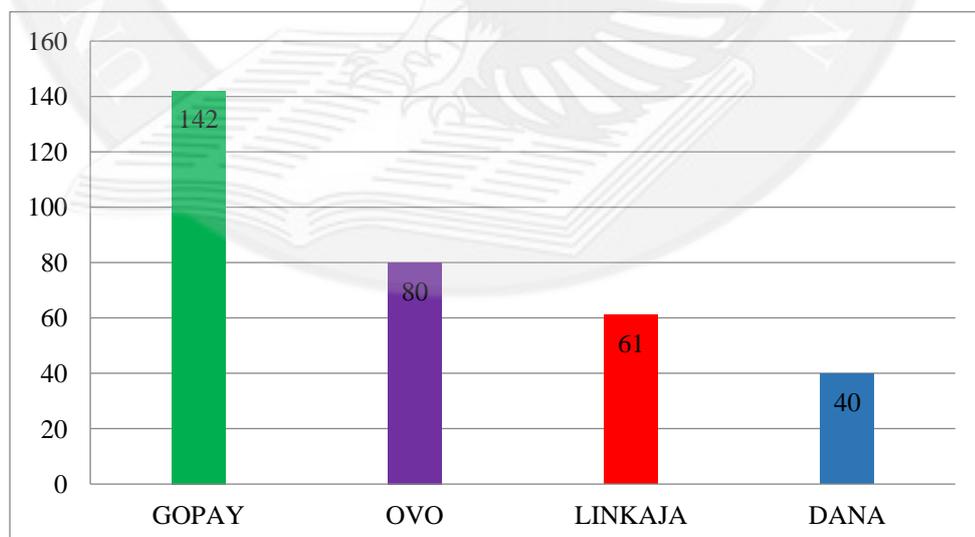


Figure1. 2 Most Popular Digital Payment Platforms by Survey Kadence
Source: Kadence (2021)

From figure 1.2 above, it can be seen that there are large number of mobile payment users. The use of mobile payment is also not free from costs. Some mobile payments charge its operating costs to users, for example fees on each transaction. Not only that, some mobile payments also charge an administration fee; such as when topping up funds, withdrawing funds, or transferring funds. Of course this is detrimental o the user. Due to various factor, some people tend to still use conventional payments by using cash in transactions compared to using digital applications payments (such as mobile payment).

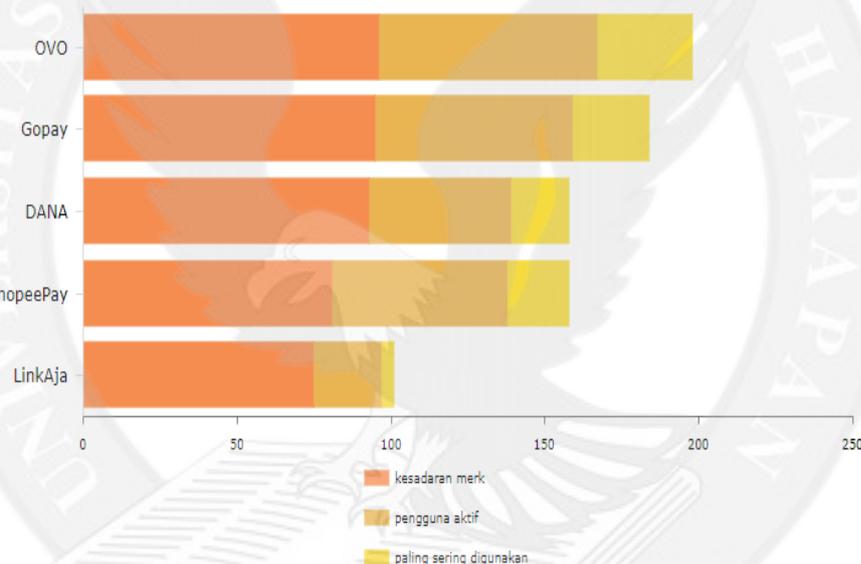


Figure1. 3 Most Popular Digital Payment Platforms by Survei Kadence
Source: Dihni (2021)

From figure 1.3 above, can be seen number of digital payment (mobile payment) platforms with frequent usage, active users and brand awareness. Survei Kadence which is conducted in July 2021 involved 1,000 respondents through online surveys in several major cities in Indonesia, namely Jakarta, Bandung, Surabaya, Makassar, Medan, and Palembang. This survey examines

the behaviour patterns of active users of 14 digital payment platforms and only 5 platforms that are considered quite popular in the country.

In the use of the OVO application, there are many unsatisfactory complaints so that it gives a bad review and a low rating on the acceptance of risk if transactions in OVO experience errors. Here below is a review of the OVO application users are:

Table 1. 1 Google Review

Ratings	Descriptions
2	<i>Kasih bintang dua aja dulu karena aku kesal katanya biaya transfer gratis, nyatanya setiap aku melakukan transfer dan isi saldo selalu dikenakan biaya, dan satu lagi setiap ingin melakukan transfer kebanyakan selalu error' padahal belum mencapai batas transfer, tolong diperhatikan dan diperbaiki lagi agar tidak mengecewakan pengguna.</i>
2	<i>Aplikasi....lelet...aplikasi, e-wallet terlelet transfernya lama..ga kayak aplikasi sebelah mana ada biayanya lagi...ga bisa diandalkan lagi butuh cepat...aplikasi dana paling telat 10 menit...dan ada asuransinya.</i>
1	<i>Tiap transfer selalu dalam proses, bila belum siap bekerja dengan baik jangan buka aplikasi dulu. Perbaiki sistemnya Ini udh lebih dari 10X transfer seperti ini. Untuk chat di aplikasi aja susah. Bener bener aplikasi sampah</i>
1	<i>Transfer ke bank bermasalah, uang tidak masuk2, history sering hilang, chat di pusat bantuan mengalami gangguan, ga usah ditransfer aja, ambil aja uangnya buat perusahaan kalian! Pantas tokopedia ga bekerjasama lagi dengan kalian. Jadi mikir2 lagi mau pake app ini!</i>
1	<i>saya baru saja top up dan uangnya tidak bisa dipakai sama sekali, mau transfer disuruh upgrade ke premier, udah upgrade ke premier disuruh bolak balik foto ktp berulang kali (lebih dari 10x), mau saya isi pulsa gagal juga. tolong ya, saya menyesal unduh app ini, saya ingin uang saya dikembalikan ke saya tanpa berkurang sedikitpun, ngeselin banget pokoknya</i>

Sources: Prepared by the writer, (OVO, 2022)

Table 1.1 shows that there are risks in using the OVO application resulting from not upgrading to premier so that the funds in OVO cannot be used, transfer transactions that are long enough to experience balance cuts but do not enter the destination account even though the news is sent. This led to the disappointment of OVO application users.

Factors that influence the intention to use the consumer, because of the sense of trust and the perceived risk to decide in the intention to use mobile

payments This is supported by previous research by Ting et al. (2016), the intention to use a mobile payment system in a person is influenced by behaviour, understanding the individual's perceived social control to use or not to use things that are influenced by beliefs, stimuli from other people or force the individual to adapt to the habits and values of the group, which participate in influencing in it a person's feelings for the ease or difficulty of creating a certain actions.

The influence of the trust affects the intention to use mobile payment. Trust is the willingness to rely on others to do something (Kotler & Armstrong, 2018). Trust is important in the use of mobile payments as a transaction tool. This concept of trust means the reliability of the electronic money service provider in ensuring the security and confidentiality of the instruments used by users to build users' trust.

In a study by Liébana et al. (2018), the importance of trust as an instrument to increase consumer interaction, increase consumer loyalty and credibility in the cellular payment technology system. When someone wants to make a payment transaction via a cellular phone (smartphone), then his or her anxiety and anxiety become a top priority for consumers to consider, ensuring that the money given doesn't just disappear but gets the desired product or service in return according to what the consumer expects. Initial trust will have a direct influence on intention to use, this is supported by previous research by Yang et al. (2015), due to customer anxiety about the financial and security risks of using mobile payment platforms.

The level of public confidence in transactions in the online world is quite high. Based on survey data, it is known that 62.8% of internet users feel safe doing transactions online (APJII, 2018). To facilitate customers today have been introduced many payment systems using e-wallet. The absence of confirmation and replenishment of the balance after making a top up even though the bank account has been recorded truncated balance, the incident can be affects the sense of trust due to lack of security provided by OVO in maintaining the security of the balance on the application. lack of customer service and also lack of security in maintaining privacy customers because there has been abuse of NIK from unknown persons creates a sense of customer distrust of PT. Visionet International or commonly known as OVO. With a sense of mistrust, customer satisfaction is not created will be the service of OVO so that the sense of wanting to move to another brand can be higher.

Ease of use in electronic money is one of the reason people use electronic money facilities in daily lives. The use of conventional money, namely cash and coins, is considered to hinder certain transactions in urgent conditions, so that people prefer to use electronic transactions to facilitate their mobility in carrying out a transaction. As reported by Hartono (2013), the view of everyone using an electronic transaction system is seen from how much effort is used to use an instrument, where the smaller the effort spent, the easier the instrument is to use. Just as a company aims to transact quickly, safely, and comfortably, this electronic money service is used to make it easier for consumers to transact.

The variety of features available on the OVO application, you can enjoy a variety of transaction needs using just one application. Then, for transaction purposes, OVO also offers a lot of cashback for its loyal users. There is also an OVO Point feature that users can get from transactions made using OVO. Besides the advantages, there are some disadvantages OVO application in terms of facilities provided to customers related to facilities. The facilities provided to OVO users are still not satisfactory. This can be seen from the features presented are still not as complete as other E-Money applications, the upgrade process from OVO Club to OVO premier is sometimes difficult for users to do, the next drawback is where merchants are still limited so that it is difficult for us to pay in certain places using OVO. This is quite disappointing for application users because by upgrading to premier the features received are more complete.

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.

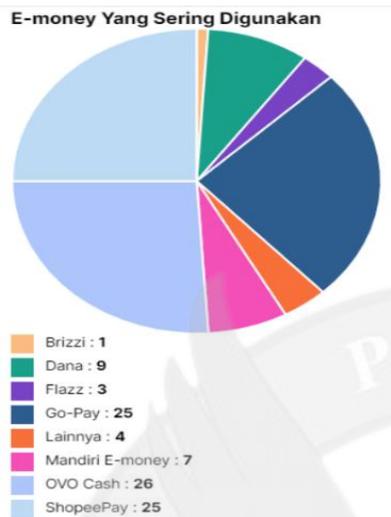


Figure1. 4 Frequently Used E-money

Source: <https://geo.mapid.io/>, retrieved in 2021, Nov 25

In this study, researcher will analyse the effect of perceived risk, trust and ease of use toward the intention to use mobile payment. This is due to the influence of risk perception, trust and ease of use toward the intention to use mobile payment. For this reason, the researcher wants to know how the perception of risk, trust and ease of use affects toward the intention to use mobile payment.

Based on the description above, it is important to analyse the perception of risk and trust and ease of use toward the intention to use mobile payment in making transactions. Therefore, the author would like to conduct a research entitled **“The Influence of Risk Perception, Trust and Ease of Use toward The Intention to Use Mobile Payment”**

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; Risk Perception, Trust, Ease of Use and Intention to Use. In which, the population in this study is Accounting User (People who learn in accounting field) which is UPH accounting students.
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, respondent of accounting students, 18 to 23 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, ever been contacted OVO customer service and have made various purchases of electronic products (eg credit, PLN, PDAM) using the OVO application.

1.3 Problem formulation

Based on the background of the study above, the formulation of the problem can be formulated as follows:

1. Does risk perception partial affect the intention to use mobile payment?

2. Does trust partial affect the intention to use mobile payment?
3. Does ease of use partial affect the intention to use mobile payment?
4. Do risk perception, trust and ease of use simultaneously affect the intention to use mobile payment?

1.4 Objective of the Research

The objectives of this research are:

1. To find out whether the risk perception partial affect the intention to use mobile payment?
2. To find out whether the trust partial affect the intention to use mobile payment.
3. To find out whether the ease of use partial affect the intention to use mobile payment.
4. To find out whether the risk perception, trust and ease of use simultaneously affect the intention to use mobile payment.

1.5 Benefit of the research

This research is expected to provide benefits for those in need, both theoretically and practically, including:

1.5.1 Theoretical benefit

This research is expected to add insight and knowledge regarding the influence of risk and trust and ease of use toward the intention to use mobile payments, and is also expected to be a means of developing knowledge

theoretically studied in lectures.

1.5.2 Practical benefit

1. For the researcher, this research is expected to be a useful tool in implementing the researcher's knowledge of the influence related to the risk perception and trust and ease of use toward the intention to use mobile payments.
2. For next researchers, this research is expected to contribute to the development of related topic, for those who want to continue to develop this research.

