

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Almost everyone in Indonesia is familiar with the term investment, even though people have never tried it. Lately, investment has been widely discussed by many people, not only parents but young people like the millennial generation and generation Z as well. The number of capital market investors continues to increase in line with increasing public awareness of investing, which is supported by developments in digital technology. Data from the Indonesian Central Securities Depository (KSEI) states that until December 2022 the number of capital market investors jumped 37.5% to 10.3 million investors from the previous 7.48 million investors at the end of December 2021 (Malik, 2022). Compared to 2019, the number of capital market investors has increased more than 4 times as can be seen in Figure 1.1 below.



Figure 1.1 Number of Capital Market Investors in Indonesia
Source : Malik (2022)

The surge in the number of capital market investors was mainly supported by the number of mutual fund investors, Government Securities (SBN) investors as well as stock and other securities investors. Member of the Board of Commissioners concurrently serving as Chief Executive of OJK Capital Market Supervision, Inarno Djajadi said nearly 60% of the total number of investors in the capital market are millennials and generation Z who are under 30 years old, meaning that Indonesian capital market investors are still dominated by Gen Z investors and millennials (Malik, 2022). However, every member of the public when investing in the capital market needs to first understand all forms of products and the legality of licensing from those who offer them. This aims to avoid fraudulent or illegal investments that often promise unreasonable returns.

There are many types of investments that are often offered, such as investment in property, gold, mutual funds and stocks. Of the many existing investments, one type of investment that is quite popular in Indonesia is stock investment which is the most promising in recent years (Nurhaliza, 2022). Many people are interested in investing in stocks because the prices are quite affordable, investing in stocks is also very easy to do and flexible. People will get the maximum profit if able to analyze the market properly and choose the right stocks. One reason for the increase in the number of investors is the ease of opening accounts online.

The emergence of Covid-19 made all people to stay at home or work from home which made everything done online, this also happened in the investment world. Since 2019, the procedure for opening an account has become simpler.

Until now, there are 34 securities companies that provide online account opening (Lavinda, 2022). The growth in the number of stock investors is one sign of the achievement of the Indonesian capital market. The number of local investors which continues to increase significantly, especially during the COVID-19 pandemic, is a sign that the Indonesian people are increasingly aware of the importance of investing and are making the capital market an alternative way of investing.

An investor must go through securities to purchase and sell shares when investing in stocks. A securities company is a company that has obtained a business license and whose activities as a securities merchant are regulated by the Financial Services Authority (OJK). There are already a large number of securities that provide online trading facilities and also offer free stock consulting services (Muamar, 2019). The role of a securities company can be said to be quite crucial, therefore it is important to choose the best and most trustworthy securities company.

Securities companies play an important role in connecting investors with stock exchanges, channeling desired buy/sell orders and various market information via online trading platforms. Each securities company offers its own unique online trading platform, sets different minimum initial capital requirements, and determines various trading fees. This will of course be intense competition between securities companies, therefore the use of mobile applications that can reach customers wherever they are, must be maximized by the securities companies as best they can in order to fulfill customer desires.

Table 1. 1 List of Mobile Apps for Investment

No.	Securities company	Mobile application	Launched	Number of Downloads	Play Store Ratings
1	PT. Indo Premier Sekuritas	I POT	2007	1M+	4.3
2	PT. Ajaib Sekuritas Asia	Ajaib	2019	1M+	4.0
3	PT. Bibit Tumbuh Bersama	Bibit	2019	5M+	4.8
4	PT. Bareksa Portal Investasi	Bareksa	2018	1M+	4.6
5	PT. Phintraco Sekuritas	Profits Anywhere	2020	50K+	4.8

Source : Prepared by Writer (2023)

Table 1.1 shows several lists of securities companies and their applications. Judging from the list, there are not too many people downloading the Profits Anywhere application owned by PT Phintraco Sekuritas when compared to other securities applications. The distance between downloading the Profits Anywhere application and other securities applications is far in comparison, where up to now there are around 50,000 downloaders of the Profis Anywhere application. Meanwhile, the Ajaib application, even though it appeared a year earlier than Profits Anywhere, has already reached billions of users. Currently, the number of customers of PT Phintraco Sekuritas is 100,000 people (<https://www.phintracosekuritas.com/about-company.php> retrieved on September 14, 2022). Meanwhile, PT Ajaib Sekuritas Asia has reached 1,000,000 people (<https://ajaib.co.id/about-kami/> retrieved on September 14, 2022). PT Phintraco Sekuritas is a securities company and a member of the Indonesia Stock Exchange which officially operates on 1 July 1999. The four securities in table 1.1 are a list of competitors for Phintraco Securities, where there are various other competitors such as Mirae Asset Sekuritas, Mandiri Sekuritas, MNC Sekuritas, BNI Sekuritas and BCA Sekuritas which have advantages and disadvantages for each security

application. PT Phintraco Sekuritas has a mobile application called Profits Anywhere which is offered to its customers in transacting shares in the capital market with various attractive features.



Figure 1.2 Feature of Profits Anywhere Application

Source : Profits Anywhere Application (2023)

PT Phintraco Sekuritas has a mobile application Profits Anywhere offered to its customers in transacting shares in the capital market with various interesting features including shares screening, shares comparison, shares pivot, sms alarm, full access on market info, informative, trading area buy or sell, order status, and portfolio (<https://www.profits.co.id/>, retrieved on September 14, 2022). Currently mobile application can be downloaded in the playstore for android smartphones, and on ios for iphone smartphones.

PT Phintraco Sekuritas has 27 branch offices and works with 185 Indonesian Stock Exchange Investment Gallery at universities and other institutions in many different areas. PT Phintraco Sekuritas Medan is one of its branch offices. PT Ajaib Sekuritas Asia has both stock investment instruments and mutual fund investment instruments (Ajaib, 2022). This can be seen in Table 1.1. Mutual funds are the best type of investment for people who are just starting out, especially if they don't have a lot of time. They are also less risky than stock purchases (Putri, 2021). With stock and mutual fund investments, buyers can choose the right one for them.

If are aggressive investor, are willing to take high risks, invest for the long term, and are willing to take the time to understand the ins and outs of the company, then stocks can be the right choice. Meanwhile, if don't have much experience when investing, are afraid of investment risks, and don't have a lot of funds to start funding, then mutual funds can be an option. This can be one of the advantages of why the Ajaib application is more widely used by investors than the Profits Anywhere application. The Profits Anywhere application only provides stock investment instruments where not everyone can invest in stocks because it has a high risk.

Therefore, it can be said that the Profits Anywhere application owned by PT Phintraco Sekuritas is not complete in providing investment options. In meeting customer desires, attracting more customers and retaining customers to use the company's services continuously, there are several factors that investors

will consider before deciding to use securities application services. These factors are Reliability, Privacy and Security, App Design and Customer Service.

Reliability is ability application to get operate without any disturbances (errors). Reliability means the application can also display the required data and information in a timely manner (Nathanael & Setyawati, 2018). The definition of reliability is the ability to perform the promised service reliably and accurately. Several researchers found that reliability ratings were the most powerful predictors of customer satisfaction (Handoko & Ronny, 2020). In addition to reliability, privacy and security are also important for securities companies that develop investment applications.

In this digital era, technology has made it easy. But, as digital technology develops, there are more and more loopholes in security. The most important thing in using the application is security and privacy because it will affect consumer satisfaction. Security is important to prevent the negative impact of threats on a system (Manuel, 2019). In addition to technological advances in buying and selling shares, it is important to realize that there is potential for crime to occur.

Some illegal actions can be carried out by manipulating financial information in order to make huge profits. This is known as electronic crime (cyber fraud). This electronic crime can harm customers and securities companies in the circulation of stock buying and selling transactions. Quoting from TechTimes, cybercrime cases not only threaten data and information from securities companies, but also data from consumers (Helios, 2018). The data

includes name, email address, telephone number, location of residence, to personal banking account data.

When this happens, it will certainly lead to serious problems. Protection of personal information is a cornerstone of customer trust and is a sound business practice. The reason is, the company will be considered negligent for letting consumer's personal data leak just like that and the company may lose its reputation. For this reason, it is important to use electronic and manual control procedures regularly by adjusting to changing needs and technological developments. In addition, customers must also be selective in any information obtained on social networks and any news portals, so that customers are required to be active in assessing the validity of all information (Most, 2019).

The third factor that investors will consider before deciding to use a securities application service is app design. The current mobile application market competition is very competitive where every day new mobile apps appear that offer interesting features and content for potential users. App Design is a customer's perception of the visual appeal of an application that is organized with functions tailored to search, quick access, and ease of error correction (Rochmawati, 2019). Without a charming user interface, customers will not be interested in using the mobile app that has been created. Therefore, sophisticated technology needs to be supported by a user-friendly design so that it can be used and is useful for its users.

One last factor that also greatly influences someone in choosing and investing in a securities company is customer service. Having a customer service

that is responsive and willing to help is very influential in convincing someone to determine the securities company they want to choose (Pratama, 2021). Customers may encounter various obstacles when investing with the securities company, such as, as simple as wanting to know whether the deposit made by the customer has entered or not, then agile customer service will be very helpful in such situations. Therefore, customers must ensure that the company has good customer service.

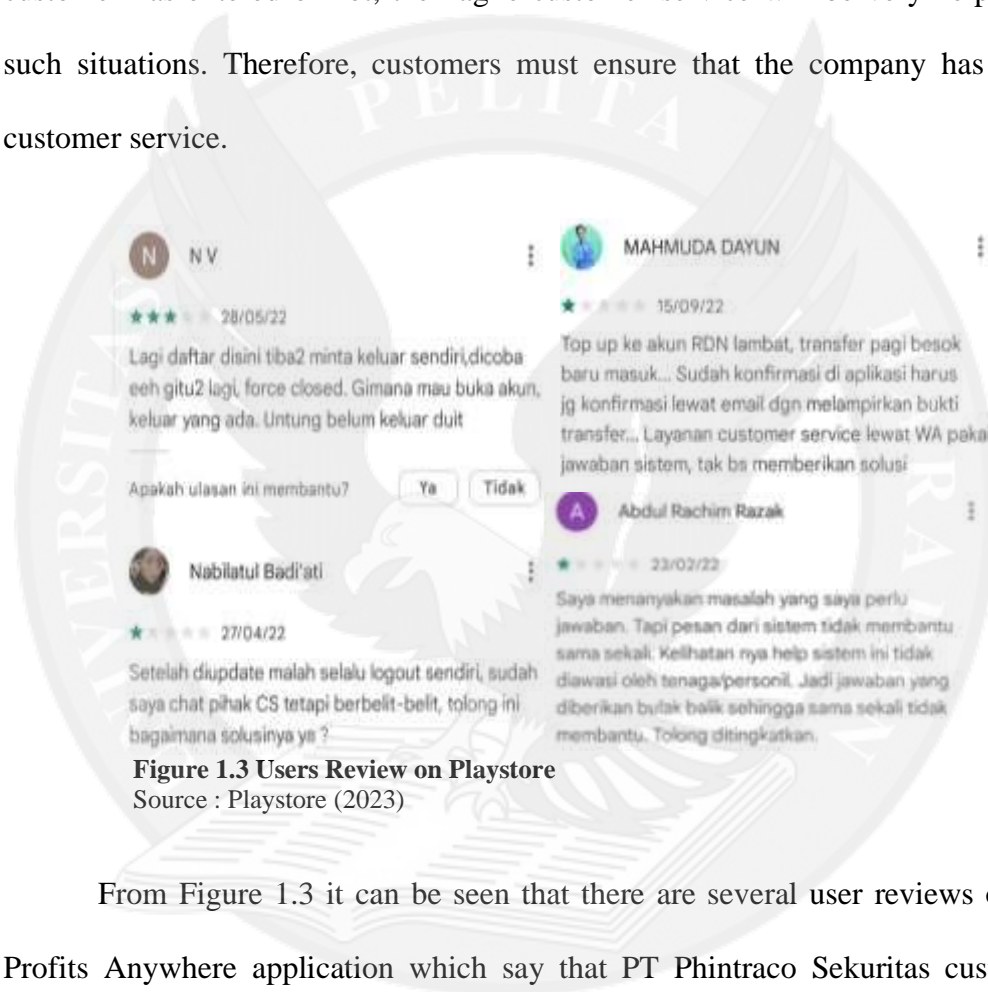


Figure 1.3 Users Review on Playstore
Source : Playstore (2023)

From Figure 1.3 it can be seen that there are several user reviews of the Profits Anywhere application which say that PT Phintraco Sekuritas customer service is irresponsible. When customers are experiencing problems, customer service is very slow in responding and sometimes the solutions provided do not solve customer problems. This really jeopardizes the company's reputation because with the development of today's many securities, customers can switch to other securities. In the current era of very tight competition, the factors that

influence customer decisions to use investment applications need to be studied to create customer loyalty.

In addition, by understanding these various factors, securities companies can use them to innovate and develop in order to provide customer satisfaction. Creating a sense of satisfaction for customers which can provide several benefits, including between securities and customers to be harmonious, thus providing a good basis for realizing a good perception. Loyalty is referred to as e-loyalty (electronic loyalty) which is the intention to return to an online site or application. E-loyalty is influenced by satisfaction, if consumer satisfaction using application increases, it creates high loyalty as well (Rintasari & Farida, 2020). This research is important to do because it is to further examine and deepen existing knowledge, and to be able to further develop it. Phintraco Sekuritas (Profits Anywhere application), which is the object of research, is important to study and examine in depth because if a customer gets a problematic securities application or an error occurs, it will result in a customer's inability to make an investment. Securities companies play an important role in connecting investors with stock exchanges, channeling desired buy/sell orders and various market information via online trading platforms.

In accordance with the phenomenon that occurs, the author wants to conduct a research entitled **"The Influence of Reliability, Privacy & Security, App Design, and Customer Service Towards E-Customer Satisfaction and E-Customer Loyalty of Profits Anywhere Application Users In Medan"**.

1.2 Problem Limitation

Problem limitation on this research is :

1. The variables to be studied are of reliability, privacy & security, app design, and customer service.
2. The respondents studied in this study were users in Medan who had used the Profits Anywhere application.
3. Software tools were used to do research and analysis on the questionnaire results is Amos 25.0.
4. Respondents to the questionnaire range in age from 18 to 60 years old, live in Medan, have been registered as Profits Anywhere customers within the past year, have installed and been using Profits Anywhere within the past six months, have completed more than three transactions within the past six months, and have contacted the Profits Anywhere customer service team within the past six months.
5. In this study, the author will implement an intervening variable consisting of three variables, the influence of Reliability, Privacy & Security, App Design and Customer Service as the Independent Variable (Variable X) towards E-Customer Satisfaction as the Intervening Variable (Variable Z), and E-Customer Loyalty (Variable Y) serving as the Dependent Variable.

1.3 Problem Formulation

Based on the above background that has been described, the formulation of the problem in this study is :

1. Does Reliability have a significant effect on E-Customer Satisfaction for users of the Profits Anywhere application in Medan?
2. Does Privacy & Security have a significant effect on E-Customer Satisfaction for users of the Profits Anywhere application in Medan?
3. Does App Design have a significant effect on E-Customer Satisfaction for users of the Profits Anywhere application in Medan?
4. Does Customer Service have a significant effect on E-Customer Satisfaction for users of the Profits Anywhere application in Medan?
5. Does Reliability have a significant effect on E-Customer Loyalty for users of the Profits Anywhere application in Medan?
6. Does Privacy & Security have a significant effect on E-Customer Loyalty for users of the Profits Anywhere application in Medan?
7. Does App Design have a significant effect on E-Customer Loyalty for users of the Profits Anywhere application in Medan?
8. Does Customer Service have a significant effect on E-Customer Loyalty for users of the Profits Anywhere application in Medan?
9. Does E-Customer Satisfaction have influence E-Customer Loyalty on Profits Anywhere application in Medan?

1.4 Objective of the Research

Based on the problem formulation above, the objective of the research is :

1. To find out and analyze whether Reliability has a significant effect on E-Customer Satisfaction for users of the Profits Anywhere application in Medan
2. To find out and analyze whether Privacy & Security has a significant effect on E-Customer Satisfaction for users of the Profits Anywhere application in Medan
3. To find out and analyze whether App Design has a significant effect on E-Customer Satisfaction for users of the Profits Anywhere application in Medan
4. To find out and analyze whether Customer Service has a significant effect on E-Customer Satisfaction for users of the Profits Anywhere application in Medan
5. To find out and analyze whether Reliability has a significant effect on E-Customer Loyalty for users of the Profits Anywhere application in Medan
6. To find out and analyze whether Privacy & Security has a significant effect on E-Customer Loyalty for users of the Profits Anywhere application in Medan
7. To find out and analyze whether App Design has a significant effect on E-Customer Loyalty for users of the Profits Anywhere application in Medan
8. To find out and analyze whether Customer Service has a significant effect on E-Customer Loyalty for users of the Profits Anywhere application in Medan

9. To find out and analyze whether E-Customer Satisfaction have influence on E-Customer Loyalty on Profits Anywhere application in Medan or not.

1.5 Benefit of the Research

There are two types of benefits that can be achieved from this study, which are as follows:

1.5.1 Theoretical Benefit

The results of this study are expected to be used as a reference for information regarding the use of reliability, privacy & security, app design, and customer service represented by users of the Profits Anywhere application in medan for further research.

1.5.2 Practical Benefit

The following are the practical benefits of the results of this study which are expected to be useful :

1. For author

The results and findings of this study are expected to provide the authors with new knowledge for future implementation of values related to reliability, privacy & security, app design, and customer service in the marketing management department.

2. For company

This research is useful to determine the effect of reliability, privacy & security, app design, and customer service to increase customer satisfaction which can provide benefits as input or consideration

for companies as well as decision making to design effective marketing strategies related to achieve the desired goal.

3. For other researchers

This research is expected to be a source of information in the academic field, especially in marketing management courses as learning material for researchers and other parties who will examine the influence of reliability, privacy & security, app design, and customer service on customer satisfaction and customer loyalty in use of investment applications.

