# CHAPTER I

INTRODUCTION

1.1 Research Background

The digital economy can be defined as all economic activities such as transactions, production, and distribution of products or services through digital technologies or the internet. During the pandemic crisis in 2020, Indonesia shows its resiliency with the growth of the digital economy by 11% from $40 billion in 2019 to $44 billion in 2020 from the most productive sectors namely e-commerce, transportation & food, online travel, online media, financial services, EdTech, and HealthTech as they provide crucial solutions during the lockdown (Davis et al., 2020). Additionally, in the same year, the digital economy contributed 4% of Indonesia's GDP and by 2030 the GDP is expected to grow from Rp15,4 trillion to Rp24 trillion (Mudassir,2021).

The information above is influenced by the increasing number of new online users that led to an acceleration of digital consumption. Indonesia now has 197 million internet users, a rise of 8,9% from 2019. This indicates that approximately 74% of Indonesia's population was using the internet (Irawan et al., 2020). Also, there were 137 million Indonesian digital consumers and 34% of them shifted their purchase habits to digital food delivery services, 33% to groceries, and 22% to education. Thus, these top three sectors become the drivers of the digital opportunity in Indonesia which can be seen in figure 1.1 below.
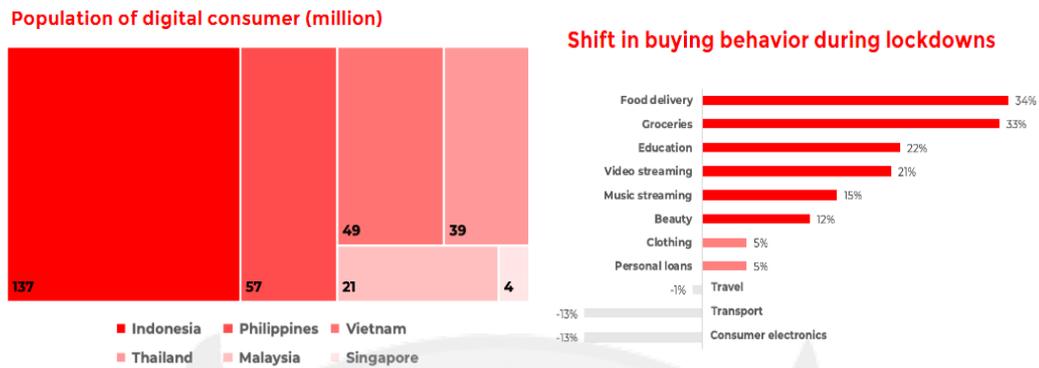
Figure 1.1 Share of Digital Population and Buyer Behaviour Shifting in Indonesia
Source: (STARTUP Indonesia & BUBU.Com, 2021)

In 2020, there were 170.4 million smartphone users in Indonesia, or 61,7% of the total population (Pusparisa,2021). This means that almost half of Indonesian are connected to their smartphones which are also offered various types of mobile applications that have changed how we used them in every aspect of our lives. One of them is in how people learn and study, with the development of mobile apps people can easily learn anywhere and anytime by using their mobile device or also known as mobile learning/ M-learning (Priscila, 2020).

As education sectors nowadays utilize IT software and hardware to create more engaging, convenient, and personalized learning experiences which then formed a new digital sector called EdTech (Education Technology). Based on EdTech Landscape Survey by the World Bank (2020), more than 68 million students in Indonesia were unable to attend the school which led to increased demand for online learning platforms as 200% growth in active users and the number of applications downloaded during the pandemic (Bhardwaj et al., 2020). This results in the massive emergence of EdTech start-ups in Indonesia which offers products and

services to assist students in learning or upskilling since there is a large market in the field. Some key players in the industry that focused on a specific niche within the overall education industry such as *Ruangguru* (K-12), Zenius (K-12), *Mau Belajar Apa* (Vocational – IT & Art topic), *Cakap* (Language learning), HarukaEdu (Higher Education), and *Lingkaran* (Life skills learning) (Ravenry, 2020). The product and services offered by EdTech firms are mostly accessible from web applications or browser while mobile-based applications become a trend among EdTech firms, but the market still lacks talents and cost to create and maintain which can be seen in figure 1.2 below.
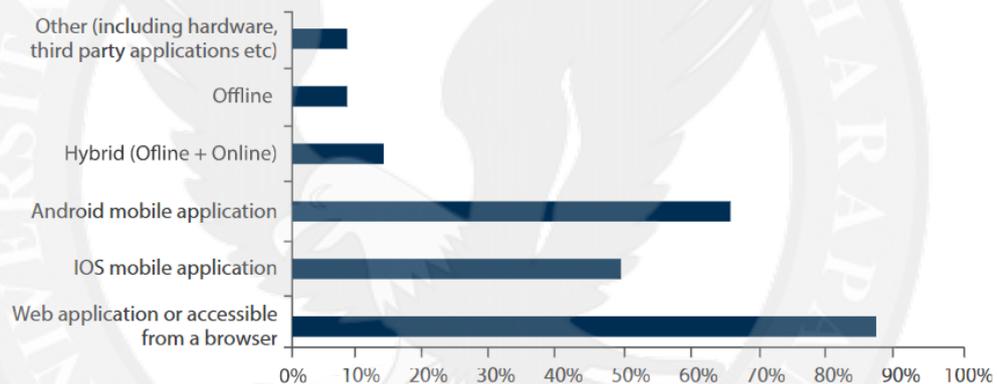
Figure 1.1 Share of Delivery Mode of Different Offered by EdTech Firms in Indonesia
Source: Bhardwaj et al., 2020

The covid-19 pandemic has shifted the way Indonesia's citizens, especially millennials think about investment and the stock market, they are starting to realize that in the current situation it's important to have savings/ investments as they have more free time to search for information about investment on the internet (Catriana, 2020). Based on the press release (Laoli, 2021), at the end of 2020, the number of Single Investor Identification (SID) in stocks was 1.69 million accounts, or an

increase of 53.47% from 1.1 million SID at the end of 2019, and 75% of them are dominated by young people under 40 years old. In the past, it is hard to access knowledge and make a transaction in the stock market. But with the power of technology, people can easily invest their money in trusted online platforms such as *Bibit, Bareksa, IPOT*, *Ajaib, Pluang*, and many more (Vekelita, 2021). Although investing appears to be simple, it comes with risks that millennials should be aware of. These risks are linked to the level of return earned; the higher the profit, the risks also higher (Sulistyorini, 2021). Therefore, people need to be financially well literate to make wise decisions in selecting investment instruments to avoid scams.

According to Digangi (2021), financial literacy is the ability needed for financial instruments - saving, banking, money management, and budgeting to make a better decision on what to do about the money that an individual has. While the availability to access a variety of financial services, products and institutions can be defined as financial inclusion (Ibnu. 2020). Financial literacy and financial inclusion rate in Indonesia are only 38.03% and 76.19%, respectively, according to the results of the National Financial Literacy and Inclusion Survey (SNLIK) in 2019. (Karunia, 2021) stated that high inclusion rates with low literacy indicate such a high potential risk. Even though people have access to finance, in fact, they don't understand the function and risks. Increasing literacy is the key so that the level of inclusion that has occurred can have a more productive impact with minimal risk.

To increase the financial literacy rate in Indonesia and help millennial enthusiasm in investing, some companies put emphasis on developing mobile

applications and learning platforms that focused on offering learning material for finance and investment one of it is Ternak Uang application. Ternak Uang application launched by PT Ternak Uang Nusantara in February 2021 as an education platform specialized in creating learning materials about investment and with the purpose to increase financial literacy in Indonesia, especially millennials. Even before their application launch in the market which proven with the fact that there were 300 participants who had registered before the application was launched. In one year, Ternak Uang application has reached more than 351,000 users around Indonesia with 30% growth monthly. There are several features inside the application including Financial Checkup, Ternak Uang Academy, Interactive Class, Preferred Stock Watchlist, Ternak Uang Hotline, Online Community, and Insight. Furthermore, the learning materials offered are quite diverse, ranging from financial planning, investments, to specific instrument like cryptocurrencies.

While the competition in education platform in special niche such as financial education is not really tight compared to other niche like digital skills education or school exam preparation, the opportunity for digital education in this field is crucial in Indonesia as the number of loss from illegal investment has reached Rp2,5 trillion in 2021 (Dihni, 2022). Hence, it is important to support the growth of digital education platform in financial education since it will help the financial literacy rate in Indonesia, so the loss people received will be lower in the future. Below is the comparison between the numbers of download and play store ratings of several m-learning apps for investment learning in Indonesia.

Table 1.1 List of Mobile Apps for Investment Learning

No	EdTech Company	Mobile Application	Launched Year	Number of Downloads	Play Store Ratings
1	*PT. Trimegah Sekuritas Indonesia*	Trimegah e-learning (Tell)	2019	1K+	4.9
2	*PT. Emtrade Profit Indonesia*	EMTrade	2019	50K+	4.6
3	*PT. Terak Uang Nusantara*	Ternak Uang	2020	100K+	3.9

Source: prepared by writer (2022)

From table 1.1 above, it can be seen that the application launched by *PT Ternak Uang Nusantara* was gaining popularity in Indonesia which can be seen by the number of downloads in the Play Store about more than 10.000 downloads. In February 2021, *Ternak Uang* application were ranked 3rd as the best education technology platform on Playstore and App Store (Yusra, 2021). While there is competitor like *PT Emtrade Profit Indonesia* which also focused on investment education, specifically on the stock market including helping users to analyse the stock market in Indonesia, and the company is already certified by the Ministry of Communications and Informatics of Indonesia (Kominfo) (Emtrade, 2021). *PT Ternak Uang Nusantara* already has more than 351.000 users in just one year after they established and grow by 30% monthly (CNBC, 2021), which means that there are many people who choose to adopt or use *Ternak Uang* application as the source to satisfy their needs in learning investment and financial management compared to other application.

The fact that *Ternak Uang* application is newly launched in February 2021, users still experience some problems while using the application. Most users complain about overpricing, application bugs and lagging, service quality and learning material quality, sign-up problems, and refund policy which can be seen through Play Store ratings and reviews from *Ternak Uang* application in figure 1.5 below.
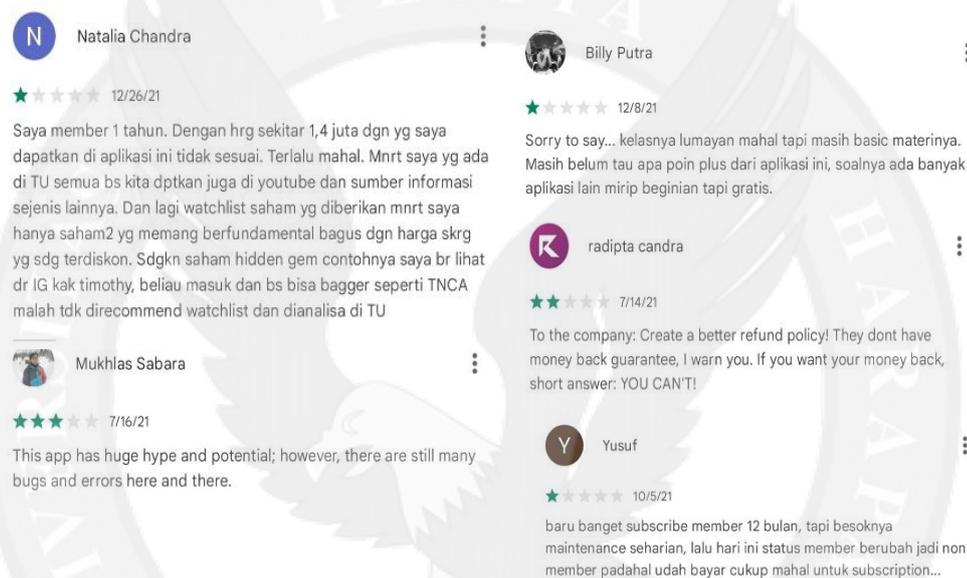
Figure 1.3 Negative Rating and Review by Ternak Uang Application Users
Source: Google Play Store (2021)

Based on the information above, this phenomenon can create doubt among *Ternak Uang's* users to continue using (continuance intention) the application in the future. This implication includes:

1. Users who previously hoped that *Ternak Uang's* performance was as expected, but some users didn't get the most benefits in learning financial and investment through the application (performance expectancy).

2. Users who had intended to learn with *Ternak Uang* application turned out to be unable to use the application because of its bugs, lagging, payments, and sign-up problems so users have difficulty using the application (effort expectancy).

3. Users who were previously paid to become a member to access all features in *Ternak Uang* application were disappointed because some users feel the amount of money, they paid not equal to the benefit they receive which they can also get reading books or watching videos about financial and investment on Youtube (price value).

4. Users who previously decided to use *Ternak Uang* application in learning about finances and investment from friends, public figures, and families were also disappointed with its performance (social influences).

5. Users didn't get a fast response from the customer service of *Ternak Uang* application regarding problems experienced by the users (facilitating conditions)

The definition of Continuance Intention is derived from the Behavioural Intention definition by (Chao, 2019; Indrawati & Putri, 2018) as the degree to which a person has made conscious plans about whether or not to continue performing a specific behaviour in the future. PT Ternak Uang Nusantara received seven digits seed funding from Northstar Group's Co-founder & Managing Partner, Patrick Walujo, and venture capital firm Kinesys Group and Alto Partners in early 2022, or one year and seven months after its establishment (Nurhaliza, 2022). By this funding, PT Ternak Uang must keep developing and maintaining the users of

Ternak Uang application by determine which factors that can increase the intention of the users so the company can be profitable and not disappoint the investors in the future. Furthermore, there has been no previous research in Indonesia that looked into this phenomenon especially in EdTech sectors. Hence, the research about continuance intention among Ternak Uang application users is important to be conducted.

Performance Expectancy refers to the extent to which an individual believes the ability of an information technology can bring him/her positive benefits on specific activities (Venkatesh et al., 2012). According to (Alalwan, 2020), performance expectancy proved to be the most important factor in predicting user's continuance intention. Some features in Ternak Uang application that can be used by the users such as Ternak Uang Academy which contains learning materials videos; Interactive Classes held every month such as webinars and other live events; Preferred Stock Watchlist equipped with analysis from investment experts; Insights which contained reports and news about investment and financial knowledge; and Financial Checkup feature which is useful for users to analyze their financial condition and the result will be personalized to what learning materials are needed to improve the financial condition of the user (Yusra, 2021). These features and its function give positive impact for the users since now it is easy to det information related to investment and financial things through Ternak Uang application which can be accessed anytime anywhere according to the needs of the users.

Effort Expectancy refers to the extent to which an individual's perception about whether or not an information technology is easy to use in supporting the

activities carried out (Venkatesh et al.,2012). According to (Liu & Pu, 2020), who stated that perceived ease of user (effort expectancy) has significant influence on continuance intention. The supremacy offered by Ternak Uang is personalized features designed especially for young people make it easier for them to use the application. Signing up is also easier in the application which can be done by only entering phone number or using email address to make an account. Ternak Uang also collaborated with various digital payment platform (OVO, Dana, ShopeePay, LinkAja) to make it easier for users to make payment because to access all the features and get most benefit from the application is by purchasing Ternak Uang membership. The illustration of Ternak Uang application interface can be seen in figure 1.4 below.


Figure 1.4 Ternak Uang Application Interface
Source: Mamaz, 2021

Social Influence refers to the degree to which an individual believes that the opinion of others (such as peers, families, etc) influences their behavior in using a

new system (Venkatesh et al., 2012). According to (Moorthy, 2019) stated that when students trust the opinions of people who matter to them such as friends, family, professors, and others, their desire to use an m-learning system increases. From user's reviews and opinions about Ternak Uang application in the Play Store, as well as ratings which has the score of 3.9 out of 5-point scale, this indicates that Ternak Uang application is one of educational platform that is considered to be good by the users. Furthermore, the message from the founder of Ternak Uang and content provided by the company on social media such as Instagram and Tiktok about the importance of financial literacy and investment can influence other people to use the application. Also, the community features provided in Ternak Uang application where people can share information regarding investment or ask question about it can also increase their interest in learning about it and then directs them to use Ternak Uang application. In the figure 1.5 below are the social media of Ternak Uang and the founder with the content they shared.
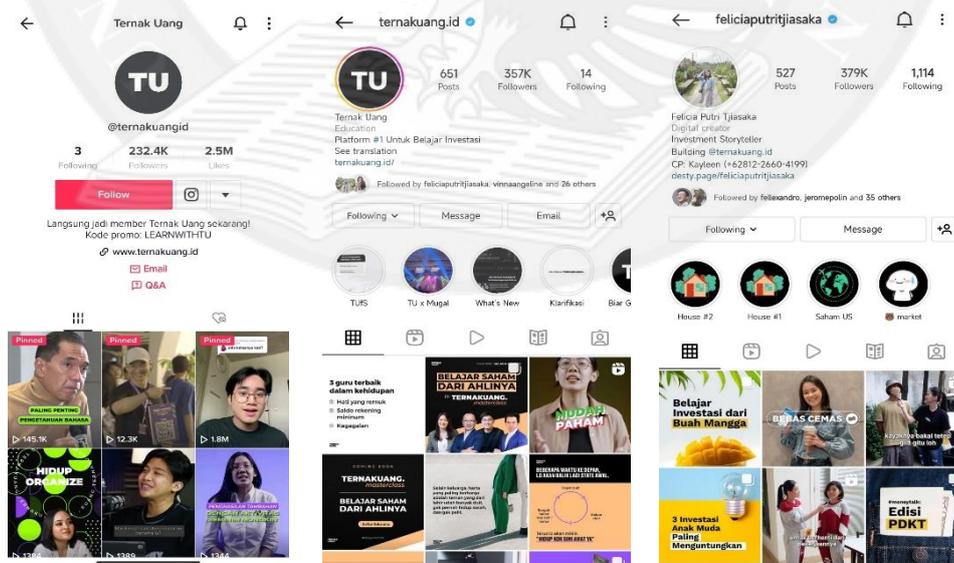

Figure 1.5 Ternak Uang & Co-Founder Social Media Account Illustration
Source: Prepared by Writer (2022)

Facilitating Condition refers to consumers' perceptions about the availability of resources and support to use a system (Venkatesh et al.,2012). According to (Mosunmola et al., 2018) facilitating condition has significant influence on the intention to use m-learning system. Ternak Uang provides customer service if users have problem when using the application. Ternak Uang can also be accessed from web browser and mobile devices making it very easy for people to learn from anywhere and anytime. Furthermore, the government also continues to improve the technology infrastructure to support equitable internet network access in Indonesia.

Price Value refers to as an individual's perception of the difference between the costs spends in using a system and the benefit received. When an individual perceived the benefits of using a system are greater than the costs, it will give a positive impact on his/her intention in using the system (Venkatesh et al., 2012). To be able to use all features and get the best learning experience from Ternak Uang, users have to pay amount of money to become the member of Ternak Uang. Some additional costs also required if users want to attend live events with well-known speakers held by Ternak Uang. The membership price range are divided two 3 types such as; Rp619.380 / 3 montth; Rp1.105.560 /6 month; and Rp1.665.000 / 12 month, and the features users get when becoming the member such as learning videos, preferred stock analysis report, live classes with mentor, daily curated news, member gathering every month, and member community platform which can be seen in the figure 1.6 below.
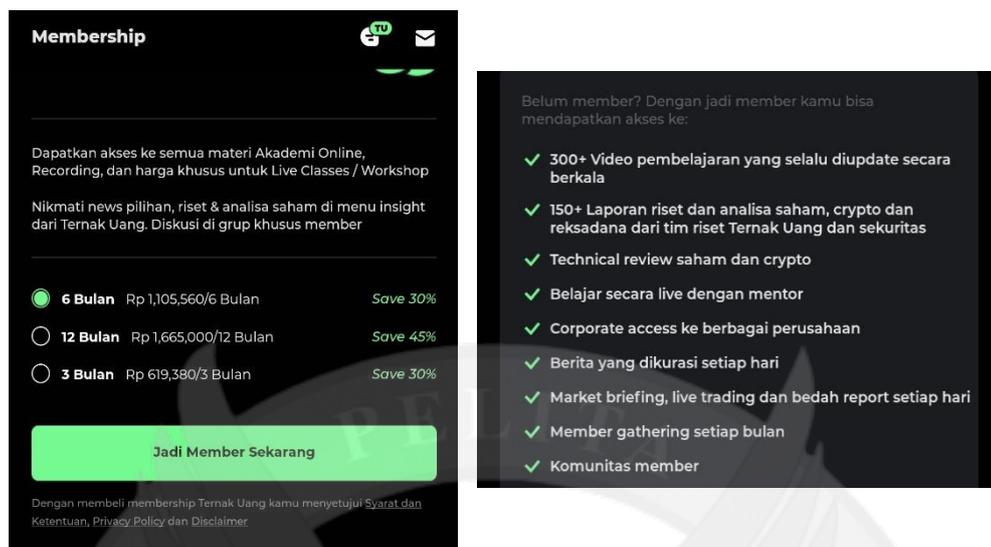
Figure 1.6 Pricing Scheme and Features of Ternak Uang Application
Source: Ternak Uang Application (2022)

Based on the phenomenon explained above, this research is using the extension of the unified theory of acceptance and use of technology (UTAUT2) proposed by (Venkatesh et al., 2012), also aimed to analyse and determine factors that influenced the Continuance Intention of *Ternak Uang* application users by examining factors such as Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Condition, and Price value. Note that the research model in this research is different with the original model of UTAUT-2. This research only use 6 variable out of 12 variable, didn't include moderating variable (age, gender, experience), and using Continuance Intention as dependent variable instead of Behavioral Intention and Actual Usage because this research only want to examine the Ternak Uang user's intention to keep using Ternak Uang application in the future, particulary for the users in Medan. Hence, the title of this research is "THE INFLUENCE OF PERFORMANCE EXPECTANCY, EFFORT EXPECTANCY, FACILITATING CONDITION, SOCIAL INFLUENCE, AND PRICE VALUE

TOWARD CONTINUANCE INTENTION OF TERNAK UANG APPLICATION

USERS IN MEDAN".

1.2 Problem Limitation

This research has some limitations that should be noted as follow:

1. This research only focuses on determining the influence of performance expectancy, effort expectancy, price value, social influence, and facilitating conditions on continuance intention of *Ternak Uang* application users.

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

3. The respondent of this research is limited to certain criteria; men and women with age ranging from 19 - 54 years old, domicile in Medan, have installed and used the Ternak Uang application in the past 1 year, have searched about Ternak Uang application in the past 6 months; and have purchased membership in Ternak Uang application at least one time in the past one year.

1.3 Problem Formulation

1. Is there any significant relationship between performance expectancy and continuance intention of *Ternak Uang* application users in Medan?

2. Is there any significant relationship between effort expectancy and continuance intention of *Ternak Uang* application users in Medan?

3. Is there any significant relationship social influence expectancy and continuance intention of *Ternak Uang* application users in Medan?

4. Is there any significant relationship between facilitating condition and continuance intention of *Ternak Uang* application users in Medan?

5. Is there any significant relationship between price value and continuance intention of *Ternak Uang* application users in Medan?

1.4 Objective of the Research

1. To investigate the role of performance expectancy in influencing the continuance intention of *Ternak Uang* application users in Medan

2. To investigate the role of effort expectancy in influencing the continuance intention of *Ternak Uang* application users in Medan

3. To investigate the role of social influence in influencing the continuance intention of *Ternak Uang* application users in Medan

4. To investigate the role of facilitating condition in influencing the continuance intention of *Ternak Uang* application users in Medan

5. To investigate the role of price value in influencing the continuance intention of *Ternak Uang* application users in Medan

1.5 Benefit of The Research

The researcher really hopes that this report could provide advantages for any stakeholders interested in this area, both theoretically and practically, as follows:

1.5.1   Theoretical Benefit

The findings of this research are intended to be useful and contribute to the advancement of marketing theory and research, particularly in terms of the influence of performance expectancy, effort expectancy, social influence,

facilitating condition, and price value towards continuance intention in using a technology application. Furthermore, the findings of this research can be utilized as references in the future for both general and academic research.

1.5.2   Practical Benefit

1. For readers, the results of this research hopefully could be useful in broadening the insights and knowledge about how the variables; performance expectancy, effort expectancy, social influence, facilitating condition, and price value influence continuance intention of mobile application users, especially in the EdTech (Education Technology) industry.

2. The researcher really hopes that the result of this research can be used as input for *PT Ternak Uang Nusantara* in formulating future strategies concerning the influence of performance expectancy, effort expectancy, social influence, facilitating condition, and price value to improve and develop the user intention to keep or continuously use *Ternak Uang* application in the future. The result of this research can also be used as a reference for academic purposes and future research.