

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

The financial ecosystem has undergone a significant and fundamental transformation because of the emergence of fintech. Fintech companies are facilitating the participation of individuals with restricted access to banking services by revolutionizing the accessibility of financial services (Nelliparamban, 2023). Kagan (2024) stated that fintech is used to improve the management of financial operations, processes, and lifestyles for businesses, entrepreneurs, and consumers. In addition to the statement of Kagan (2024), Feyen et al. (2023) refer that fintech fosters economic growth and reduces poverty by enhancing financial development, inclusivity, and efficiency. It also provides the financial services required for the digital economy to grow. These findings highlight fintech's critical role in increasing financial access and driving economic growth.

According to Ghahroud et al. (2021), financial technology companies are revolutionizing the financial industry by offering services in lending, payments, international money transfers, personal finance, equity financing, consumer banking, and insurance, providing faster, more accessible, and cost-effective alternatives to traditional banking and financial services.

Similarly, Magdy (2024) outlines broad range of fintech services include RegTech, blockchain and virtual currencies, crowdfunding, robo-advising and stock trading, insurance, digital payments, personal finance, lending, price comparison,

and ATMs. These innovations collectively illustrate the transformative impact of fintech on the financial sector, which fosters growth, efficiency, and inclusivity.

A 2023 online survey by DataIndonesia.id with 1100 respondents around Indonesia, reveals that 81.75% of Indonesians understand and increasingly use fintech services, with digital payments being the most popular, driven by ease of use, alignment with needs, and time savings, highlighting the growing penetration and acceptance of fintech in the country. Among these, digital payments stand out as the most popular, utilized by 93.81% of respondents. Notably, digital remittance, an essential part of digital payments, is becoming crucial for facilitating efficient fund transfers both domestically and internationally, reflecting the deepening penetration and acceptance of fintech in the country (Pernando, 2023).

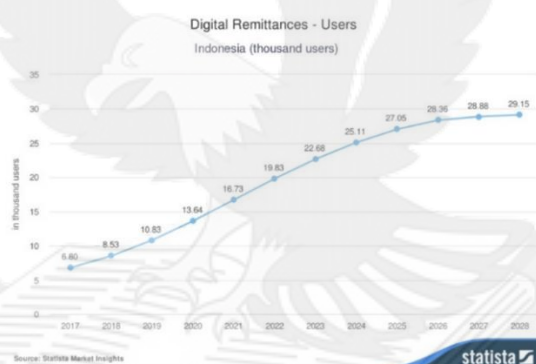


Figure 1. 1 Digital Remittance Users in Indonesia from 2017 to 2028
Source: Statista (2024), downloaded on September 6, 2024

According to Statista (2024), the number of digital remittance users in Indonesia has experienced a notable upward trend from 2017 to 2028. As depicted in Figure 1.1, the user base has expanded significantly, starting at 6.80 thousand in 2017 and projected to reach 29.15 thousand by 2028. In addition, Kamalina (2023) reported that remittances from Indonesian migrant workers have greatly bolstered the country's economy, with contributions reaching \$9.71 billion in 2022, up 6.01%

from the previous year, and expected to continue growing in 2023. This upward trend in digital remittance usage, coupled with the substantial economic contributions from migrant workers, underscores the growing importance of digital remittances in Indonesia.

On the other hand, Burhan (2021) reported that local digital remittance businesses still face four major challenges which are high costs, slow processing times, complex procedures, and a lack of transparency. Moreover, Burhan (2021) also stated that despite Indonesia's remittance volume exceeding USD 5 billion in 2019, these problems pose substantial barriers for local businesses attempting to compete with global firms such as Wise, which can provide cheaper, faster, and more transparent services through their own local banking networks. These challenges highlight the need for local businesses to innovate and adapt to improve the behavioral intention of users towards choosing local digital remittance services in an increasingly competitive market.

According to Kotler et al. (2021), credibility is one crucial point in shaping behavioral intention, as customers are more likely to continue using a service or product when they trust that the provider consistently meets their requirements and maintains a reliable reputation. Corporate credibility refers to customers' trust in a company's ability to meet their requirements and desires through product and service creation and delivery. It reflects the supplier's reputation in the marketplace and serves as the foundation for a solid relationship.

According to Prastiawan et al. (2021), perceived ease of use is the degree to which a user believes that engaging with a system involves little effort. It highlights

the platform's intuitiveness and simplicity, allowing users to easily browse and execute activities. When consumers see a system as simple to use, their confidence and contentment rise, making them more inclined to continue using it. This view has a direct impact on behavioral intention, as people are more likely to adopt and consistently use platforms that simplify their interactions. In the context of digital remittance services, perceived ease of use has a significant impact on customers' intention to return, since a hassle-free experience encourages higher loyalty and continuous usage.

According to Azhari & Fachry (2020), promotion is an attempt to inform or offer items or services with the goal of enticing potential clients to buy or consume them. Producers or distributors expect sales numbers to rise because of promotional efforts. Besides that, according to Sudirjo et al. (2023), promotions have a substantial impact on behavioral intentions to use e-wallets by providing appealing incentives such as cashback, discounts, and free shipping. These promotions encourage consumers to utilize e-wallets and make impulsive purchases, making them an important driver of the widespread adoption and ongoing usage of digital payment services.

The adoption of digital remittance services can be impeded by technological anxiety, which is defined as the discomfort associated with using mobile devices, even in the presence of promotions (Huang et al., 2022). If users are feeling overwhelmed by the platform's complexity, they may find it challenging to capitalize on promotions. Despite promotional incentives, this anxiety reduces their confidence and perceived ease of use, causing them to be hesitant to engage. To

mitigate this obstacle, service providers should prioritize the simplification of the user experience and the provision of explicit instructions on how to utilize promotions, thereby fostering wider adoption.

PT Top Remit, as one of Indonesia's remittance industries, has provided financial services to help people send money abroad. PT Top Remit, also known as Top Remit, is Indonesia's first online remittance company. Top Remit also provides customers with services such as instant transfer, bank transfer, cash pickup, e-wallet, and home delivery to make transactions easier. Fees will be charged during the transaction, and PT Top Remit's fee is reasonable, starting at flat fee Rp. 45.000 to each destination with the speed starting from 5 minutes (Top Remit, 2024). PT Top Remit offers a more efficient and convenient way to transfer money, eliminating the need to queue at a counter, high markup fees, and concerns about safety.

Despite the rapid rise of fintech in Indonesia, local companies such as Top Remit face considerable obstacles, particularly as the number of users engaged with their services declines. This is concerning since growing the user base is important to the long-term viability of fintech companies, particularly in a competitive field dominated by global competitors such as Wise. While fintech knowledge and usage are increasing among Indonesians, many remain hesitant to use local platforms due to worries about legitimacy, ease of use, and competitive pricing. As Burhan (2021) pointed out, factors such as increased transaction costs, lengthier processing times, complex procedures, and a lack of transparency continue to pose significant

challenges for local suppliers. These factors may discourage many potential consumers from switching to local fintech alternatives like Top Remit.

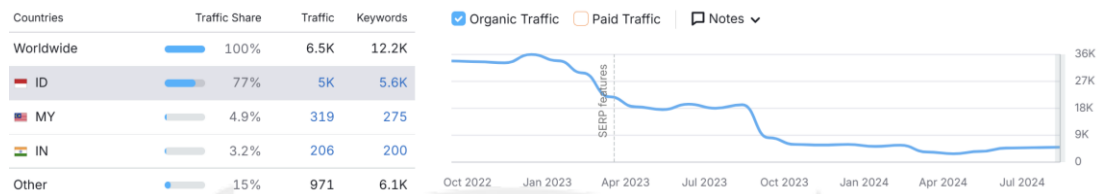


Figure 1. 2 Graph of Website Traffic for Top Remit (Data October 2022 - August 2024)

Source: Semrush (2024), downloaded on September 6, 2024

Figure 1.2 shows a web traffic for Top Remit only in Indonesia ranging from October 2022 until August 2024. From the graph, there is a substantial fall in website traffic from 33,872 to 4,852 visits over two years, which is a big concern for Top Remit. This drop could be indicative of user engagement issues, influencing users' behavioral intention to continue using the platform for digital remittance service. As traffic decreases, it indicates that consumers' intentions to utilize the service are changing, maybe due to variables such as credibility, perceived ease of use, or promotional efforts. The decline underscores the necessity to investigate what factors influence users' behavioral intentions.

Table 1. 1 Number of Annual Users at Top Remit, Medan

| Year | Customer | % Change / Year |
|------|----------|-----------------|
| 2019 | 2,225 | - |
| 2020 | 2,489 | 11.87 |
| 2021 | 2,823 | 13.42 |
| 2022 | 2,701 | -4.32 |
| 2023 | 2,444 | -9.51 |

Source: Internal Source, 2024

Based on Table 1.1, the data suggests that while Top Remit in Medan benefited from the surge in digital remittance usage during the pandemic, the subsequent decline in user numbers starting in 2022 indicates a shift in market dynamics. This pattern reflects a possible correction after the heightened demand

during the pandemic years, with the drop in 2023 pointing to broader changes in customer behavior or market conditions affecting the digital remittance sector. The contrasting trends between growth and decline raise concerns about the decreasing user base, with a notable downward trend over the past two years, signaling potential long-term challenges for Top Remit.

Those data indicate a declining user engagement and interest in Top Remit's services in Indonesia lately, emphasizing the need to address the underlying issues affecting user behavioral intention. Behavioral intention is willingness of customer to interact with the brand. It has been identified as an essential construct in measuring organizational success. Clemes et al. (2020) explain that in the service industry, behavioral intention represents the likelihood that customers will repurchase from service providers soon and supports service providers with positive word of mouth. Because of that Top Remit must pay attention to its customers' behavioral intention to use their service.

Top Remit must navigate several critical factors to effectively enhance customer behavioral intention toward using their services. Credibility, perceived ease of use, and the allure of promotions are pivotal in shaping user decisions. Also, technological anxiety can moderate these influences, potentially amplifying or diminishing their effects. Addressing these factors is crucial for a fintech company, in this case Top Remit, to gain the trust and confidence of potential users and current users.

The bad reviews in Figure 1.3 and Figure 1.4 below highlight several issues faced by users of Top Remit. One user reported that their payment had not been

transferred for three days, and the customer service provided no satisfactory resolution. Another user criticized the service for being expensive and unresponsive, recounting a slow and frustrating customer service experience and delayed money transfers. Additional complaints included the slow processing time of transactions, with some users noting that the normal transfer time took excessively long, making the app's service impractical unless using the instant speed option. Technical issues were also mentioned, with users describing the app as slow and buggy, particularly following an update. Others found the process of uploading a selfie for verification difficult and frustrating, as it required impractical positioning and resulted in unclear photos. Then, Top Remit is lacking price promotion. Overall, these reviews indicate significant dissatisfaction with the credibility, ease of use, and promotion of Top Remit's services.



Figure 1. 3 Bad Reviews in Google Play Store
Source: Top Remit Google Play Store Rating (2024)

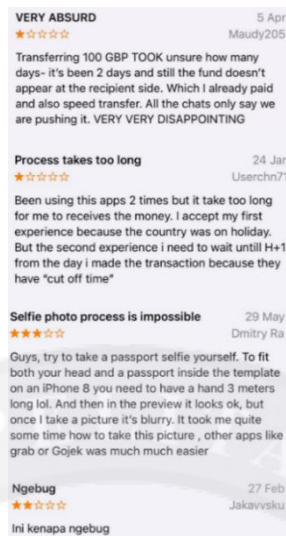


Figure 1. 4 Bad Reviews in App Store
Source: Top Remit App Store Rating (2024)

The credibility issue at PT Top Remit significantly affects customer trust, satisfaction, and intention to use service at Top Remit. Corporate credibility is questioned due to persistent technical problems and delays in money transfers, as highlighted by customer reviews citing prolonged transfer times and the need to resend transactions due to errors. This problem also led to a decrease in customers' trust in Top Remit since Top Remit promised to send money starting 5 minutes, but until a day the money is still not delivered. This shows dishonesty in advertising and unfulfilled service promises, which is the promise of 5 minutes remittance speed, contribute to a broader mistrust of users and lower the brand credibility. Additionally, customer service issues, described as unresponsive and unprofessional, customer give comments to the customer service about the speed of replying is slow which take hours to reply.

Top Remit confronts major problems in terms of perceived ease of use, particularly about the complexity and performance of its technology. Users have stated that recent modifications to the application have made it excessively slow

and difficult to navigate, prompting some to consider using other applications. The sign in and the registration part keeps failing and need to retry again, and again. One also said the application is laggy. These technical issues aggravate user irritation since the technology becomes more difficult to utilize effectively. Moreover, there is also no tutorial navigator that can guide users to the service they need, which makes this application quite hard to use for new users or people that are not familiar with technology. Overall, the complexity and performance concerns with Top Remit's application greatly reduce perceived ease of use, resulting in unhappiness and probable client loss.

The promotional messages currently used by Top Remit lack. Customers are not fully aware of the benefits and value propositions of the promotions, leading to missed opportunities in attracting new users and retaining existing ones. The current promotional campaigns have limited visibility because they are not being disseminated through a diverse range of media. They only deliver their coupon promotion information through Instagram. This limitation reduces the reach and impact of promotional efforts. Top Remit also infrequent in giving price promotions which is 2 months once. Top Remit also give the price promotion only for one country each time, for example in June 2024 they give discount only for transfer to China which is less personalization. People that want to send money to other countries will not get any discount for the transfer fee. Because of this, people including the writer tend to use other digital remittance services that are cheaper.

To address the factors influencing customer behavioral intention in using digital remittance services, this research considers the roles of credibility, perceived

ease of use, and promotion. However, another critical factor affecting the adoption of digital remittance services, particularly for platforms like Top Remit, is technological anxiety. According to Wilson et al. (2022), technological anxiety is the discomfort or apprehension individuals feel when using new or complex technology. Including technological anxiety as a moderating variable in this research is crucial because it directly impacts user experience and behavioral intention. This variable becomes particularly relevant in digital remittance, where customers often need to quickly and confidently navigate app-based platforms. Users with high technological anxiety may avoid these platforms altogether or struggle to fully engage with available features, even when credibility, promotional incentives or ease of use is improved.

Therefore, technological anxiety can potentially moderate the effects of credibility, perceived ease of use, and promotion, influencing how these factors shape users' behavioral intentions. This research examines technological anxiety's role in affecting customer engagement with digital remittance services, as customers' anxiety around technology can amplify or dampen their willingness to use platforms like Top Remit. Addressing this anxiety is critical for fostering a supportive, accessible user experience, which can improve user retention and overall platform satisfaction in a highly competitive market.

As a result, the author decided to investigate whether credibility, perceived ease of use, promotion, and technological anxiety could influence behavioral intention in using digital remittance services. The findings of this investigation will be presented in the thesis titled, "**The Influence of Credibility, Perceived Ease of**

Use, and Promotion on Behavioral Intention in Using Digital Remittance at Top Remit Medan: The Moderating Role of Technological Anxiety"

1.2 Problem Limitation

The scope of this research is designed to streamline data collection and analysis. Although there are numerous remittance businesses in Medan, this study specifically focuses on PT Top Remit's digital remittance service. The research examines three key variables: the independent variables (X) which are credibility, perceived ease of use, and promotion; the dependent variable (Y) which is behavioral intention of customers; and the moderating variable (Z) which is technological anxiety. The indicators for credibility include trustworthiness, expertise, and attractiveness; for perceived ease of use, they include being interactive, easy to learn, and user-friendly; and for promotion, they include promotion message, promotion media, promotion frequency, and promotion timing. The indicators for technological anxiety include fear of technology, stress without support, and frustration due to complexity. Data will be collected by questionnaires distributed to 155 customers of PT Top Remit Medan who use its digital remittance services via the Top Remit application at least twice in the last 6 months.

1.3 Problem Formulation

Based on the background of the study, the writer formulates several questions, follows:

1. Does Credibility have a partial influence on Technological Anxiety in using digital remittance at Top Remit Medan?

2. Does Perceived Ease of Use have a partial influence on Technological Anxiety in using digital remittance at Top Remit Medan?
3. Does Promotion have a partial influence on Technological Anxiety in using digital remittance at Top Remit Medan?
4. Does Credibility have a partial influence on Behavioral Intention in using digital remittance at Top Remit Medan?
5. Does Perceived Ease of Use have a partial influence on Behavioral Intention in using digital remittance at Top Remit Medan?
6. Does Promotion have a partial influence on Behavioral Intention in using digital remittance at Top Remit Medan?
7. Does Technological Anxiety have a partial influence on Behavioral Intention in using digital remittance at Top Remit Medan?
8. Does Technological Anxiety moderate the influence of Credibility on Behavioral Intention in using digital remittance at Top Remit Medan?
9. Does Technological Anxiety moderate the influence of Perceived Ease of Use on Behavioral Intention in using digital remittance at Top Remit Medan?
10. Does Technological Anxiety moderate the influence of Promotion on Behavioral Intention in using digital remittance at Top Remit Medan?

1.4 Objective of The Research

Based on the problem formulations the objectives of this research are:

1. To analyze whether Credibility has a partial influence on Technological Anxiety in using digital remittance at Top Remit Medan.

2. To analyze whether Perceived Ease of Use has a partial influence on Technological Anxiety in using digital remittance at Top Remit Medan.
3. To analyze whether Promotion has a partial influence on Technological Anxiety in using digital remittance at Top Remit Medan.
4. To analyze whether Credibility has a partial influence on Behavioral Intention in using digital remittance at Top Remit Medan.
5. To analyze whether Perceived Ease of Use has a partial influence on Behavioral Intention in using digital remittance at Top Remit Medan.
6. To analyze whether Promotion has a partial influence on Behavioral Intention in using digital remittance at Top Remit Medan.
7. To analyze whether Technological Anxiety has a partial influence on Behavioral Intention in using digital remittance at Top Remit Medan.
8. To examine whether Technological Anxiety moderates the influence of Credibility on Behavioral Intention in using digital remittance at Top Remit Medan.
9. To examine whether Technological Anxiety moderates the influence of Perceived Ease of Use on Behavioral Intention in using digital remittance at Top Remit Medan.
10. To examine whether Technological Anxiety moderates the influence of Promotion on Behavioral Intention in using digital remittance at Top Remit Medan.

1.5 Benefit of The Research

The writer anticipates that this research will yield both theoretical and practical benefits.

1.5.1 Theoretical Benefit

The author's research is anticipated to make a substantial contribution to the existing theories on the impact of credibility, perceived ease of use, and promotion on behavioral intention in the usage of digital remittance services. In addition, this study presents technological anxiety as a moderating variable, providing a more comprehensive understanding of the relationship between users' technology confidence, ease of use, and the efficacy of promotional tactics. This study seeks to enhance the comprehension of how these variables impact consumers' behavioral intention to adopt digital remittance services. The analysis will be comprehensive and aims to contribute to the understanding of emerging fintech solutions.

1.5.2 Practical Benefit

The practical benefits of this research are:

1. For the writer, this research aims to enhance the writer's comprehension of the interconnectedness between the variables investigated, particularly in relation to credibility, perceived ease of use, promotion, and behavioral intention when utilizing digital remittance services. Furthermore, this study will enhance the writer's understanding of the moderating impact of technological anxiety. The results will offer valuable perspectives on how these factors impact user conduct in the fintech sector.

2. For Top Remit Medan, the results of this study will provide practical suggestions for Top Remit Medan on how to efficiently oversee digital remittance services. It will offer valuable understanding of the significance of credibility, streamlining user experiences, and strategically promoting services. Moreover, comprehending the significance of technological anxiety will assist the company in formulating tactics to diminish user reluctance and enhance behavior intention. These insights will assist Top Remit Medan in making strategic decisions, enabling the company to improve its customer experience and enhance overall service performance.
3. For other researchers, this research will contribute to the expansion of knowledge by exploring the influence of credibility, perceived ease of use, and promotion on consumer behavioral intention in the fintech sector, with a particular focus on digital remittance services. The introduction of technological anxiety as a moderating variable will provide a novel perspective on how psychological factors influence technology adoption. Future researchers may build on these findings to further explore technological anxieties in other areas of financial technology and consumer behavior.