

CHAPTER I

INTRODUCTION

1.1 Research Background

In the industrial era 4.0, technological trends have almost reach most aspects of existence. Technology continues to innovate and transform to become more sophisticated, with the sophistication of this technology can provide convenience for the community. Fintech in Indonesia has penetrated diverse sectors, such as startups, lending, economic planning, investment, financing, digital money, and others.

Industrial revolution 4.0 brings a digital transformation. Changes that occur in financial transactions are the payment system. Payment systems using cash (*cash*) have begun to be replaced by non-cash payment systems (*cashless*). *Cashless* is a term that means no or no use of physical cash. Changes in non-cash payment instruments are growing very rapidly, this is proportional to the tendencies of science and technology needed by humans. This also supports the GNTT from BI, this movement has the intention of providing support to the community to use non-cash payment instruments to carry out their economic activities (*cashless* society). Today, the *cashless* in question is a transaction with a digital form of payment. E-Wallet is one form of implementation cashless.

An E-wallet is an application that can be accessed via the user's smartphone to store their money electronically and perform financial

transactions

This digital wallet application adopts the technology owned by mobile banking. In an e-wallet, we can also make transfers to fellow users and also to banks, and there is also pay later feature whose system is the same as a credit card, only it has a smaller credit limit. When it comes to usability, e-wallet has a difference from banks. E-wallet tends to be used for daily transactions, while banks are generally used for large savings and transactions.

In Indonesia, digital payments have become a trend among Indonesian people. It could be seen from the records on the range of electronic money transactions in Indonesia which has persisted to growth over the last 4 years, specifically from the period 2018

Table 1.1 Electronic Money Transactions

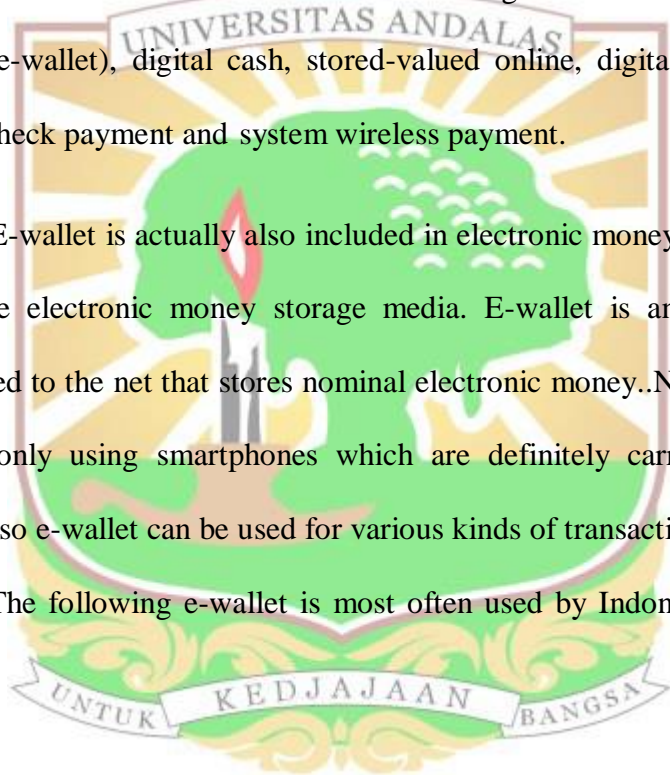
Period	Volume	Nominal
2018	2,922,698,905	47,198,616.11
2019	5,226,699,919	145,165,467.60
2020	4,625,703,561	204,909,170
2021	5,450,400,276	305,435

2021. <https://www.bps.go.id/id/statistik/economy-keuangan/ssp/uang-elektronik-transaksi.aspx>

From the data above, it can be concluded that the use of e-money in Indonesia is increasing rapidly every year. This situation indicates that the people of Indonesia are beginning to use up-to-date digital money as a method of payment for their every day activities. Although cash payments are still done, payment preferences with digital systems are in vogue and e-wallets

is one of them with great potential in the e-commerce market. Convenience of shopping, transact and top up balance is the key success of these two technology products. In relation to digital payments on e-commerce transactions, Marita (2012:105) explained that in transacting via internet requires a procedure and a place where buyers and sellers meet. Studies Mulyasari et al. (2014:167) shows that the usual means of payment provided in e-commerce transactions including online credit cards, digital wallet (e-wallet), digital cash, stored-valued online, digital accumulating, digital check payment and system wireless payment.

E-wallet is actually also included in electronic money, the difference is in the electronic money storage media. E-wallet is an utility that is connected to the net that stores nominal electronic money..No need for card media, only using smartphones which are definitely carried by today's society, so e-wallet can be used for various kinds of transactions (Widiyanti, 2020). The following e-wallet is most often used by Indonesian people in 2021.



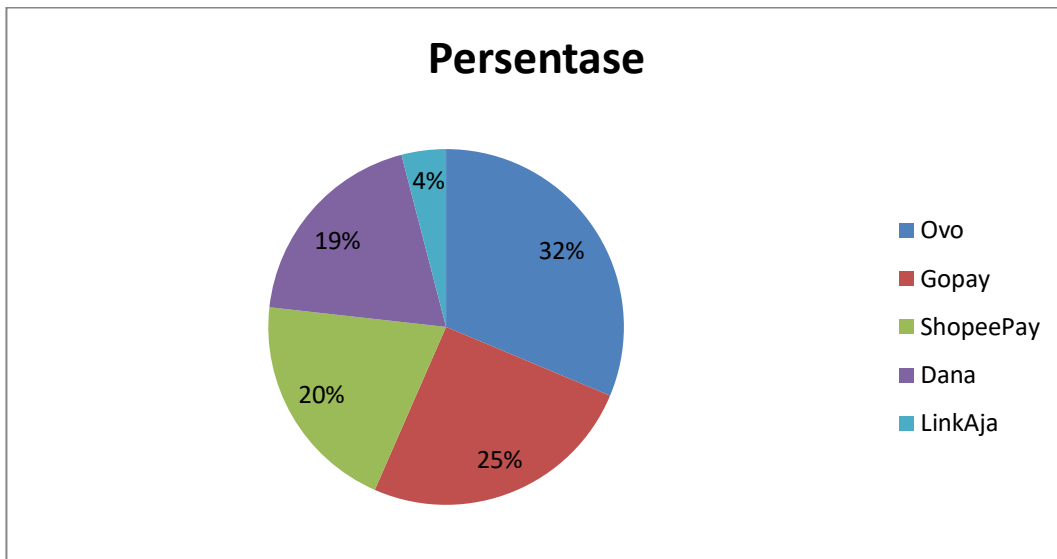


Figure 1.1 Percentage of E-Wallet Users In Indonesia

Source: Kadence International/ August 2021

Gen Z is known as a creative and innovative generation. This generation was born in 1997-2012. Estimated current age 8-23 years. According to a survey conducted by Harris Poll (2020), 63% of Gen Z are interested in doing creative things everyday. This creativity is also shaped by the activeness of Gen Z in the community and social media. This is relevant to a number of studies which identified that Gen Z is a generation that is close to technology (digital native), as they were born in the era of smart phones, growing together with the sophistication of computer technology, and having openness to internet access that is easier than the previous generation. It also affects Gen Z in the use of financial technology.

Most of Generation Z (Gen Z) prefer to use an electronic wallet (e-wallet) rather than a bank teller machine (ATM). This was revealed in the 'Financial Behavioral Gen Z and Y' survey conducted by Zigi with the

Katadata Insight Center (KIC). The survey was conducted online to 5,204 respondents spread across 34 provinces on 6-12 September 2021. The majority of the respondents were Gen Z and Gen Y, with a description, 55% of respondents were from Gen Y, 32.5% Gen Z, 12% Gen X, and 0.5% Baby Boomers. The survey results show that the majority of Gen Z or around 68% use e-wallet. Meanwhile, only 35.4% of Gen Z own and use bank ATMs in their financial activities. The reasons for using e-wallet the most are because it is easy to use, the safety factor, time saving, there are promos and easy account opening. (accessed from Katadata.co.id).

Padang City is one of the most developed cities in Indonesia, as can be seen from the Human Development Index score which reached a value of 72.65 (accessed from padangkotabps.go.id). The city of Padang is recorded as the area with the largest population compared to 18 other regencies/cities in West Sumatra, which is 909.04 thousand people, consisting of 456.33 thousand male and 452.71 thousand female. Meanwhile, the proportion of Generation Z reaches 28.15% and Millennial Generation is 25.12% of the total population.

The low level of use of information systems is caused, among other things, by: behavior of users who reject information technology systems as one of the solution solves the problem. The behavior of system users is formed from the attitude and user's perception of the information system. Many people doubt will information technology provide positive benefits for humans and easy to learn. One of the efforts to understand the

phenomena and questions This is through studies and research on the theory or model of acceptance information technology (Hendro, 2009).

The selection of these financial products needs to be based on good financial literacy. Financial literacy is a person's skills and insights regarding various concepts and risks in finance and the skills to apply these insights to make appropriate and effective financial decisions in order to achieve financial well-being for himself and for the social community. Without good financial literacy, the possibility of making poor financial decisions will be even greater, including the selection of financial means or products used to carry out buying and selling transactions that have become more flexible in line with technology that continues to develop very rapidly.

At this time, Gen Z is in the age of being educated. In elementary school, we have been introduced to financial literacy, which is taught to save from an early age, and when we were in college we were also introduced to financial management by investing and so on. This makes Gen Z have good enough financial literacy to manage their finances.

TAM developed by Davis (1986) explain individual acceptance of information technology systems. The two main constructs in this model are PU and PEOU (Jogiyanto, 2007). Technology users, in this case e-wallet, will have an interest in using e-wallet if they feel e-wallet is useful and easy to use. Previous studies have also shown that PU and PEOU have a great impact to interest. In addition to these two constructs, TAM research can

develop a model by adding risk perception, trust, and financial literacy as an external variable.

Research conducted by Gabriella Belinda Wijaya (2020) states that the factors have a significant effect on the interest in using e-wallet among students in Yogyakarta. This can be interpreted that in using e-wallet users are provided with benefits and conveniences such as convenience in conducting financial transactions, does not require a long time, and is easy to understand, so that users have a high interest in using e-wallet. Research by Adhi Prakosa and Dimas Jati Wintaka (2020) The results of the research show that PEOU and PU have a good or positive and considerable impact on interest in GoPay reuse, which means that the value of interest in GoPay reuse will be higher as the PEOU value increases and vice versa. It can be concluded that an application must be able to create a system that really provides benefits to increase user performance.

The use of e-wallet as a cashless payment tool is inseparable from various obstacles, both in terms of use and risks. Digital wallet burglary cases that occur make users have to be more careful. The case of digital wallet burglary that occurred in Indonesia was actually caused by the user side who was easily manipulated. Public awareness of the importance of cell phone number security is still very lacking. Even though the mode of hacking through cellphone numbers is rampant at this time (accessed by cnbcindonesia.com on April 13, 2022 at 09.53). Theft of personal data becomes a risk in the use of e-wallet.

In Ubaidillah Arriza's, Hadi Sunaryo, Fahrurrozi Rahman research (2022) perception of trust have a good or positive and significant impact on the interest in the use of the DANA e-wallet application. This suggests that the DANA e-wallet has shown good performance the best in the use of transactions made by users because has a very good application that is in demand by Management students UNISMA FEB. In Gama Putra Brahanta's research, Nuruni Ika KusumaWardhani (2021) perception of risk have a positive impact on interest in reusing ShopeePay. A person will reuse a technology if he feels that the technology is able to help improve the effectiveness of his performance or is useful and how to use it is quite easy and minimal risk.

In Lusiana Herlinawati and Astrie Krisnawati (2021), Financial literacy has a positive and significant influence on decisions to use OVO among housewives in Bandung. This shows that the higher the level of financial literacy, the higher the level of decision to use OVO. Its mean that, someone who has financial literacy, has the ability to explain and communicate financial concepts, someone who has financial management and has skills in making financial decisions in the future, someone who has confidence in the future in planning for financial needs.

Based on the research background above, it is necessary to identify **“Determinant of Intention to Reuse E-Wallet in Financial Transaction Among Z-Generation”**.

1.2 Problem Statement

1. How does perceived usefulness (PU) effect on intention to reuse e-wallet among Z Generation in Padang City?
2. How does perceived ease of use (PEOU) effect on intention to reuse e-wallet among Z Generation in Padang City?
3. How does of trust effect on intention to reuse e-wallet among Z Generation in Padang City?
4. How does perception risk effect on intention to reuse e-wallet among Z Generation in Padang City?
5. How does financial literacy effect on intention to reuse e-wallet among Z Generation in Padang City?

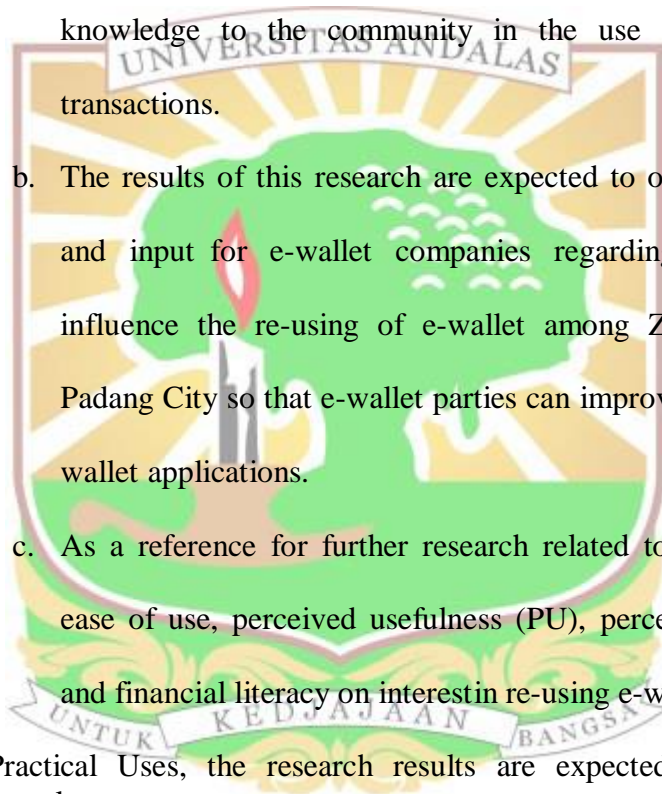
1.3 Objective of the Research

1. To determine the impact of perceived usefulness (PU) on intention to reuse e-wallet among Z Generation in Padang City.
2. To determine the impact of perceived ease of use (PEOU) on intention to reuse e-wallet among Z Generation s in Padang City.
3. To determine the impact of trust on intention to reuse e-wallet in Z Generation in Padang City.
4. To determine the impact of risk perception on intention to reuse e-wallet in Z Generation in Padang City.
5. To determine the impact of financial literacy on the intention to reuse e-wallet in Z Generation in Padang City.

1.3 Contribution of the Research

Based on the research objectives above, the authors hope that this research can be useful for various parties, including:

1. Theoretical Uses, the studies effects to be beneficial, namely:
 - a. The results of this research are expected to offer useful knowledge to the community in the use of e-wallet for transactions.
 - b. The results of this research are expected to offer suggestions and input for e-wallet companies regarding what factors influence the re-using of e-wallet among Z Generation in Padang City so that e-wallet parties can improve services on e-wallet applications.
 - c. As a reference for further research related to the perception ease of use, perceived usefulness (PU), perceived risk, trust and financial literacy on interest in re-using e-wallet.
2. Practical Uses, the research results are expected to be useful, namely:
 - a. For authors, after being able to add insight and direct experience about the use of e-wallet.
 - b. For academics, the results of this research are expected to offer to feature knowledge and statistics inside the utility of science in knowing the interest in using e-wallet among Z Generation.



1.4 Scope of the Research

In this research process there are several limitations that need to be considered in terms of variables and research objects. The researcher limits the research context by focusing on Z Generation in re-using e-wallet in the city of Padang.

1.5 Systematic Writing

The systematic writing of this proposal is

CHAPTER I : INTRODUCTION

This chapter discusses the initial part of the proposal which includes the background of the research, the research question, the objective of the research, the significance of the research, the scope of the research, and the systematic writing of the proposal.

CHAPTER II: LITERATURE REVIEW

This chapter discusses various theories related to the issues raised in this study, previous research summaries, research frameworks, and research hypotheses.

CHAPTER III: RESEARCH METHODOLOGY

This chapter discusses research design, population and research samples, operational definitions of studies variables, and research data evaluation techniques.

CHAPTER IV: DATA ANALYSIS AND DISCUSSION

This chapter will explain the characteristics of the research sample, the results of hypothesis testing, and a discussion of the results obtained.

CHAPTER V: CLOSING

This chapter will discuss the final section consisting of research conclusions, implications, obstacles of the study, and studies guidelines

