

# CHAPTER I

## INTRODUCTION

### 1.1 Background of Study

Financial technology (FinTech), sometimes known as industrial technology, is currently gaining the interest of academics not only in the business and economics sector but also in the field of computer science, particularly information systems (Gai et al., 2018). FinTech has competed with conventional financial services by providing services that focus on consumer needs and utilize internet technology to facilitate access (Gomber et al., 2017). The current FinTech business model includes services for funding, payments, wealth management, capital markets, and insurance (Lee & Shin, 2018). After China, Indonesia is a country with a very high level of development in the fintech sector because the original purpose of this industry was to increase lending to MSMEs (Micro, Small and Medium Enterprises) throughout the archipelago (Davis et al., 2017). Although Indonesia faces a number of difficulties due to its geographical location and infrastructure development, the authorities also have to face problems including moral hazard, platform eligibility, and borrower eligibility (Suryono et al., 2019).

Business is typically where studies on behavior interest and information technology adoption are conducted. However, only a small number of studies within the pertinent theories examine behavioral interest in social or charitable sectors (Chen et al., 2019). With the help of the internet, small value contributions from many individuals make it possible for certain projects and businesses to be

financed through various crowdfunding platforms (FSB, 2012), including award-based crowdfunding, donation-based crowdfunding, equity-based crowdfunding, loan-based crowdfunding and royalty-based crowdfunding (Massolution, 2015). Crowdfunding is commonly understood to be the cooperative effort between individuals who pool their financial resources, typically online, to support initiatives started by other individuals or organizations. Crowdfunding can be used for many different things, such as supporting a start-up or small business, publishing books, artists seeking fan support, political campaigns, and disaster assistance (Steven, 2014).

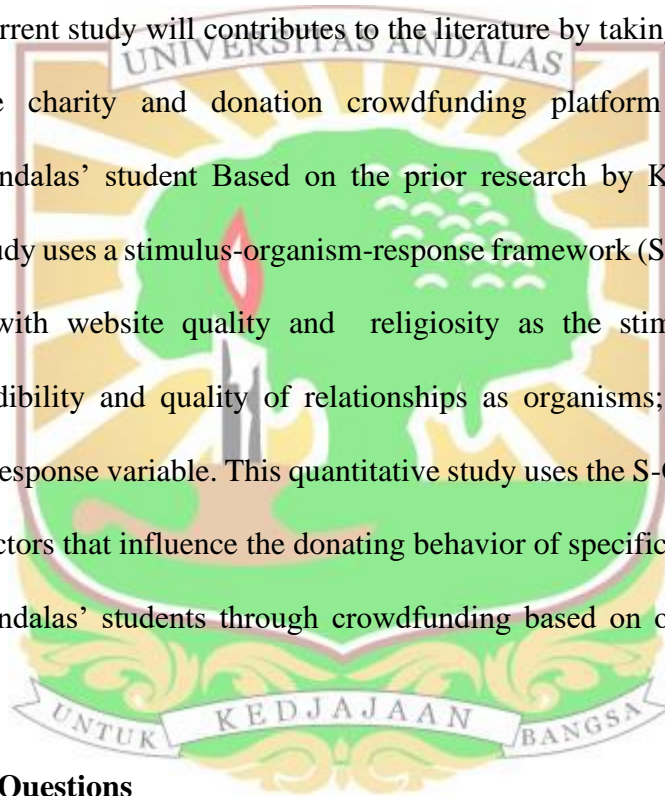
The fundamental concept of financing through numerous little donations is not new, but the Internet has cut transaction costs, sped up transaction times, and made it simpler to connect those in need of money with those in a position to lend it (Belleflamme et al., 2013). Furthermore, crowdfunding enables good ideas to raise money by appealing to "the crowd," even though they don't always fit the mold needed for conventional finance (Steven, 2014). According to studies (Gerber et al., 2012), people are motivated to make financial contributions when they feel a connection to a particular crowdfunding initiative. In Indonesia itself, crowdfunding activities in the form of donations have several platforms such as Kitabisa, Sharing Happiness or Rumah Zakat and Cinta Zakat, all of which can be accessed through the Play Store on Android. The three applications are crowdfunding donation applications, as platforms for donating to a group of people who make certain campaigns.

Despite the high potential of charitable crowdfunding, studies on the factors influencing charitable donations made through such organizations are scarce. Prior research regarding crowdfunding questions about how the growing amount of money received through donation crowdfunding begs the question of why people choose to give in this manner (Kasri & Indriani, 2022). The coverage of this study is Indonesia, but Kasri and Indriani (2019) claimed that the findings are applied for Indonesia, meanwhile the data were collected through social media. Hence, this research found their lack of representativeness of their samples. As understood, Indonesia is very large country and very diverse from one place to another. I am motivated to replicate the study of Kasri and Indriani (2022) for more specific context and more specific group of respondents. More clearly, I am interested in whether the study of Kasri and Indriani (2022) is applicable in the context of Universitas Andalas with the target respondents is students only.

Universitas Andalas is located in West Sumatra which has different characteristics from other places such as Java island in terms of level of income, level of education, cultures, traditions, and other aspects. One thing is obvious is that level of income in West Sumatra is categorised as middle class (World Bank, 2019). The difference in terms of level of income may cause different result from the previous research. Secondly, this study will focus on students as target respondents. Since students get income from parents (or scholarships) in the form of living allowance or pocket money which tends to be limited, it is interesting to see their interest to donate with that limited income. Hence, majority of Universitas Andalas students are Muslim students who are currently Generation Z. Specific

qualities of Indonesia's Generation Z may set them apart from their colleagues in other nations. Their behavior is influenced by sociocultural elements like national ideals in many aspects of their daily lives. It is also thought that particular critical life events in Indonesia, like hatred against minorities and destructive natural disasters, have contributed to the establishment of the unique characteristics of Generation Z in this country (Hinduan et al., 2020).

The current study will contribute to the literature by taking the case of the largest online charity and donation crowdfunding platform which targets Universitas Andalas' student. Based on the prior research by Kasri & Indriani (2022), this study uses a stimulus-organism-response framework (S-O-R theoretical framework), with website quality and religiosity as the stimulus; empathy, perceived credibility and quality of relationships as organisms; and interest to donate as the response variable. This quantitative study uses the S-O-R approach to analyze the factors that influence the donating behavior of specific target, which is Universitas Andalas' students through crowdfunding based on online charitable donations.



## 1.2 Research Questions

Research questions formulated for this study are:

1. Does empathy positively relate to the interest to donate?
2. Does the perception of credibility positively relate to the interest to donate?
3. Does relationship quality positively relate to interest to donate?
4. Does website quality positively relate to empathy and perceived credibility?

5. Does religiosity positively relate to empathy and relationship quality?

### 1.3 Objective of Research

Therefore, the objective of this research are:

1. To see if empathy positively relate to the interest to donate.
2. To see if the perception of credibility positively relates to the interest to donate.
3. To see if relationship quality positively relates to interest to donate.
4. To see if website quality positively relates to empathy and perceived credibility.
5. To see if religiosity positively relate to empathy and relationship quality.

### 1.4 Research Benefits

This study aims to deepen readers' understanding, serve as a resource for information, and hopefully support accounting knowledge, particularly the online crowdfunding behavior on Universitas Andalas' students.

a.) To the researcher

1. The study results are expected to provide understanding for writers regarding the influence of internet crowdfunding on Universitas Andalas' student financial behavior
2. The research results are also used to fulfill the final undergraduate examination requirements at the International Accounting Study Program, Faculty of Economics, Universitas Andalas. It can boost students' motivation to become more knowledgeable about their peers' online fundraising habits.

b.) To other parties

The outcome of this research will benefit other parties to gain further information on online crowdfunding behavior, especially on Universitas Andalas' students. It is hoped to benefits individuals other that Universitas Andalas' student.

### **1.5 Writing Systematic**

This study's systematics is divided into five sections. The background, problem formulation, objectives, and benefits of research and research systematics are explained in the first chapter. The theoretical background, literature review, review of prior research, conceptual framework for the study, and formulation of hypotheses will all be covered in chapter two after that. Research design, data types and sources, population and samples, research variables and measurement variables, data processing and analysis methodologies are all covered in chapter three. The research findings and other elements that may have an impact on the conclusions are presented in the fourth chapter. The fifth chapter will provide the study's conclusions, limitations, and recommendations.