CHAPTER I

INTRODUCTION

1.1. Background

The astonishing development of the world of science and technology (S&T) has brought remarkable benefits to the advancement of human civilization. Jobs that previously required significant physical skills can now be replaced by automated machines. Similarly, the discovery of new computational capacities seems to be capable of altering the status of human brain capacity across various fields of knowledge and activities. In short, the current technological advancements are acknowledged and regarded as having significant benefits for human life.

The development of science in modern times signifies the application of knowledge and technology across various domains of life. This becomes one of the key characteristics of modern science, which is also a common feature of the overall development of science in its general framework. One thing that can easily be agreed upon is that the various impacts of the development of science and technology have influenced nearly every aspect of modern human life. One of these is the economic sector, which requires and embraces technology.

The presence of the digital economy is felt through the increasing number of companies and businesses that utilize the internet as a means of communication and commerce. Collaboration between companies and individuals. The rapid development of technology also influences the advancement of payment system businesses, particularly in ensuring business sustainability. One of the pillars of

financial system stability is the developed payment system, which previously relied solely on cash, but now extends to digital payment systems, commonly referred to as electronic money (e-money). The technological advancements in payment systems have shifted the role of cash (physical currency) from a means of payment to a more efficient and economical form of cashless payment. Non-cash payments are typically not carried out with cash as the means of payment, but rather through bank-to-bank transfers or intrabank transfers via the bank's internal network. Additionally, non-cash payments can also be conducted using cards as the payment method, such as ATM cards, debit cards, and credit cards.

In this modern era, an increasing number of technologies are impacting the payment system with various applications used by the public as cashless payment methods. Therefore, in celebration of the 74th Independence Day, Bank Indonesia introduced the Quick Response (QR) code standard for payments through server-based electronic money applications, electronic wallets, or mobile banking, known as the Indonesian Standard QR Code (QRIS). Indonesia, August 17th 2019 in Jakarta. The introduction of QRIS is one of the implementations of the Vision for Indonesia's Payment System (SPI) 2025, which was announced in May 2019.

Bank Indonesia Governor Perry Warjiyo outlined the 5 (Five) Visions of Indonesia's Payment System (SPI) 2025 to ensure the growth of digitization within the digital economy and financial ecosystem, facilitating further development within that ecosystem.

Promotion of digital economy and finance. This vision is a response to the digitization developments that have significantly altered the risk landscape, including the rise of cyber threats, monopolistic competition, and shadow banking, all of which could jeopardize currency management effectiveness, financial system stability, and payment system efficiency. He conveyed this during the opening of an international seminar on May 27, 2019, in Jakarta, with the topic 'Digital Transformation for the Indonesian Economy.' The 5 (five) Visions of SPI 2025 are:

1. Supporting national digital financial integration to ensure the central bank's role in the money circulation process, monetary policy, financial system stability, and promoting financial inclusion.

2. Supporting the digitization of banking as a primary institution within the digital financial economy through open banking and the utilization of digital technology and data in financial business.

3. Ensuring interlinkage between fintech and banking to avoid shadow banking risks through regulatory measures involving digital technology (such as Application Programming Interface-API), business collaboration, and company ownership.

4. Ensuring a balance between innovation and consumer protection, integrity and stability, as well as fair competition, through the implementation of Know Your Customer (KYC) and Anti-Money Laundering / Combating the Financing of Terrorism (AML/CFT), obligations for transparency in public data/information/business, and the application of regulatory technology (reg-tech) and supervisory

technology (sup-tech) in reporting, regulation, and oversight obligations.

5. Ensuring national interests in the digital financial economy between countries through the obligation to process all domestic transactions domestically and foreign organizers collaborating with domestic ones, while considering reciprocity principles.

As a guideline for the implementation of the Indonesian Standard Quick Response (QR) Code (QRIS), Bank Indonesia (BI) issued Board of Governors' Decree No. 21/18/PADG/2019 to introduce the National Standard for Quick Answer Payment Code on August 16, 2019. This regulation aims to ensure the smooth launch of QRIS payment services in Indonesia. The national launch of QRIS will commence on January 1, 2020, to allow for an initial transition period for Payment System Service Providers (PJSP).

QRIS supports two usage models for QR code payments, namely Merchant Presented Mode (MPM) and Customer Presented Mode (CPM). However, its implementation adheres to the QRIS standard set by Bank Indonesia as the national standard. QRIS transactions utilize financial resources or payment methods such as debit cards, credit cards, and electronic money that leverage server-based storage media. The use of financial resources and payment instruments is based on proposals from standard-setting institutions approved by Bank Indonesia.

Indonesia's Quick Response Code Standard, often abbreviated as QRIS, is a combination of various types of QR codes from different Payment System Service

Providers (PJSPs) utilizing QR codes. QRIS develops the payment system industry in collaboration with Bank Indonesia to make QR code transaction processes easier, faster, and more secure. QRIS is not a new application, but a national QR code standard that is mandatory for all Payment System Service Providers (PJSPs) using QR codes. QRIS was first introduced by Bank Indonesia on August 17, 2019.

Before standardization with QRIS, payment applications could only process payments with merchants who had accounts with the same Payment System Service Provider (PJSP) due to the non-standardized QR codes used. At present, the QRIS standard allows all payment applications from any Payment System Service Provider (PJSP) to make payments via QR codes at all merchants, even if different PJSPs are used. Furthermore, the QRIS standard makes it easier for merchants to accept payments from any application by simply opening an account with one of the QRIS-enabled PJSPs.

With such standardization, QR codes can be used across various applications by QR code payment service providers registered with Bank Indonesia. Here are some lists of Payment System Service Providers (PJSP) that offer QR code payment services, including: Shopeepay, DANA, OVO, Gopay, LinkAja, m-Banking BRI, m-Banking BNI, etc. Before QRIS, merchants were required to visit different banks or e-wallets individually, but now QRIS merchants don't need to do so. Merchants only need to register for QRIS, and their shops can automatically accept payments from one or more PJSP applications registered with Bank Indonesia.

The increasing penetration of QRIS is supported by the expanding trend of digital payment digitization that is becoming more widespread and recognized by the general public. It cannot be denied that the presence of FinTech players has helped change consumer preferences in transactions. For a portion of urban society, the presence of server-based electronic money on smart devices has replaced the role of physical currency in wallets due to its convenience and security. Comfort and security factors are equally important for merchants. Merchants no longer need to worry about change and the risks of counterfeiting or significant cash loss have also been greatly reduced. Merchants also gain a positive credit profile in the eyes of the bank. In practice, merchants have the opportunity to obtain more working capital. Merchants also don't need to provide QR codes from various digital wallet application services. Therefore, many merchants are starting to adopt digital payment systems, one of which is using QR Codes.

According to Venkatesh (2012), there are several factors that contribute to the acceptance and usage of technology, including: performance expectancy, effort expectancy, social influence, and hedonistic motivation. Based on the phenomenon and data above, the researchers are interested in gaining a deeper understanding of the analysis of factors influencing the usage of QRIS by business actors. The researchers conducted a study titled:

Analysis of the Influence of Performance Expectancy, Effort Expectancy, Social Factors, and Hedonic Motivation on the Intention to Use Quick Response Code Indonesian Standard (QRIS) among SMEs in the City of Padang.

1.2 Formulation of the problem

From the background previously stated, the author formulates several research questions in this study as follows:

1. Does the performance expectancy factor influence the intention to use the Indonesian Standard Quick Response Code among SMEs in the City of Padang?

2. Does the effort expectancy factor influence the intention to use the Indonesian Standard Quick Response Code among SMEs in the City of Padang?

3. Does the social influence factor influence the intention to use the Indonesian Standard Quick Response Code among SMEs in the City of Padang?

4. Does the hedonistic motivation factor influence the intention to use the Indonesian Standard Quick Response Code among SMEs in the City of Padang?

1.3 Research Objectives and Benefits

1.3.1 Research Purposes

1. To determine whether the performance expectancy factor influences the intention to use the Indonesian Standard Quick Response Code in the City of Padang.

2. To ascertain whether the business expectancy factor influences the intention to use the Indonesian Standard Quick Response Code in the City of Padang.

3. To determine whether social influence affects the intention to use the Indonesian Standard Quick Response Code in the City of Padang.

4. To find out whether hedonistic motivation influences the intention to use the Indonesian Standard Quick Response Code in the City of Padang.

1.3.2   Research Benefits

This research is expected to be beneficial for all parties, especially for the following entities:

1. For the author to understand and learn what factors influence business actors to use the Indonesian Standard Quick Response Code.

2. For academia, this research can serve as a reference source and contribute to the development of the Indonesian Standard Quick Response Code.

3. For merchants, it is hoped that this can provide knowledge about the Indonesian Standard Quick Response Code as a reference material bridging theory with real-world conditions in the field.

1.4 The Scope of Research

In order to be more targeted and achieve the desired objectives, this research focuses on the factors of performance expectancy, business expectancy, social influence, and hedonistic motivation in relation to the intention of QRIS usage among SMEs in the City of Padang.

1.5 Writing System

The systematic structure of this research consists of five chapters, each of which is further detailed into several interconnected sub-chapters. The arrangement in this study is as follows:

CHAPTER I: INTRODUCTION, It consists of background, problem formulation, research objectives, research benefits, research limitations, and research methodology.

CHAPTER II: THEORETICAL BASIS, It comprises the theoretical foundation that serves as the basis for the researcher's reference in constructingthe research analysis, previous research, variable definitions, framework, and research hypotheses.

CHAPTER III: RESEARCH METHODS, It includes the research location, subjects or objects of the study, population and sample, data sources,data collection methods, data analysis methods, and data analysis techniques.

CHAPTER IV: RESULT AND DISCUSSION, This chapter explains the results of the research testing conducted, thereby addressing the questions posed.

CHAPTER V: CONCLUSIONS AND RECOMMENDATIONS, This chapter contains the conclusions of this research and the recommendations provided by the author.