FACTORS INFLUENCING CUSTOMER’S INTENTION IN PAYING TRANSACTION USE E-MONEY

(Empirical Study at Economic and Business Faulty Brawijaya University Student)

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Abstract

The objectives of this research is to examine the factors that influence the customer’s in the transaction using electronic money with modified models of Technology Acceptance Model (TAM). Variables in this research using perceived usefulness, perceived ease of use, perceived of security, trust and intention to use. The population in this research is all college student in FEB UB active status in the odd semester of the academic year 2015/2016. Researchers used nonprobability sampling for determine sample. Samples in this research as many as 305 students of FEB UB students but only 184 that can be sampled because there is bias in data collection. The results of this research shows that constructs perceived usefulness and trust affect the intention to use electronic money. While the ease of use and security construct did not affect intention to use electronic money. It means that the intention to use electronic money is affected by the variable perceived usefulness and trust. The implications this research can be used by publishers who provide electronic money products to better prioritize factors that affect the intention of individuals to use electronic money so that people believe that the electronic money efficient to use.

Keywords: Students of FEB UB, Intention to Use Electronic Money, Perceived Usefulness.

Background

Now days people have started reducing habit carrying large amounts of money in their wallets because of its risks. Big nothingness of money that can be taken by the community in the wallet or pouch can be considered as an obstacle for the community to consume. The presence of non-cash means of payments eliminate the constraints of card shaped and potentially elevated levels to encourage consumption.

With the rapid development of technology, lifestyle of the people and the payment system in economic transactions continues to change. Technological advances in payment system shifts the role of cash (currency) as a means of payment in the form of non-payment of cash and the more efficient and economical. Globally, growth of economic transactions now leads to a system of non-cash payment in money (non-cash). Non-cash payments generally do not with physical money as a means of payment, but by way of bank transfer or intra-bank transfers through the bank's own internal network.

Micropayment instruments needs arise because when payment is made using other payment instrument at the moment, for example, money cash, debit cards or credit...
cards and so forth, it is not practical, relatively inefficient, uncomfortable or even more expensive costs. Unlike other payment instruments such debit card or credit card which set a minimum transaction amount as well as any additional charges that are quite expensive, micro payment instruments should be used to make payments in a very small amount with a relatively small transaction cost anyway. The goal is not only to provide ease, but also to reduce the use of currency that is worth the small. The use of e-money that fast and practical is expected to reduce the cash transaction during the culture still dominates in the public.

Technology Acceptance Model (TAM) offers a powerful and simple explanations for the acceptance of the technology and the behavior of its users (Davis, 1989). Technology Acceptance Model (TAM) is a model designed to predict acceptance of computer applications and the factors associated with it. Technology Acceptance Model, defined as one of the models that were built to analyze and understand the factors that influence the form factor of the admissibility of the use of computer technology.

Based on the above description, then the author in the preparation of this thesis took the title of “FACTORS INFLUENCING CUSTOMER’S INTENTION in PAYING TRANSACTION USE E-MONEY. (Empirical Study at Economic and Business Faculty Brawijaya University Student) “.

Theoretical Framework and Hypothesis Development

Payment System

Conditions as well as the behavior of the community to hold money are related to a payment system practised in its economy. They would prefer the cheapest means of payment and most convenient to use. In Global Insight (2003) revealed that the subjective values also play a role in the payment system not only depends on the characteristics of his objective. This study is the criticism of Adam Smith that does not count the values of Community preference, which in fact is the basis of all activities in the economy. Although there are many different editors, the definition of the payment system from many economists have the same meaning. According to the Listfield and Montes-Negret (1994), the payment system is procedures, rules, standards, and instruments used for the exchange of financial value between the two parties involved to release themselves from the obligation. In the meantime, Mishkin (2001) revealed that the payment system is a method to regulate transactions in the economy.

Electronic Payment System (E-payment)

E-payment is a system that provides the tools for payment services or goods that are done on the internet. Compared with the conventional payment systems, the customer sends all data related to payments to merchants who carried on the internet and there are no further external interaction between merchants and customers (Weir et. al, 2006). E-payment service is presented as a web-based user-interface that allows customers to access and manage their bank accounts and transactions from a distance (Lim, 2008).

E-Money

Cash is the electronic payment method in which a special identification number associated with a particular amount of money. According to Laudon (2007), digital cash currency is represented in electronic form other than a normal network (paper money, coins, checks and credit cards). So, electronic money is
money that is used in Internet transactions by electronic means. Typically, these transactions involve the use of computer networks (such as the internet and digital price storage systems).

According to Bank Indonesia, Electronic Money or E-Money is an electronic prepaid payment instruments whereas certain monetary value attached to it which can be recharged and can be used to finance various transactions at certain merchants. Based on such understanding, the E-Money is a type of Stored-Value Cards (SVC) which is wider than conventional SVC we know so far, for example, phone cards, e-toll card, blitzmegaplex card and so on. E-Money is one of the alternative payment form can be varied. During this E-Money is growing in the community is still in the form of microprocessor chip that is implanted in a card. E-Money cards the same size with a credit/debit card but slightly thicker due to the chip of earlier.

Conceptual Framework

The conceptual framework in this research is the result of replication and modifications between the previous research concerning the interest of individuals using electronic money. In this study, researchers tested the influence perceived usefulness, perceived ease of use, perceived of secure and trust in the interest of using electronic money. Researchers do the research to find empirical evidence about in relation between four perception of interest to using electronic money.

Formulation and Development Hypothesis

Concept of Intention Using Electronic Money

Intention to use is defined as the level of how strong the desire or urge someone to do a particular behavior (Davis et al, 1989). Intention to using electronic money defined as the level of individual desire or intention to use electronic money service as a means of payment transactions (Rahmatsyah, 2011).

Davis (1989) suggests that the benefits perceived by users of information technology will increase their interest in using information technology.

Perceived usefulness is defined as the level where a person believes that using a particular system can improve job performance (Jogiyanto, 2007). This is also supported by Davis (1989) which states that the perceived usefulness is the level of one's belief that when using a technology that will improve the performance of work in itself. **H1: Perceived Usefulness has influence on the Trust in Using Electronic Money (e-money)**

Perceived ease of use is defined as the level where a person believes that using a technology will be free from effort (Jogiyanto, 2007: 115). It is also supported by Davis (1989), **H2 : Perceived ease of**
use has influence on the trust in using electronic money.

Security is one of the important issues facing internet users. Crime in the internet media amounted a very large and has diverse forms for several reasons. First, the identity of individuals or organizations in the internet world it’s easy to fake but it is difficult to prove legally (Jarvenpaa and Grazioly, 1999). H3 : Perceived of Secure Has Influence on the Trust in Using Electronic Money

Trust is the expectation that the parties who have trusted will not cheat by taking personal advantage in certain situations (Gefen et. al, 2003). Trust also considered as an action, behavior or orientation, a form of the character, a relationship. H4 : Perceived of trust has influence on the intention in using electronic money.

RESEARCH METHODS

In this study, researchers used non-probability sampling in convenience sampling method. Sample size may reflect the population that is very important in this research, so that the results of this research can be generalized. The method used in this research is to determine the amount of Slovin sample by using the error rate of 5% of the list is considered representative sampling. The population of the whole number of Economic and Business Faculty students the regular program and international programs at the 2015/2016 Brawijaya University is 305 students, so the sample size is based on Slovin method.

This research uses primary data obtained from the individual response in the form of a questionnaire. Spreading the questionnaire can be done by posting via e-mail or shared web link through social media like Facebook, twitter, line, etc. or by coming to the respondent one by one to get sample. In this study, a questionnaire is distributed to respondents through social media e-mail, Facebook, and Line and visiting the respondent one by one to fill in the questionnaire.

Respondents in this research is all active students of Faculty of Economics and Business, University of Brawijaya in the academic year 2015/2016. As described in the previous chapter, the researcher used survey method by distributing questionnaires to respondents. Researcher collected data for two weeks by distributing questionnaires research directly.

The distributed questionnaires are 305 questionnaires. The total questionnaires returned is 290. There are 15 questionnaires not returned. After checking them, there are 106 questionnaires cannot be used because the questioner are not filled completely and biased. Thus, the level of respondents’ rate in this study is 95% and questionnaires that can be processed are 184. The number of samples and rate of return the questionnaire can be seen in table.

Result and Discussion

<table>
<thead>
<tr>
<th>Description</th>
<th>Questionnaire</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sending Questionnaires</td>
<td>305</td>
</tr>
<tr>
<td>Questionnaires Returned (not Responders)</td>
<td>15</td>
</tr>
<tr>
<td>Questionnaires Received (responders)</td>
<td>290</td>
</tr>
<tr>
<td>Questionnaires not Usable</td>
<td>106</td>
</tr>
<tr>
<td>Questionnaires Usable</td>
<td>184</td>
</tr>
<tr>
<td>Resp Rate</td>
<td>95%</td>
</tr>
<tr>
<td>Usable Resp Rate</td>
<td>60%</td>
</tr>
</tbody>
</table>

The distributed questionnaires are 305 questionnaires. The total questionnaires returned is 290. There are 15 questionnaires not returned. After checking them, there are 106 questionnaires cannot be used because the questioner are not filled completely and biased. Thus, the level of respondents’ rate
in this study is 95% and questionnaires that can be processed are 184. This research uses Partial Least Square (PLS).

**Analysis of Measurement Model**

The evaluation model analysis uses Partial Least Squares (PLS) program and is done using three stages namely the testing of convergent validity, discriminant validity test on, and the testing of reliability.

**Alogarithm Table**

<table>
<thead>
<tr>
<th>Construct</th>
<th>AVE</th>
<th>Composite Reliability</th>
<th>R Square</th>
<th>Cronbach's Alpha</th>
<th>Communality</th>
<th>Redundancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>0.812699</td>
<td>0.945457</td>
<td>0.303350</td>
<td>0.922998</td>
<td>0.812699</td>
<td>0.249014</td>
</tr>
<tr>
<td>PEU</td>
<td>0.727877</td>
<td>0.914414</td>
<td>0.277877</td>
<td>0.877140</td>
<td>0.727877</td>
<td></td>
</tr>
<tr>
<td>POS</td>
<td>0.369400</td>
<td>0.927864</td>
<td>0.389689</td>
<td>0.769400</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PU</td>
<td>0.357877</td>
<td>0.943406</td>
<td>0.305708</td>
<td>0.977486</td>
<td>0.936873</td>
<td>0.249014</td>
</tr>
</tbody>
</table>

**Convergent validity.** Assessing convergent validity testing is based on the value AVE, communality, and the value of factor loading. Rule of thumb for parameter AVE and communality is more than 0.50, and the value of factor loading is more than 0.70.

**Tabel Outer Loading**

<table>
<thead>
<tr>
<th>Construct</th>
<th>Intention1</th>
<th>Intention2</th>
<th>Intention3</th>
<th>Intention4</th>
</tr>
</thead>
<tbody>
<tr>
<td>PEU</td>
<td>0.823336</td>
<td>0.82047</td>
<td>0.801816</td>
<td>0.924170</td>
</tr>
<tr>
<td>POS</td>
<td>0.874023</td>
<td>0.842859</td>
<td>0.863969</td>
<td>0.918428</td>
</tr>
<tr>
<td>PU</td>
<td>0.896540</td>
<td>0.846568</td>
<td>0.918461</td>
<td>0.922384</td>
</tr>
</tbody>
</table>

Based on the table above, it can be seen that the value of AVE and Communality in each construct is more than 0.5. Similarly, the outer loading test results in the table Outer Loading score at 4.12 above, all indicators are above 0.7. Thus, based on the processing results, it can be concluded that the convergent validity has been met.

**Discriminant validity** assessment is based on the score of the CrossLoading, which is more than 0.7 in each of variable or construct. This value can be seen in Cross Loading.
Based on Table Cross Loading it can be seen that every indicator of each construct score is greater than 0.7 (>0.7). So it can be concluded that the discriminant validity have been met.

Reliability testing can be done in two methods: Cronbach's Alpha value, which must be more than 0.6, and Composite Reliability value, must be more than 0.7. According to table, all variables scores tested using Cronbach's Alpha are more than 0.6 and Composite Reliability score is more than 0.7. Therefore, the data and the results of measurements are considered reliable.

The test results of convergent validity, discriminant validity and reliability testing are illustrated on figure.

In the hypothesis testing, if the value of the coefficient paths indicated by the statistic $T$ (T-statistic) is > 1.96 then the alternative hypothesis is declared supported, but if the value of statistic $T$ (T-statistic) is <1.96 then the alternative hypothesis is unsupported.

Hypothesis Testing

H1: Perceived Usefulness has influence on the Trust in Using Electronic → Supported
H2 : Perceived ease of use has influence on the trust in using electronic money  →  \textbf{Unsupported}

H3 : Perceived of Secure has influence on the trust in using electronic money  →  \textbf{Unsupported}

H4 : Perceived of trust has influence on the intention in using electronic money  →  \textbf{Supported}

Based on the above hypothesis testing, it can be seen that the construct of trust greatly affect the intention of using electronic money. In addition, the finding also reveals that perceived usefulness influences the trust and intention using electronic money. But, the construct of perceived ease of use and perceived of security do not influence the trust and intention using electronic money. Based on these results, the researcher conducted validity testing to find an explanation for the hypothesis testing result by searching in journals related to the same research model that support the statement previously disclosed.

\textbf{CONCLUSION and RECOMMENDATION}

Based on the research findings, the variable perceived usefulness positively effect on trust in the use of electronic money. Consumers tend to have of trust to use technology, if they feel that the technology provides benefits for themselves. The higher benefits gained from the use of a particular technology, the higher an individual's sense of trust to take advantage of the technology. Besides, perception usefulness also a positive influence on interest in the use of electronic money. The higher benefits gained from the use of a specific technology, it means the higher an individual's interest to use these technologies.

Variable of trust also has positive influence on interest in the use of electronic money. Several researchers argued that the benefits derived from the use of electronic money can provide ease and speed in payment transactions without need to carry cash, the transaction value of appropriate and accurate, and can be used for bulk transactions whose value is small but high frequency. The higher trust of the individual in the use of e-money transactions, it means the higher interest of the individual to make transactions using electronic money.

In this study, the perceived ease of use and perceived of security variables has no effect on trust because the results obtained in this study indicate that the two constructs do not have a significant effect on the variable trust and intention.

Overall it can be concluded that the interests of individuals using electronic money is determined by factors perceived usefulness and trust. The higher perceived usefulness and trust it means the higher interest of individuals using electronic money.

\textbf{Implications of Research Results}

The results of this research can provide sound reference for the theory as well as transaction practice in using electronic money and can provide empirical data on the influence and benefits of interest in using electronic money. The findings of the study showed that the factors that can influence the interest in using electronic money is perceived usefulness and trust.

This research findings can provide input for publishers who provide electronic money products to prioritize the perception of benefit and trust factor more to boost the interest of using electronic money. This research can also be used by Bank Indonesia as the central bank to raise the quality of electronic money so that people would believe that electronic money is fast, safe and efficient to use.
BIBLIOGRAPHY


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