Factors that Determine Customer Decisions in the Use of E-Payment in the Culinary Business

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ABSTRACT

The culinary business is a big business in major big cities in Indonesia. The fast growth of culinary business also encourages the fast penetration of electronic payment through smart phones. Although it has fast penetration, there are few studies has been done with the use of e-payment in culinary business. The article highlights the important factors that influences consumer behavior in choosing e-payment providers in their use in culinary businesses. The article takes case study of Jakarta as the main culinary business in Indonesia, where the customers have switched their traditional payment system to mobile device. The article examines the common variables that involved e-payment such as: ease of use, security, price, culture, and regulatory. The study was conducted on random correspondents categorized by age, employment status, and services of the fintech service provider itself. The study is expected to provide reference for e-payment vendor to prepare the effective strategy for capturing customer's intention.

Key words : E-payment; Culinary Business; Customer Decision Model; Customer's Intention

1.INTRODUCTION

The World Bank and International Finance Corporation (IFC) revealed that Indonesia indicated a lending gap of $ 165 billion. Where data obtained from the Financial Services Authority (OJK) states that in 2018, financial technology (fintech) companies have contributed Rph.13.8 trillion to the public. From these data, we can conclude that currently Indonesia needs more access to credit.

According to survey data by DailySocial.id, currently there are four fintech provider companies that are ranked as the top four as the most popular fintech service provider [1]. We can see in Figure 1, the ranking of fintech companies is based on the number of users seen from application download rate, other integrated services, and ranking in fintech report 2018.

Fintech Indicators	DANA	GO PAY	OVO	Link Aja!
Company	EMTEK Group Alibaba Group	Gojek	Lippo Group	Telkomsel
Download on Android (2018)	500,000+	10,000,000+ (Gojek)	5,000,000+	5,000,000+
Service Integration	Bukalapak, Tix.id	Gojek, Go-life, Loket, JD.id	Grab, Tokopedia	-
Rank in Fintech Report 2018	4th (34,18%)	1st (79,39%)	2nd (58,42%)	3rd (55,52%)

Figure 1: Fintech Highlight by DailySocial.id.

With different characteristics from each of the Fintech service providers, such as payment methods that range from QR Code scans to mobile phone use with Near Field Communication (NFC) technology. Not only the ease of payment offered, Fintech also intensively holds promos such as cashback, discount or buy one get one promo. They are not reluctant to give cash back even up to 60% for making more customers.

The most targeted business by Fintech is now a culinary business, because of course the fastest flow of money is seen. And the tendency of people who want fast service when ordering food is certainly a consideration for the author to choose to do research especially in the culinary field.

The Special Capital Region of Jakarta is the center of a metropolitan city which ranks first in the economy of Indonesia. The character of the people who have a very busy routine tends to get everything in an instant manner. One of them is of course food, the population of Jakarta is a consumptive society, with the proliferation of many contemporary culinary businesses that are always popular in urban society. The community welcomed the presence of Fintech because of the convenience and promos given.

Therefore, this time the author will conduct research on what factors influence the community in choosing fintech as a means of payment, especially in the culinary field in the Special Capital Region of Jakarta.

2.LITERATURE REVIEW

The Analysis of Consumer's Intention Model for Using E-Payment Systems in Indonesia is a paper written by Sfenrianto, Junadi and Melva H.S. This paper describes the factors of using electronic payment in Indonesia, especially for e-commerce transactions. The paper explains research on factors that influence consumer decisions in choosing electronic payment services when making transactions on e-commerce. By paying attention to Indonesian culture, namely Internet access, education level, and experience in using computer.

Factors Affecting Interest in Using e-money (Study of Ahmad Dahlan Jakarta STIE Students) an an paper written by Utami, S. S. is the same research as a smaller case study, namely a high school in DKI Jakarta [2]. Utami conducts research with student correspondents as an electronic payment user object.

The acceptance of e-payment among Indonesian millennials written by Kelana, B., Riskinanto, A., & Hilamawan, D. R. discusses how millennials in Indonesia responded to the presence of electronic payment technology in Indonesia [3]. Culture is the main thing examined by the paper.

3.RESEARCH METHOD

The research model for the study is summarised as follow:
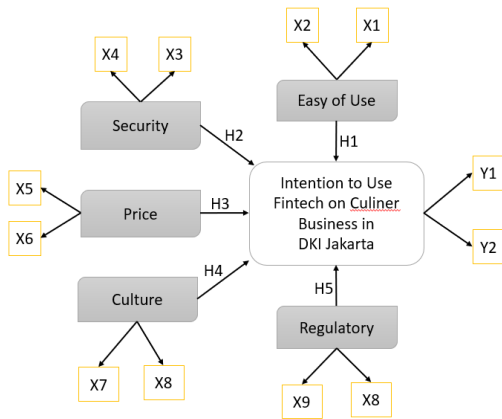
Figure 2: Model of factors influencing consumer's intention to use fintech [4, 5, 6, 7, 8].

The hypothesis for research model comprises of:

Hypothesis 1: Ease of use has a positive impact on consumer's intention to use fintech.
Hypothesis 2: Security has a positive impact on consumer's intention to use fintech.
Hypothesis 3: Price has a positive impact on consumer's intention to use fintech.
Hypothesis 4: Culture has a positive impact on consumer's intention to use fintech.
Hypothesis 5: Regulatory Issue has a positive impact on consumer's intention to use fintech.

Table 1 illustrates the variables that will be used in primary data collection. The author uses a Likert scale of 5, and distributed through Google Form to major respondents in all Jakarta area. Addition to Google Form, the corresponding e-mails also are distributed to major students, business owner and professionals. The questionnaires addressed the use of popular e-payment vendors such as: Dana, Go-Pay, Ovo and Link Aja.

Table 1: Measures based on factors influencing Consumer's intention to use Fintech [3,4,5,7]

Factor	Measures	
Easy of Use	X1	Friendly user interface
	X2	Compatible in all device
Security	X3	Technical protection
	X4	Security statement
Price	X5	Cashback value
	X6	Discount value
Culture	X7	E-payment Usage
	X8	Fintech Knowledge
Regulatory	X9	Government statement
	X10	Bank regulations
Intentions to use Fintech	X11	Willing to use an fintech
	X11	Recommend others to use fintech

The questions are summarised into: age, occupation, and provider that frequently being used. From hundreds of replied, there are 100 questionnaires have been verified. The data is analysed with Covariance-based SEM method with SPSS and AMOS 22. Table 1 shows the variables with verified indicators.

4. DATA ANALYSIS AND RESULTS

Data analysis applied using Structural Equation Modeling (SEM). A statistical modeling technique that is very cross-sectional, linear and general. Included in this SEM are factor analysis (factor analysis), path analysis (path analysis) and regression (regression).

Based on the variables defined in table I, the results of the survey based on each hypothesis are as follows:

- H1 : Culture has positive impact on intention to use an fintech, because the value of the t-value or CR amount to 2.831 > 1.745 or P value is 0.006 (<0.05), then H1 accepted.

Table 2:. Demography

Attributes	Categories	DKI Jakarta Respondents	
		Frequency	**Percentage (%)**
Gender	Male	40	40
	Female	60	60
Age (years)	16 – 25	25	25
	26 - 35	60	60
	36 – 40	15	15
Status	Student	15	15
	Employee	65	65
	Manager	7	7
	Enterpreneur	7	7
	Others	6	6
Fintech	DANA	23	23
	Go-Pay	41	41
	OVO	31	31
	Link Aja	5	5

Table 3:. Summary of Goodness of Fit

Goodness of Fit Index	Cut-off value	Result	Conclusion
X1 Chi Square	<145,710	213,122	Bad Fit
Significance probability	>0,05	0,000	Marginal Fit
GFI	≥0,90	0,743	Marginal Fit
AGFI	≥0,90	0,863	Bad Fit
CFI	≥0,90	0,876	Good Fit
TLI	≥0,90	0,826	Marginal Fit
CMIN/DF	<2,0	1,543	Good Fit
RMSEA	≤0,08	0,033	Good Fit

Table 4: Posterior Probability for each Attribute and Value

Hypothesis	Estimate	C.R	P	Decision
H1 : Easy of Use	0,243	2,245	0,001	Accepted
H2: Security	0,201	2,222	0,077	Accepted
H3: Price	0,376	4,015	0,009	Accepted
H4: Culture	0,335	3,976	0,011	Accepted
H5 : Regulatory	0,176	2,120	0,046	Accepted

From table 4 above, we can get results from the analysis data based on critical ratio (CR) and value of probability (P)

H1 : Ease of use has a positive effect in intention to use fintech, because the value of the t-value or CR amounted to 2,245 > 1,967 or P value is 0,001 (<0,05), then H1 accepted.

H2 : Security has a positive effect in intention to use fintech, because the value of the t-value or CR amounted to 2,222 > 1,967 or P value is 0,077 (<0,05), then H2 accepted.

H3 : Price has a positive effect in intention to use fintech, because the value of the t-value or CR amounted to 4,015 > 1,967 or P value is 0,009 (<0,05), then H3 accepted.

H4 : Culture has a positive effect in intention to use fintech, because the value of the t-value or CR amounted to 3,976 > 1,967 or P value is 0,011 (<0,05), then H4 accepted.

H5 : Regulatory has a positive effect in intention to use fintech, because the value of the t-value or CR amounted to 2,120 > 1,967 or P value is 0,046 (<0,05), then H5 accepted.

5.DISCUSSION

A. Impact of Easy of Use toward consumer's intention to use fintech

Ease of use factor gets a value of (0.243), which indicates that the ease of use of fintech applications has a significant influence for the community in choosing fintech to be used. This is particularly influential for consumers with age categories> 25 years. Because this generation is the generation that has at the very least felt the rapid advancement in technology, unlike millennials (20-24) who are technology savvy [8,9].

B. Impact of security toward consumer's intention to use fintech

The number 0.201 is a low number when compared to other factors. This indicates that consumer attention to the security aspects of the Fintech system is still very lacking. Consumers prioritize convenience compared to system security. Impact of price toward consumer's intention to use fintech [9].

Factor price is a factor with the highest value (0.376). Of course, because price competition is the most interesting thing for consumers to choose fintech with the greatest profit.

C. Impact of culture toward consumer's intention to use fintech

After the price, culture is a factor with a high score (0.335), the people of DKI Jakarta, which is the capital, are the first place

to be affected by any technological updates in Indonesia. So that it brings a more literate culture of society towards technological advancements and their use.

D. Impact of regulatory toward consumer's intention to use fintech

The lowest number is owned by regulatory factors (0.176). Just like security, the public is very low on the regulator or permission from either the government or the Bank's authority on fintech service providers. The community should be more concerned with both these things, to avoid things that are not desirable. Use a fintech service provider that has been directly monitored by the Bank and pocketed government permission, to continue to enjoy fintech services with a feeling of security.

6.CONCLUSION

From the results of the research obtained it can be concluded that the indicators or variables used have met the validity and are declared valid. In addition, research conducted using SEM shows that there is a significant relationship between ease of use, security, price, culture, and regulatory influence on consumers' willingness to use fintech.

Price is the highest influence factor because the culture of the people tends to choose fintech with tempting offers such as cashback, discounts, or buy one get one promos [10]. We can see this also from the phenomenon of fintech competition in Indonesia, especially DKI Jakarta, which often offers up to 60% cashback [11].

Regulatory is the lowest influence factor. Most of the community did not conduct a survey in advance whether the fintech they used had obtained permission from the government and official financial service authorities in Indonesia. Because according to them, fintech which has been popular and widely used is ensured to have obtained permission from the authorities.

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