

CHAPTER 1

INTRODUCTION

A. Background

Corona Virus Disease-2019 (COVID-19) is a new coronavirus-related infectious disease. It was discovered for the first time in Wuhan, China, in 2019. On March 9, 2020, WHO (World Health Organization) officially declared that the new coronavirus (COVID-19) was a pandemic. This means the corona virus has spread widely in the world. In Indonesia, the first case of COVID-19 appeared on March 2, 2019.

The symptoms of people with COVID-19 in general are fever and dry cough. Aches and pains, nasal congestion, conjunctivitis, headache, diarrhea, sore throat, loss of taste or scent, skin rash, and discoloration of fingers or toes are some of the other symptoms that some patients may experience. The signs and symptoms are typically mild and occur over time. Some people get infected but only experience minor symptoms (Satuan Tugas Penanganan COVID-19, Apa saja tanda atau gejala infeksi virus corona? <https://covid19.go.id/tanya-jawab?page=14&search=>).

COVID-19 is a disease that has a high rate of transmission. Transmission of COVID-19 can occur if there is contact with other people who are infected with this virus. COVID-19 is transmitted by droplets from the nose or mouth that come out when a person with COVID-19 coughs, sneezes, or speaks. COVID-19 may also be contracted by inhaling the splash of an infected individual or coming into contact

with surfaces contaminated by the splash (Satuan Tugas Penanganan COVID-19, Bagaimana cara COVID-19 menyebar? <https://covid19.go.id/tanya-jawab?page=12&search=>).

Press Secretary for handling COVID-19 in Indonesia, Achmad Yurianto stated in “Jubir COVID-19: Jika Semua Pakai Masker, Potensi Penularan Hanya 1,5%” published June 24, 2020 on the website of the Indonesian Health Ministry if a person carrying COVID-19 does not wear a mask and is in close contact with a person who does not use a mask and is vulnerable, the possibility of transmission reaches 100%, if the sick person wears a mask, while the group vulnerable to not wearing masks, the potential for transmission reaches 70%, sick people wear masks, while healthy people don't wear masks, the transmission rate is 5%, and if both wear masks, the potential for transmission is 1.5%.

Based on COVID-19 National Economic Management and Recovery Committee, until February 12, 2021, there were 1,201,859 positive cases, 32,936 deaths cases, and 1,004,117 recovered cases of COVID-19 in Indonesia (Kementerian Kesehatan Republik Indonesia, 2020 in Jubir COVID-19 : Jika Semua Pakai Masker, Potensi Penularan Hanya 1,5%. Retrieved June 24, 2020, from <https://www.kemkes.go.id/article/view/20062500002/jubir-covid-19-jika-semua-pakai-masker-potensi-penularan-hanya-1-5-.html>)

The government has implemented certain policies to reduce the spread of COVID-19 in Indonesia. Several policies made by the government, including Social

Distancing, Work from Home, Flight Restrictions, Large-Scale Social Restrictions (PSBB), and Lockdown in several regions have stopped economic activity, with reduced demand and disrupted supply chains around the world and affecting various sectors such as the aviation, tourism, investment, and trade. In the aviation market, Indonesia's flight restrictions to combat COVID-19 prompted several airlines to cancel flights, while others were forced to continue operating despite the fact that most of their airplane seats were vacant (Hanoatubun, Silpa 2020). Because of the increasingly widespread spread of the Corona virus, many customers are delaying their vacation plans. The tourism industry is also impacted by the flight ban

According to data from the Central Statistics Agency (BPS), In Indonesia there were 2.07 million Chinese tourists in 2019, which meet 12.8 percent of all foreign tourists in that year. The COVID-19 pandemic will continuously influence tourism support sectors such as hotels, restaurants, and retail entrepreneurs. If the number of visiting tourists decreases, turnover in trade, micro, small, and medium enterprises (SMEs) will also decrease. Business model will change over the transition period caused by pandemic COVID-19. Producers, consumers, and distributors need to adapt to existing conditions. They are required to identify how to deliver their products and services with minimal and safe physical contact or seek digital substitutes (Seetharaman, 2020).

Rapid advances in technology are found in era of industry 4.0, almost all companies use technology to process data and information for efficient and effective decision making in business process. They also use technology in a competitive

environment to provide services to consumers. Banking is one of the industries that competitively uses technology for competition in consumer services. The use of information and communication technology in banking is relatively advanced, one of types of technology that can be found in the banking industry is e-banking that can be in the forms of Automated Teller Machines (ATMs), Electronic Wallets (e-wallets), debit cards with chips, EDC machines, Mobile Banking, and Internet Banking. Therefore, face-to-face interaction as a process of consumption activities for customers and banking employees is replaced by customer interactions with technology. Technology also improves the efficiency and effectiveness of banking services. The patterns of consumer behavior also change over time with the increasing use of technology in banking services.

“Pengguna E-Banking Meningkat Tajam” written by Hafid Fuad on Sindownews.com, the number of e-banking users in Indonesia increased 270% from 2012 to 2016. In 2012, Indonesia has 13.6 million e-banking users and increased to 50.4 million users in 2016. The increasing number of users also increased the frequency of usage e-banking transactions, there were 150.8 million transactions in 2012, the increase of 169% in 2016 made the total transaction to become 405.4 million transactions. Technology complements human needs, it makes everything more practical and easier to do, so that human work that was previously difficult to do can be realized more easily, quickly, effectively, and efficiently.

Quran Surah Al-Anbiyaa Verse 80 stated as value:

وَعَلَّمْنَاهُ صَنْعَةَ لَبُوسٍ لَكُمْ لِتُحْصِنَكُمْ مِنْ بَأْسِكُمْ فَهَلْ أَنْتُمْ
شَاكِرُونَ

“And We taught him the fashioning of coats of armor to protect you from your [enemy in] battle. So will you then be grateful?”

During COVID-19 pandemic, in the banking industry, digital use is becoming increasingly common among customers, the risk of virus transmission and distribution consequences caused by the transfer of cash could be a reason for banking industry to direct their customers to become e-banking users. The most important things need to be held in electronic environment are trust and loyalty (Chaudhry et al., 2009). During pandemic, the use of technology like e-banking can increase dramatically because it is intended not only for more practical use for customers but also as retention in the spread of the corona virus. The situation posed a challenge to the banking industry, especially in developing countries, and the importance of knowledge management in commercial banks grew as a result (Khokhar et al., 2010).

Covid-19 prevention regulations by the Indonesian government also affect banking offices. Limitation on the number of customers who are allowed in the building and service hours is shorter than usual, even some banking offices are closed because positive cases of corona are found affect the needs of customers who are still oriented towards traditional banking. E-banking provides a variety of services and facilities that can lessen face-to-face activities to reduce the spread of COVID-19 for examples transfers, checking account balances and mutations,

changing PINs, paying for electricity, water or telephone, top up e-money (OVO, Go-Pay, Dana, Shopee Pay and others). This makes it easier for customers to make transactions in their daily lives, customers can make transactions that are needed anywhere, anytime without being limited by time (Auer, R., Cornelli, G., & Frost, J 2020).

Research conducted by Inzamam Ul Haq and Tahir Mumtaz Awan (2020) on account holders from three domestic banks in Pakistan which examines empirically study during the COVID-19 pandemic on e-banking service quality (ESBQ) and its impact on e-banking loyalty which is mediated by e-banking satisfaction. This study was conducted to find and understand the effect of E-banking service quality (EBSQ) factors towards E-Banking user satisfaction and loyalty during COVID-19 pandemic by taking E-banking users in Indonesia as subjects. Therefore, this research raised the title "**The Factors Affecting Satisfaction and Loyalty of E-Banking Users During the COVID-19 Pandemic (A Study of E-Banking Users During the COVID-19 Pandemic)**". The difference between this study and the research by Inzamam Ul Haq and Tahir Mumtaz Awan (2020) is in the e-banking user satisfaction variable. In this study, e-banking user satisfaction will become the dependent variable.

There are many types of E-Banking facilities provided by banking service, as mentioned above there are Automated Teller Machines (ATMs), Electronic Wallets (e-wallets), debit cards with chips, EDC machines, Mobile Banking, and Internet Banking. Therefore, in this study the types of e-banking users who will become the

research subjects will be limited. E-banking users who will become the research subjects are Mobile Banking and Internet Banking users only. The variables used as in the factors affecting e-banking user satisfaction and loyalty in this study are e-banking service quality (ESBQ) consists of reliability, privacy and security, design of websites and applications, as well as customer service and assistance which will become independent variable in the study while the independent variable are E-Banking user satisfaction and E-Banking user loyalty. The subject of this research will be mobile banking and internet banking user of Indonesia local bank such as BCA, Mandiri, BNI, BRI, Permata, BSI etc.

B. Research Question

Based on the background above, these are research questions raised as follows:

1. Does e-banking service reliability have an impact on e-banking satisfaction?
2. Does e-banking service privacy and security have an impact on e-banking satisfaction?
3. Does the design of an e-banking service's website have an impact on e-banking satisfaction?
4. Does e-banking customer service and assistance have an impact on e-banking satisfaction?
5. Does e-banking service reliability have an impact on e-banking loyalty?
6. Does e-banking service privacy and security have an impact on e-banking loyalty?

7. Does the design of an e-banking service's website have an impact on e-banking loyalty?
8. Does e-banking customer service and assistance have an impact on e-banking loyalty?

C. Research Objective

Based on research questions, this final project research aims to find empirical study whether:

1. e-banking service reliability has a positive impact on e-banking satisfaction
2. privacy and security in e-banking systems have a positive impact on e-banking satisfaction
3. the design of an e-banking website and application has a positive impact on e-banking satisfaction
4. e-banking customer service and assistance have a positive impact on e-banking satisfaction
5. e-banking service reliability has a positive impact on e-banking loyalty
6. privacy and security in e-banking systems have a positive impact on e-banking loyalty
7. the design of an e-banking website and application has a positive impact on e-banking loyalty
8. e-banking customer service and assistance have a positive impact on e-banking loyalty

D. Research Benefits

This research is expected to provide significant benefit as in:

1. Theoretically

Theoretically, this research can help to see how the concept of e-banking service quality (ESBQ) affects customers' satisfaction and loyalty during the COVID-19 pandemic. This study can also add to the literature related to banking service quality (ESBQ) during a pandemic that can capture the need for users who use cognitive-motivation-rational theory (CMR) and technology of acceptance (TAM).

2. Practically

a. For Academics

This research is expected to be a source or additional reference in the field of information system research related to the use of e-banking with e-banking service quality (EBSQ) which consists of Reliability, Privacy and Security, Website / Application Design, Customer service and assistance as a variable. The final result of this study can be used as a reference for further research related to the concept of e-banking service quality (EBSQ), especially during the COVID-19 pandemic seen from e-banking users perspective.

b. For Banking Employees

The results of this study are expected to be an objective consideration for banking activities and can serve as a reference regarding customer perspectives on the quality and benefits of e-banking, especially during the COVID-19 pandemic.