

CHAPTER I

INTRODUCTION

A. Background

The development of technology is increasing rapidly from year to year. Humans are increasingly innovating to create various sophisticated and modern technology products. McLeod (2011) defines information technology is a tool used to capture data, store, process, send or present information needs electronically that are useful for users in the form of a combination of hardware and software from computers, manuals and other components in one integrated system. Technology is a tool to facilitate human needs. This is in accordance with the Qur'an Surat Al-Hadid: 25 as follows:

بَأْسٍ فِيهِ الْحَدِيدَ وَأَنْزَلْنَا ۖ بِالْقِسْطِ النَّاسَ لِيُقِيمُوا وَالْمِيزَانَ الْكِتَابَ مَعَهُمْ وَأَنْزَلْنَا بِالْبَيِّنَاتِ رُسُلَنَا أَرْسَلْنَا لَقَدْ
عَزِيزٌ قَوِيٌّ اللَّهُ إِنَّ ۖ بِالْعَيْبِ وَرُسُلَهُ يَنْصُرُهُ مَنْ اللَّهُ وَلِيَعْلَمَ لِلنَّاسِ وَمَنَافِعُ شَدِيدٌ

Meaning:

Indeed, we have sent our apostles by bringing concrete evidence and we have sent down with them the Scriptures and the balance sheet (justice) so that humans can carry out justice. And We created an iron in which there is great power and various benefits for humans, (so that they use the iron) and so that Allah knows who helps (His religion) and His apostles when Allah does not see. Indeed, Allah is Strong, Most Mighty.

The verse shows that Allah SWT created iron as one of the things that has many benefits for humans. Allah then ordered humans to use the iron and take advantage of it. Iron is just one example of objects made by humans and provides various benefits. Besides iron there are many technologies that are useful for human life.

Setiawan (2018) defines technology is able to reach interactions between people and layers of society in various parts of the world to be more open. One type of technology is the internet which not only can be a door to know the culture of the people in other areas, but also become one part of the culture itself. The rapid development of technology has positive and negative impacts on society. Society becomes easier in carrying out daily life. Fahdiansyah and Anas (2017) explained that information technology affects almost all aspects of human life, namely aspects of health, education, governance and finance. The business sector is one of the fields most affected by the development of information technology. The use of technology in business serves as a tool to determine business strategies, such as: marketing, sales and customer service. One of the impacts of technological development on business is the use of electronic money. (Yuliana, 2000)

Based on Bank Indonesia Regulation Number 16/08/PBI/2014 article 1 section 3, electronic money is a means of payment that meets the following elements, namely: issued after the issuer first receives a cash deposit, the value of money is stored electronically in the media or chip , as a means of payment to traders other than the issuer of electronic money, the value of electronic money managed is not a banking deposit. Based on these regulations, electronic money is a non-cash payment system that is stored in a media or chip after the user deposits an amount of money with the issuer of electronic money. The existence of non-cash payments such as e-money will be able to optimize people's purchasing power while increasing the country's economy. (Abidin, 2015)

Table 1. 1
List of Electronic Money Issuers Registered at Bank Indonesia

| Publisher Name | |
|--|---------------------------------------|
| 1. PT Bank Central Asia Tbk | 21. PT Espay Debit Indonesia Koe |
| 2. PT Bank DKI | 22. PT Bank QNB Indonesia Tbk |
| 3. PT Bank Mandiri (Persero) Tbk | 23. PT BPD Sumsel Babel |
| 4. PT Bank Mega Tbk | 24. PT Buana Media Teknologi |
| 5. PT Bank Negara Indonesia (Persero) Tbk | 25. PT Bimasakti Multi Sinergi |
| 6. PT Indosat, Tbk | 26. PT Visionet Internasional |
| 7. PT Skye Sab Indonesia | 27. PT Inti Dunia Sukses |
| 8. PT Telekomunikasi Indonesia, Tbk | 28. PT Veritra Sentosa Internasional |
| 9. PT Telekomunikasi Selular | 29. PT Solusi Pasti Indonesia |
| 10. PT Bank Rakyat Indonesia (Persero) Tbk | 30. PT Bluepay Digital Internasional |
| 11. PT XL Axiata, Tbk | 31. PT Ezeelink Indonesia |
| 12. PT Artajasa Pembayaran Elektronik | 32. PT E2Pay Global Utama |
| 13. PT Finnet Indonesia | 33. PT Cakra Ultima Sejahtera |
| 14. PT Bank CIMB Niaga | 34. PT Airpay International Indonesia |
| 15. PT Bank Nationalnobu | 35. PT Bank Sinarmas Tbk |
| 16. PT Bank Permata | 36. PT Transaksi Artha Gemilang |
| 17. PT Nusa Satu Inti Artha | 37. PT Fintek Karya Nusantara |
| 18. PT Smartfren Telecom Tbk | 38. PT Max Interactives Technologies |
| 19. PT MV Commerce Indonesia | 39. PT Sarana Pactindo |
| 20. PT Witami Tunai Mandiri | |

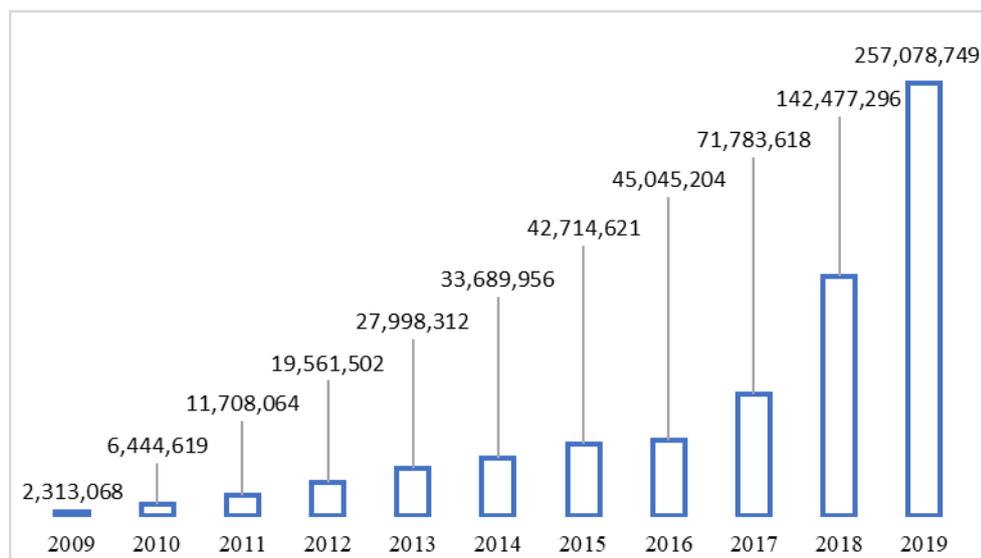
Source: Bank Indonesia, 2019

Based on Table 1.1, from 2009 to 2019 there were 39 electronic money issuers that had obtained licenses from Bank Indonesia consisting of banks and non-banks.

The use of e-money in Indonesia was first initiated in 2009 through Bank Indonesia Regulation Number 11/12/PBI/2009 concerning Electronic Money (E-money) which was later amended in Bank Indonesia Regulation Number 16/8/PBI/2014. The use of e-money is considered because payment instruments in the form of electronic money are not only issued in the form of cards but also in other forms. In addition, along with technological

developments, payment instruments in the form of electronic money are increasingly developing both those issued by banks and other institutions. Since 2009 electronic money has experienced quite rapid development. In 2008, only 430.8 thousand e-money users increased to 3 million in 2009. The value of e-money transactions also increased rapidly to 17.4 million transactions with a value of 519.2 billion. This value has increased from the previous year which only reached 2.6 million transactions with a value of 76.7 billion. To encourage the development of e-money as a substitute for small fractions, in 2010 Bank Indonesia mapped the largest users of small fractions, namely toll roads, supermarkets and others to use e-money as a method of payment (Bank Indonesia, 2009).

The increasing use of electronic money in Indonesia can be seen from the following graph:



Source: Bank Indonesia, 2019

Figure 1. 1 Amount of Electronic Money Circulation in Indonesia

Based on these graphs, it can be seen that after 10 years of circulation of electronic money in Indonesia, an increase in the amount of electronic money in circulation in the community. In 2019 the amount of electronic money in circulation was 257,078,749 instruments. This number increased from the number of electronic money instruments which only reached 2,313,068 in 2009. (Bank Indonesia, 2019). The first electronic money introduced was chip-based electronic money. This electronic money is in the form of cards such as e-money, flazz, and brizzi.

As technology develops, types of electronic money are growing each year. At present, electronic money is not only in the form of cards, but based on applications such as Gopay as part of the gojek application, Ovo as part of the Grab, LinkAja, Dana and Jenius applications. Many types of electronic money are supported by merchants who provide payment methods, both cash and non-cash. Payments using non-cash also often get promos and attractive offers that are not obtained by visitors when using cash payments.

Judging from the emergence of e-money in Indonesia such as Gopay, Ovo, LinkAja, Dana, Jenius, and many more, shows the development of e-money very rapidly. The following are 10 e-money applications that are the most downloaded and used by the public especially millennial generation.

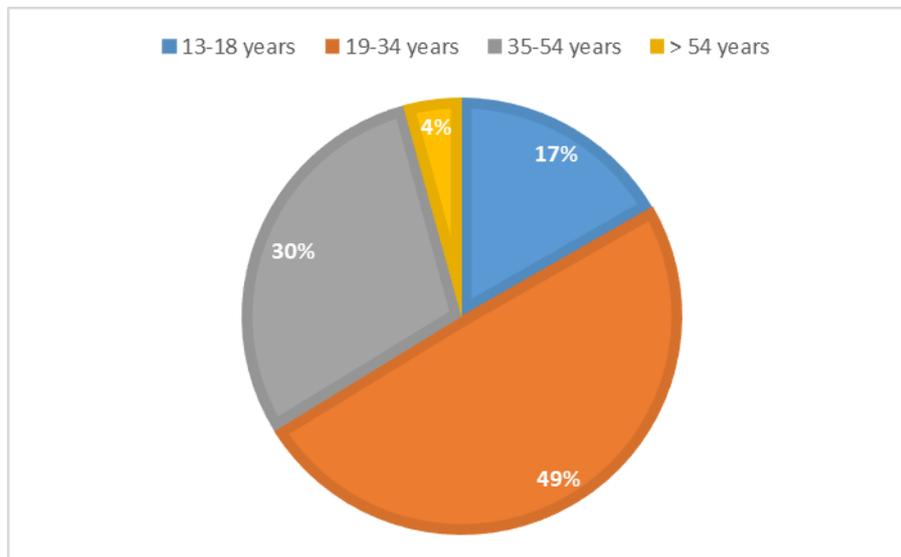


Source: *katadata.co.id*, 2019

Figure 1. 2 List of the Largest Electronic Money in the 4th Quarter 2017 – 2nd Quarter 2019 in Indonesia

Based on Bank Indonesia (BI) data, there are 39 electronic money (e-money) with official licenses. Gojek as a digital wallet with the largest monthly active users in Indonesia since Q4 2017. For information, Gojek digital wallet user data is the number of monthly active users of Gopay and other services from the Gojek app. The next rank was won by Ovo who succeeded in winning for four consecutive quarters. Previously, Ovo had competed with LinkAja for the second position. In the second quarter of 2019, LinkAja position was successfully shifted by newcomers, namely Dana, who managed to move up to third place. LinkAja must also go down to fourth. Jenius tended to stay in fifth place even though in the third quarter of 2018 it had risen to fourth.

The use of electronic money is generally used by millennials aged 18-25 years. This is because the millennial generation is the generation that uses the internet the most and gets access to information about electronic money. The internet user data is as follows:



Source: kominfo.co.id

Figure 1. 3 Composition of Internet users by Age of 2017 in Indonesia

Based on these data it is known that people aged 19-34 years are the largest internet users who have a percentage of 49.52%. This has the potential for millennial generation as an application-based electronic money user. Millennial generation are targeted in marketing because they are closely related to technology, including the selection of transactions using electronic money.

Many views that electronic money has a big risk and has many weaknesses, but when viewed today the millennial generation is consumptive and prefers something that is efficient, easy and fast to carry out all purchasing activities that can transact using electronic money.

In using electronic money, consumers get a huge benefit, namely the existence of security which makes crime in transactions less reduced which makes the trust in consumers to use electronic money.

Another advantage is the ease to use and benefits offered by electronic money products can have an impact on increasing users. When a product has ease to use and benefits when used in daily life, then the possibility of the product will be used by the wider community, especially millennial generation.

Research conducted by Ramadhan et al. (2016) shows that perceptions of ease of use and perceptions of security and perceptions of risk significantly influence the interest in using e-money, while the perception of benefits does not significantly influence the interest in using e-money. Research conducted by Widiartini and Yasa (2017) shows that consumers perceived values and trust significantly influence consumers' intentions to use e-money. Wibowo et al. (2015) conducted a study that showed that perceived benefits, perceived convenience, service features and trust significantly influence the interest in using e-money. Research conducted by Mentari et al. (2019) shows that perceptions of benefits and perceptions of ease have a positive and significant effect on consumer attitudes in using electronic money, while consumer knowledge does not significantly influence consumers' attitudes in using electronic money.

Based on the description above, the researcher is interested in measuring the selection of e-money by millennial generation. Based on trust, benefit,

ease of use, security and risk as an independent variable, we will see the most influential variable on the selection of e-money by millennial generation.

Related to the selection of this research location where the researchers took samples in Yogyakarta that focused on students, because students were categorized as millennial generation who had innovative characteristics and wanted to carry out any activities including purchasing activities that were efficient, easy and fast. The number of universities in Yogyakarta made researchers decide to choose an A accredited campus, both state and private universities such as Universitas Gadjah Mada, Universitas Negeri Yogyakarta, Universitas Pembangunan Nasional Veteran, Universitas Islam Negeri Sunan Kalijaga, Universitas Muhammadiyah Yogyakarta, Universitas Islam Indonesia, Universitas Ahmad Dahlan and Universitas Atma Jaya.

Based on the description above, the authors are interested in conducting research with the title “**Analysis of Factors Affecting the Selection of Electronic Money by Millennial Generation in Yogyakarta**” (Case Study: Universitas Gadjah Mada, Universitas Negeri Yogyakarta, Universitas Pembangunan Nasional Veteran, Universitas Islam Negeri Sunan Kalijaga, Universitas Muhammadiyah Yogyakarta, Universitas Islam Indonesia, Universitas Ahmad Dahlan and Universitas Atma Jaya).

B. Limitation of Problems

In this study, researchers limit their research:

1. Case studies conducted at eight universities in Yogyakarta that have been accredited A, i.e Universitas Gadjah Mada, Universitas Negeri

Yogyakarta, Universitas Pembangunan Nasional Veteran, Universitas Islam Negeri Sunan Kalijaga, Universitas Muhammadiyah Yogyakarta, Universitas Islam Indonesia, Universitas Ahmad Dahlan dan Universitas Atma Jaya.

2. The variables studied are as follows:
 - a. For the dependent variable (Y) is the selection of e-money.
 - b. For independent variables are trust (X1), benefit (X2), ease to use (X3), security (X4), and risk (X5).

C. Problem Formulations

Based on the background description above, the research problem formulation is as follows:

1. How does the trust variable influence the selection of e-money by millennial generation?
2. How does the benefit variable influence the selection of e-money by millennial generation?
3. How does the ease to use variable influence the selection of e-money by millennial generation?
4. How does the security variable influence the selection of e-money by millennial generation?
5. How does the risk variable influence the selection of e-money by millennial generation?

D. Purpose

Based on the above problem formulation, the objectives of this study are as follows:

1. To analyze the influence of trust electronic money selection on millennial generation.
2. To analyze the influence of benefit electronic money selection on millennial generation.
3. To analyze the influence of ease to use electronic money selection on millennial generation.
4. To analyze the influence of security electronic money selection on millennial generation.
5. To analyze the influence of risk electronic money selection on millennial generation.

E. Benefit

1. For writers

This research is to add insight and knowledge as well as to implement all the knowledge that has been received during the lecture bench with the actual situation in the field.

2. For the Government

This research can be used as material for analysis and evaluation of policies that have been implemented as well as increasing supervision over the use of electronic money in Indonesia to avoid the risk of fraud.

3. For Readers

This research can provide information and can be a reference for further researchers who want to conduct similar research.