

ANALYSIS OF FACTORS AFFECTING THE USE OF FINANCIAL TECHNOLOGY (FINTECH) ON GEN Z

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Abstract

Along with the development of an increasingly modern era, all activities seem unable to be separated from the existence of financial technology. New innovations are needed in this digital era so that all human activities become more efficient, safe, fast and convenient, especially in the implementation of economic activities, one of the methods of financial services that is gaining popularity in the current digital era is financial technology (fintech). The technology-based payment system is one of the sectors in the FinTech industry that is very developed and popular among the Indonesian people, especially Generation Z. In Indonesia, financial technology transactions continue to increase from year to year. This increase is entirely due to an increase in the use of financial technology services (fintech) in Indonesia. Services such as OVO, GO-Pay, Dana, and Shoppe-Pay are examples of financial technology in the payment system sector. The factors that become the material of analysis are those that affect the use of financial technology (Fintech) in gen z, which is measured by the variables of Perception of Ease, Perception of Usefulness, Perception of Trust, Perception of Security, and Intention to Use. The number of samples used in this study were 200 respondents. Data collection was carried out using a questionnaire via google form which was then processed using the PLS SEM application.

Keywords : Perceived Ease, Perceived Usefulness, Perceived Trustworthiness, Perceived Security, Intention to Use, and Behavior of Using

INTRODUCTION

Currently, technological developments are increasingly innovating, consciously or unconsciously, technological developments that must innovate are changing people's lifestyles, in terms of transportation, lifestyle, behavior, all of which have been changed by technological developments and innovations. All transactions can be done easily and quickly with the development of technology (Kompas, 2016). Financial Technology (Fintech) is the result of a combination of financial services and technology that changes conventional business models into Financial Technology, according to Bank Indonesia, one of which is in the payment category. The presence of fintech is very useful for the community, especially among millennials, especially generation Z to access various financial products and make it easier for financial transaction activities using the touch of a finger (Rahma, 2018). According to Rumondang, Sudirman, et al (2019, p. 2) it is said that financial technology (fintech) is a service in finance and banking using technology. Meanwhile, as reported by onlinepajak.com (Maulida, 2019) it is said that fintech (financial technology) is a term used for an innovation in the field of financial or financial services with a touch of modern technology.

The use of technology, especially the internet, is increasingly widespread in all activities of human life. Changes in money are very rapid, both paper and metal with electronic money. Electronic money is issued with the aim of making it easier for the public to transact. Before the advent of the electronic payment system, when transacting we had to meet directly with the party who was invited to transact, after the emergence of this electronic payment system we were able to save costs, as well as get practicality and convenience in transacting. Therefore, in this case, banks are competing to innovate in electronic payment systems, including debit cards, ATM cards, credit cards, smart cards, e-money and others. Growth is turned into a business by taking advantage of opportunities from technological innovations, products and business models as well as changes in people's behavior.

The phenomenon that is currently happening is that several fintech companies in Indonesia that are in the payment segment include Go-Pay, OVO, Dana, Shopee-Pay, etc. Some of these companies have something in common, namely competing with each other to be the first solution to make it easier for the community to meet their financial needs, especially in the payment sector. And seeing the current digital era, fintech-based companies carry out marketing activities digitally. This is done so that marketing activities can be carried out effectively, judging from the characteristics of society in the current era, all of which use digital. which are currently being used, such as Ovo, Gopay, Dana, Shopee-pay and many more. One of the generations who have a big influence in the use of fintech is from the Generation Z (GEN Z).

Indonesia's Fintech (Financial Technology) transactions in 2017 are estimated to reach US\$ 18.65 billion. This figure will jump to US\$ 37.15 billion in 2022. The large population and the large number of Indonesians who have not

been touched by financial institutions are a challenge for Fintech startups in the country. The largest digital transaction market share in Indonesia is digital payments with a transaction value of US\$ 18.61 billion in 2017. Meanwhile, China has achieved digital transactions with a transaction value of US\$ 1.086 trillion.

This kind of research was conducted by Octaviana and Yusuf (2021) about the factors of interest in using the OVO e-money application. In this study, they used the Theory Acceptance Model (TAM) and Theory of Planned Behavior (TPB) concepts. The results of the study stated that the factors used had a positive effect on the interest in using e-money applications. Meanwhile, in research conducted by (Ilafi, Pusparani Asri, 2019) Factors Affecting Student Interest in Adopting Financial Technology-Based Applications. The results showed that, social influence did not affect interest in using OVO services, hedonic motivation did not affect interest in using OVO services, and perceptions of benefits and perceptions of convenience also did not affect student interest in using OVO services.

Previous research that was used as a reference in this study was (Nia Tresnawaty, 2021) "The Influence of Privacy, Security, Trust and Experience on the Use of Fintech Among the People of Tangerang Banten Regency" shows the results of research that the influence of privacy and security has no effect, while trust and experience have an effect positive and significant impact on the use of fintech among the people of Tangerang Banten Regency. And the influence of privacy, security, trust and experience simultaneously has a positive and significant effect on the use of fintech among the people of Tangerang Regency. In previous studies, it is suggested that the research sample uses a wider sample, such as among the people of the district or city. In this study using a sample of Gen Z.

From several statements that have been proven in previous studies, researchers want to conduct research on Generation Z so that the results of the research are more accurate. Based on the description above, it shows that the importance of this research is carried out because along with the development of information technology, especially in the economic field, Gen Z will be faced with the use of FinTech in the digital era. Therefore, researchers are interested in conducting research with the title "Analysis of Factors Affecting the Use of Financial Technology (Fintech) in Gen Z".

LITERATURE REVIEW

Variable X1

According to Gu et al., (2009) explained that the perceived ease of use is how much the new system is perceived to be easy to understand and use. The definition of perceived ease of use based on the language "easy of use" means a measure of the confidence of users of a particular technology that using a technology can provide flexibility not to expend more effort. The word ease which means ease indicates freedom from difficulty or extra effort. Perceived ease of use is defined as a measure of the extent to which a person believes that technology. It is easy to understand and easy to use. According to his understanding, someone will use a technology if they have the assumption that the technology can be used easily thus indicating that a technological innovation was created to make it easier for its users, not to make it difficult for its users.

Variable X2

According to Davis (in Ahmad and Pambudi 2014) perceived usefulness is defined as a level where a person believes that using a technology will increase his performance at work, meaning that the benefits of internet banking facilities will be able to increase performance productivity for people who use the facility.

From the definition, it is known that perceived usefulness is a belief about the decision-making process. If a person feels confident that the system is useful then he will use it. Conversely, if someone believes that the information system is lacking.

Variable X3

Trust is something that has long been considered a trigger in consumer relationships with marketers because it can provide hope for the success of a transaction. As well as being an important variable that determines the longer relationship between businesses and their customers. This is supported by (Gefen, 2002) defining trust as a willingness to make oneself sensitive to the actions taken by trusted parties based on belief (Tirtana & Sari, 2014). Mayer et al define trust as "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other party will perform certain actions that are important to the trustor, regardless of his ability to control or control the other party" (Xiuyuan Gong, 2018).

Variable X4

Security is a situation where there is nothing disturbing (Poerwadarminta, 2006). Computer security is an attempt to avoid unwanted events such as the absence of confidentiality and data integrity. Security systems try to prevent fraud and other misuse of computer systems, these systems act as protectors and are also the legitimate interests of the various constituencies of the system. This fintech has been protected with a 256 bit SSL security system and three layer security (password, secure PIN, and OTP code). This third layer security system turns out to be one step ahead of the banking

world which only uses 2 factors. Security is a situation where there is nothing disturbing (Poerwadarminta, 2006). Computer security is an attempt to avoid unwanted events such as the absence of confidentiality and data integrity. Security systems try to prevent fraud and other misuse of computer systems, these systems act as protectors and are also the legitimate interests of the various constituencies of the system. This fintech has been protected with a 256 bit SSL security system and three layer security (password, secure PIN, and OTP code). This third layer security system is one step ahead of the banking world, which only uses 2 Authentication (2FA) factors, namely the password level and the OTP level.

Variable X5

Intention to use is a person's desire to perform a certain behavior. A person will perform a behavior if he has the desire or intention to do so (Karnadjaja et al., 2018). Intention or intention is the desire to perform a behavior. According to (Sondan P. Siagian, 2002) humans as product buyers use various considerations in buying a particular product. It can be concluded that having an interest in someone will show a tendency to focus on an object that attracts him. Basically, a person's interest arises because of influences from within and outside himself, namely the environment in which the individual is located.

Variable X6

Behavior (behavior) is an action taken by someone in the context of using information technology systems, behavior (behavior) is the actual use (actual use) of technology. In previous studies, the actual use could not be observed by researchers using a list of questions. Therefore, the actual usage is mostly replaced by the name of the perceived user.

Based on the results of the perception of ease of use, it is defined as a measure where someone believes that the technology in Dhiotrima Yusda's research (2020) shows that the perceived ease of use variable has a positive effect on interest in using.

H1 = Perceived ease has a positive effect on interest in using financial technology

According to Davis (in Ahmad and Pambudi 2014) perception of usefulness is defined as a level where a person believes that using a technology will increase his performance at work, meaning that the benefits of internet banking facilities will be able to increase performance productivity for people who use the facility. Based on the results of Ahmad Afandi's research (2021) it shows that the usefulness variable perception of usefulness has no effect on the intention to use.

H2 = Perceived usefulness has a positive effect on intentions to use financial technology

Based on the results of research by Ni Putu Sulastini (2014) shows that the perceived trust variable has a significant positive effect on intention to use.

H3 = Perception of trust has a significant positive effect on intention to use financial technology

Security is a situation where there is nothing disturbing (Poerwadarminta, 2006). Computer security is an attempt to avoid unwanted events such as the absence of confidentiality and data integrity. In the research of Nia Tresnawaty (2021) it shows that the perceived security variable has no effect on the intention to use the security system trying to prevent fraud and other abuse of computer systems, this system acts as a protector and is also a legitimate interest of the various constituencies of the system.

H4 = Perception of security has a positive effect on the intention to use financial technology.

It can be concluded that having an interest in someone will show a tendency to focus on an object that attracts him. Basically, a person's interest arises because of influences from within and outside himself, namely the environment in which the individual is located. In Septian Wahyu Safrudin's research (2020) it shows that the variable There is a positive and significant influence of perceived ease of use on interest in using OVO.

H5 = Intention to use has a positive effect on behavior using financial technology.

RESEARCH METHOD

Population and Sample

Population is a generalization area consisting of objects/subjects that have certain quantities and characteristics determined by research to be studied and then drawn conclusions (Sugiyono, 2016). The population in this study are all users of financial technology in generation Z. The population in this survey is generation Z who were born between 1997-2012 and aged between 9-24 years, namely generation Z. that the appropriate sample size in the study is between 30 to 500 so, by determining the number of 200 sample/respondents it is feasible to study because it is already included in the criteria.

Data Collection Technique

The data collection tool used in the study was a questionnaire, using an online questionnaire (google form), The reason for using an online questionnaire was because it is easier and more effective. in this study, the measurement scale used is the Likert scale.

Analysis Method

The data analysis technology in this study used partial least square (pls). PLS is a structure equation modeling (sem) equation model with an approach based on variance or component-based structure equation modeling.

Operational Variables

1. Dependent variable:

- Behavior of using

2. Independent variables:

- Perceived Ease (X1)
- Perceived Usefulness (X2)
- Perceived Trustworthiness (X3)
- Perceived Securit (X4)

3. Intervening variables:

- Intention to Use (X5)

RESULTS AND DISCUSSION

Validity and Realiability

The Results of Validity and Realiability for all variabel in the ressearch can be seen in Tabel 1 below.

Table 1. Validity and Reliability

Variabel	AVE	Cronbach's Alpha
Perceived Ease	0.645	0.724
Perceived Usefulness	0.575	0.755
Perceived Trustworthiness	0,622	0.797
Perceived Securit	0.614	0.843
Intention to Use	0.580	0.759
Behavior of using	0.637	0.810

Based on the data in the table above, it is known that the AVE value for all variables is $>0,5$ thus, it can be stated that each has good discriminant validity. Therefore, based on the data presented above in the table above, it can be seen that the Cronbach alpha value of each research variabel is $> 0,7$. thus, these resulte can indicate that each research variable has the requirements of the Cronbach alpha value, so it can be concluded ththat all variabels have a high level of reliability.

Table 2. Validity and Reliability

Hipotesis	Original Sampel (O)	Sampel Mean (M)	Standard Deviation	T-Statistics	P Values
Perceived Ease -> Perceived Usefulness	0.510	0.503	0.082	6.208	0.000
Perceived Ease -> Intention to Use	0.199	0.201	0.062	3.224	0.001
Perceived Usefulness -> Intention to Use	0.278	0.277	0.067	4.118	0.000

Perceived Trustworthiness -> Intention to Use	0.250	0.250	0.093	2.691	0.008
Perceived Securit -> Perceived Trustworthiness	0.694	0.693	0.044	15.839	0.000
Perceived Securit -> Intention to Use	0.100	0.106	0.085	1.186	0.237
Intention to Use -> Behavior of using	0.731	0.731	0.046	15.796	0.000

In PLS statistical testing of each hypothesized relationship is carried out using simulation. In this case, the bootstrap method was applied to the sample. Testing with Boststrap is also intended to minimize problems with the normalization of research data. According to Imam Ghazali (2015), the T-statistical value will vary between computers or if it is calculated repeatedly because it uses the iteration method and each computer has a different starting value, but the bootstrap results with a subsample of 200 will give a t value that is not much different. so that the 5% alpha criterion will be consistent whether the hypothesis is accepted or rejected. The test results with bootstrapping from PLS (partial least square) analysis are as follows.

The first hypothesis tests whether Perception of Convenience has a positive effect on Perception of Usefulness. The test results show that the beta coefficient value of Perception of Ease of Perception of Usefulness is 0.510 and the t-statistic is 6.208. From these results obtained significant t-statistics. Because > 1.96 with p-value < 0.05 , so the sixth hypothesis is accepted. This proves that Perception of Convenience is proven to have a positive influence on Perception of Usefulness.

The second hypothesis examines whether Perception of Ease positively affects Intention to Use. The test results show that the value of the beta coefficient of Perception of Ease of Intention to Use is 0.199 and the t-statistic is 3.224. From these results obtained significant t-statistics. Because > 1.96 with p-value < 0.05 , so the third hypothesis is accepted. This proves that the perception of convenience has a positive effect on the Intention to Use.

The third hypothesis tests whether Perceived Usefulness has a positive effect on Intention to Use. The test results show that the beta coefficient of Perception of Usefulness on Intention to Use is 0.278 and the t-statistic is 4.118. From these results obtained a significant t-statistic. Because > 1.96 with p-value < 0.05 , the fourth hypothesis is accepted. This proves that perceived benefits have a positive effect on intention to use.

The fourth hypothesis examines whether Perceived Trust has a positive effect on Intention to Use. The test results show that the beta coefficient value of Trust Perception on Intention to Use is 0.250 and the t-statistic is 2.691. From these results obtained significant t-statistics. Because > 1.96 with p-value < 0.05 so the seventh hypothesis is accepted. This proves that Perceived Trust has a positive effect on Intention to Use.

The fifth hypothesis examines whether the perceived security has a positive effect on the perception of trust. The test results show that the beta coefficient value of Perception of Security on Perception of Trust is 0.694 and the statistic is 15,839. From these results obtained significant t-statistics. Because > 1.96 with p-value < 0.05 , so the third hypothesis is accepted. This proves that the perception of security is proven to have a positive influence on the perception of trust.

The sixth hypothesis examines whether Perception of Security has an effect on Intention to Use. The test results show that the value of the beta coefficient of Security Perception on Intention to Use is 0.100 and the t-statistic is 1.186. From these results, the t-statistic is not significant. Because < 1.96 with p-value < 0.05 so the second hypothesis is rejected. This proves that Perception of Security is not proven to have a positive influence on Intention to Use.

The seventh hypothesis examines whether the Intention to Use positively influences the Behavior of Using. The test results show the value of the beta coefficient of Intention to Use on Behavior of Using is 0.731 and the t-statistic is 15,796. From these results, it is stated that the t-statistic is significant. Because > 1.96 with p-value < 0.05 so the first hypothesis is accepted. This proves that the Intention to Use is proven to have a positive influence on the Behavior of Using.

CONCLUSION

The results of this study indicate that the perception of convenience, the perception of usefulness, the perception of trust have a positive and significant effect on the interest in using financial technology in generation z. Furthermore, interest in using has a positive and significant effect on behavior using financial technology in generation z. Meanwhile, the perception of security does not affect the interest in using financial technology in the z generation.

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