CHAPTER I

INTRODUCTION

1.1. Research Background

In modern era every human activity needs to be quick and efficient. Tools that we use for transaction has evolved through centuries. Nowdays, Money is the result of a long process. What is money? It can be defined as something of value. But over the last 10.000 years, the material form that money has taken has changed considerably—from cattle and cowrie shells to today's electronic currency (Sucsy et al., 1996)

In recent years, innovations in electronic payment instruments using cards have developed into more practical forms. Currently in Indonesia a payment instrument is being developed known as electronic money. Although it contains characteristics that are slightly different from other payment instruments such as credit cards and ATM / Debit cards, the use of these instruments remains the same as credit cards and ATM / Debit cards which are intended for payment.

According to Rivai (2007) electronic money is an electronic payment tool obtained by depositing a number in advance money to publishers, both directly, or through publishing agencies, or with bank account debit, and value the money is entered into the value of money in electronic money media, which

is expressed in units of Rupiah, which is used to make transactions payment by reducing it directly value money on money media electronics.

According to Bank Indonesia (2017), there are risks that need to be addressed about electronic money usage, such as :

1. The risk of electronic money is lost and can be used by other parties because principle electronic money is the same as cash. Which if it is lost, it cannot be claimed to the issuer.

2. The risk is because there is still a lack of understanding of users in using electronic money, such as users do not realize that the electronic money used is scaned more than one on the reader for the same transaction. Thus, the value of electronic money decreases greater than the transaction value.

Nowdays we are already familiar with technology. Because, it has become a necessity for humans. Before the existence of technology, people worked on something still manual. Starting from sending letters, working, and so on. In the past, humans had to send letters through the post office and the letters sent were only weeks or months later. But since technology has been created, all human work has become easier. Now sending information only takes a few minutes or even seconds. Not only that, human work has also been done by many machines and humans only have the duty to operate the machine.

Definition or definition of technology in general is science related to a tool or machine that was created to facilitate humans in solving various kinds of problems or jobs found in the world. The use of technology by mankind begins with the conversion of natural resources into various kinds of simple tools. The term technology itself comes from a combination of two words, namely techne and logos. The word techne in Greek has the meaning of skill while logos means science. In short, the notion of technology means the study of skills. The use of the term technology itself was adopted from English "Technology" since the 20th century which coincided with the end of the Second Industrial Revolution (Putri, 2018).

The role and impact of technology in both our personal and working lives is ever growing. Understanding how people shape technology and how technology shapes people's interactions with each other and the natural world is important not only for those who research, develop and implement new technologies but also for all those people and organisations that have to use those technologies in their working and personal lives (Lane, 2006). As technology grows over the year, people prefer to use latest technology to make their daily activity more simple.

According to Bank Indonesia (2017), the definition of electronic money is mentioned as a means of payment issued on the basis of the value of money deposited in advance. The value of money is stored electronically in a media server or chip, and can be transferred for the benefit of payment transactions and

or fund transfers. here are two types of electronic money, namely registered and unregistered. Registered electronic money is electronic money whose holder identity data is registered and registered with the issuer. This type of electronic money is not transferable. The second type is unregistered electronic money, the owner's identity data is not registered with the electronic money provider, just like cash If it is lost, unregistered electronic money can be used by anyone who finds it.

Electronic money plays the role of cash, only the form is different. Therefore, the value of electronic money is not given interest as the value of funds deposited in savings.Electronic money is the electronic alternative to cash. It is monetary value that is stored electronically on receipt of funds, and which is used for making payment transactions. Electronic money can be held on cards, devices, or on a server (Firpo, 2009).

Table 1.1

Electronic Money Transaction in Indonesia

Period	2016	2017	2018
Transaction (Nominal in million rupiahs)	7,063,689	12,375,469	47,198,616

Source: Bank Indonesia, 2017

According to table 1.1, e-money is one of the potential alternatives in boosting the increase in financial inclusion. Telecommunications and banking companies are competing to publish electronic money services and products.

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Almost all major banks in Indonesia currently have electronic money services, such as Mandiri e-money, BRI Brizzi, BNI Tapcash, BCA Flazz, and there are T-cash products from telecommunications companies, Telkomsel. In fact, their steps are also followed by startup businesses, startups in the field of financial technology (fintech) which have a larger scale but are very agile movements. For example Tokopedia's Tokocash, Bukadompet owned by Bukalapak and Gopay owned by Gojek.

By assuming Indonesia as a closed economic country, the increasing in the use of non-cash payment instruments or e-money can have an impact on decreasing demand for money in the community. Theoretically, a decrease in the demand for money will cause a decrease in interest rates on the money market because people will choose to use non-cash payment instruments coupled with saving money in the bank concerned (Mankiw, 2009). This makes loan costs more competitive, thereby increasing company investment and increasing national real output. So that it can be said that the use of e-money will cause economic growth.

As referred to in Bank Indonesia Regulation Number: 11/12 / PBI / 2009 concerning Electronic Money (Electronic Money) which has now been renewed into PBI Number: 18/17 / PBI / 2016, E-money is issued on the basis of advance paid money value by the holder to the publisher and the value of the money is stored electronically in a media such as a server or chip (Fadlillah, 2018).

Recently, online basis application and daily economy activity frequently colaborate with e-money service. By reason of rapidly growing e-money usage which is a new technology researcher interested with how people accept e-money as a new technology for transaction. In order to analyze new technology acceptance, researceher uses *Technology Acceptance Model* (TAM) anaysis use. Unlike research in the fields of economics, marketing, etc., where there has been a lot of such research, research in information technology (IT) is something new that attracts attention. The main objective of IT research is to assess the value of IT for an organization and to understand the factors that influence (determinant) that value. The aim is to help organizations use and manage existing IT resources and increase their overall effectiveness. Various information systems literature is full of modeling of factors associated with IT use or acceptance by workers, decision makers, and managers (Ives & Olson, 1984). One of them is the Technology Acceptance Model (TAM).

The TAM model is actually adopted from the TRA model, namely the theory of reasoned action with a premise that a person's reaction and perception of something will determine the attitude and behavior of that person. The reactions and perceptions of users of Information Technology (IT) will influence their attitude towards acceptance of these technologies. One of the factors that can influence it is the user's perception of the usefulness and ease of use of IT as a reasonable action in the context of technology users, so that someone's reason

for seeing the benefits and ease of use of IT makes the person's behavior / behavior a benchmark for receiving technology (Rahmah, 2017).

Davis defines the perception of perceived of usefulness based on the definition of useful words, namely capable of being used advantageously, or can be used for profitable purposes. Perception of usability is a benefit that individuals believe can be obtained when using IT.

TAM aims to explain and estimate user acceptance of an information system. TAM provides a theoretical basis for knowing the factors that influence acceptance of a technology in an organization. TAM explains the causal relationship between beliefs (the benefits of an information system and the ease of use) and behavior, goals / needs, and actual use of users / users of an information system (Davis, 2000).

Davis (1986) defines the perception of perceived of usefulness based on the definition of useful words, namely capable of being used advantageously, or can be used for profitable purposes. Perception of usability is a benefit that individuals believe can be obtained when using IT. Potential users believe that certain applications are useful, maybe they, at the same time, believe that this system is too difficult to use and the benefits that can be obtained from use that exceeds the effort to use the application. That is, in addition to the benefits or uses, the application of information technology systems will also be affected by perceived ease of use. Therefore Davis added the two components to the TAM model (Rahmah, 2017).

If perceived usefulness emphasizes the benefits of a system or technology, then perceived ease of use emphasizes the ease of use of the system or technology. A system that is difficult to control will give a negative level of perceived ease of use. The perceived ease must be able to convince users that the information technology that will be used is easy and is not a burden for them. Easy to use information technology will continue to be used by companies. The perceived ease of use influences usability, attitudes, interests and full use, Wiyono (2008).

The perceived ease of use (Perceived Ease of Use) of a technology is defined as a measure where one believes that computers can be easily understood and used (Davis, 1989). This trust determines a user's attitude towards the use of a system then determines behavior intentions and leads to the actual use of the system.

Davis (1986) defines ease of use as a level where one believes that the use of a particular system can reduce one's effort to do something. According to Goodwin (1987), Silver (1988), in Maskur (2005), the intensity of use and interaction between users and systems can also show ease of use. Systems that are more often used show that the system is better known, easier to operate and easier to use by users.

E-money is a new transaction technology that bring up several issues. In positive side, e-money pledge as effective and efficient transaction tools. In

other side, people insecure about the use of new technology. Therefore, factors that affected the use of new technology which is e-money is intrested to be researched by using *technology acceptance model* (TAM) analysis. The researcher actualize it through thesis entitled "**Technology Acceptance Model Analysis toward Electronic Money Service Usage".**

1.2.   Problem Formulation

Some obstacles that include non-cash transaction activities are available several factors, including social and cultural factors and factors infrastructure availability. In this case between the government, business actors and each community must take part in socializing cashless society. The government continues to develop the system and rules as the legal umbrella of electronic money itself. business actors must also participate in campaigning for the use of money electronics by providing tools and instruments from electronic money. For the community itself also began to switch from the original use cash transactions to non-cash transactions, especially electronic money. Hope we are with the participation of all parties in socializing transactions by using electronic money it does not rule out the possibility if someday Indonesia will move away (Tazkiyyaturrohmah, 2018)

Based on the above explanations, the research problems are as follow :

1. Does perceived usefulnes of e-money affected perceived ease of the use of e-money?

2. Does attitude toward using e-money affected perceived usefulnes and perceived ease of the use of e-money?

3. Does behavioral intention to use e-money affected attitude toward using e-money and perceived usefulnes of e-money?

1.3. Research Objectives

The purposes of this research are to investigate technology acceptance model analysis theory toward e-money service acceptance as follow:

1. To know whether the perceived usefulness affects perceived ease of the use of e-money.

2. To know whether the attitude toward using electronic money affects perceived usefulnes and perceived ease of the use of e-money.

3. To know whether the behavioral intention to use e-money affects attitude toward using and perceived usefulnes of e-money.

1.4. Research Contribution

a. Theoritical Contribution

Result of this research could be base to develop e-money usage and find out what cause of obstacle of e money usage acceptance in Indonesia especially for e-

money service provider. Furthermor, this research desire contribute to new technology research in educational term.

b. Practical Contribution

Result of this research could contribute to provide latest data of Technology Acceptance Model analysis that applied to e-money service usage. Latest data of Technology Acceptance Model analysis that applied to e-money service usage could be a refrence to e-money service provider to be more effective and efficient which could give advantage to both provider and user of E-money.

1.5. Systematics of Writing

The systematics of this research are divided into six chapters which are as follows:

Chapter I: INTRODUCTION

The first chapter outlines the research background, problem formulation, research objective, research contribution, and systematics of writing.

Chapter II: THEORETICAL REVIEW

The second chapter contains the theoretical basis used to discuss the issues raised in this research and previous research.

Chapter III: LITERATURE REVIEW

This chapter explains and describes in the details about literature reviews to discuss the issues raised in this research and previous research.

Chapter IV: RESEARCH METHODOLOGY

This chapter describes the sample research of data resources, data collection techniques, the type of data used, data analysis techniques, and validity test of data. This chapter is related to chapter five, which will explain the research methodology to answer the problem formulation.

Chapter V: ANALYSIS

This chapter consists of the explanation and data analysis to answer the problem formulations.

Chapter VI: CONCLCUSIONS AND RECOMMENDATIONS

This chapter contains the conclusions of the results of the research conducted, research implication, limitations, and recommendations for further research.