Why Do Millennials Use E-Wallets?

(A Case Study in Jakarta)

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Abstract—**The purpose of this study is to better understand the influence of the use of mobile communication technology, local culture, and Millennial satisfaction, in the context of purchasing interest that involves local street food. A questionnaire distributed to Millennials who shop through a mobile application, and the purposive sampling technique were used. The final total of 365 data sets that could be used underwent data analysis using Smart-PLS. The results show that mobile app usefulness and local culture useability directly affect Millennials' satisfaction, which ultimately results in their becoming interested in making purchases. During the Covid-19 pandemic, it was deemed necessary by culinary businesspeople to adapt to the changing market conditions so that they would not be abandoned. They needed to respond to various changes that the coronavirus has brought to people's lifestyles.**

Keywords—intention to use, local culture, mobile apps usefulness, satisfaction

I. Introduction

One effect of the speedy and widespread development and disruption caused by digital technology has been that people have had high expectations of digital payment technology services. Therefore, today's digital payment technology is increasingly geared towards providing a positive experience for users. The greatest expectations for a safe and easy digital payment system come from the Millennial generation. As a digital generation, Millennials have an important role in determining the future of technology, including in terms of digital payments.

A recent study by Briliana et al [1] states that the Millennial market is the largest population sector in many areas or regions and is a market with great potential. As a young generation accustomed to technology, and which desires and seeks new and interesting experiences, Millennials will be key players in the transformation of the payment system in Indonesia, from conventional cash payment systems to digital payment systems. Business actors, especially entrepreneurs, see opportunities from these changes, to develop business activities through electronic media. One form is a mobile wallet or smart application that provides benefits for electronic transactions. According to Patel [2], an electronic wallet, abbreviated as e-wallet, is an electronic account found on a mobile phone, which can be used to store and transfer certain amounts of money. Its function is to replace a conventional wallet. Consumers can upload amounts of money with a predetermined limit, and then it will be used for transactions at online and offline outlets that have been registered as partners providing the e-wallet service.

To date, there are more than 38 e-wallets that have received official licences from Bank Indonesia. The top five are the big e-wallets with the most active users on a monthly basis in Indonesia, namely Gojek's GoPay, OVO, DANA, LinkAja and Jenius. According to the iPrice Indonesia site, OVO is in second place after GoPay which had the largest number of active users of all e-commerce in Indonesia in 2019 [3]. Previous research discusses and focusses on the relationship between information technology [4], social media and tourism [5], and the selection of tourist destinations [6]. However, what has not been discussed is the reasons Millennial consumers use cashless payment instruments when engaging in transactions to purchase traditional street food, which they often do in their daily activities. To clarify the concept of using real field data considering the findings and discussion of e-wallets with a special focus on the uniqueness of the mobile environment.

II. Literature Review

Not all technologies that are created are accepted, and several factors determine whether the technology may be accepted or rejected. Acceptance or rejection of technology can be predicted using the Technology Acceptance Model (TAM). First proposed by Davis [7], this model predicts the likelihood of new technology being adopted in groups of individuals or organizations. TAM is based on the Theory of Reasoned Action (TRA), the work of Fishbein and Ajzen [8]. TRA has its roots in social psychology and tries to explain why individuals engage in conscious intended behaviour. There are two reasons why people accept or reject information technology applications. One is because they tend to use or do not use information technology, they believe that information technology is able to help (make it difficult) to do tasks better. This is known as mobile app usefulness.

A. Mobile Apps Usefulness

Mobile app usefulness is defined as the extent to which a person considers and believes that using a certain technological system will improve their job performance, and simplify their tasks [4,7]. It is seen as a positive experience using this technology. Tsai [9] posits that usability has the greatest impact on intention to use and it is primarily influenced by the ease of use. Usability of mobile applications provides users with more flexibility in terms of space and time Meuter et al [10]. Meanwhile, according to Bitner et al [11], mobile applications not only increase efficiency and effectiveness, but also improve product management, which can increase owner satisfaction with their purchase. This study defines the usefulness of mobile apps as how much trust, strength e-wallet users make use of the e-wallet platform in order to successfully complete their transactions when buying traditional street food.

B. Local Culture

Local culture provides a sense of identity for individuals and communities. This identity facilitates shared cultural understanding, traditions and values, all of which are essential for identifying of an action plan to improve personal well-being Gohary et al [6]. The attachment to local culture comes from the characteristics of cultural identity Hall [12]. Paul's recent research [13] found that in global and emerging markets, tradition has a strong influence on consumer decision-making. A result of people identifying with local culture is the development of a feeling of pride and their willingness to share it Dalmoro et al [14]. Generally local brands are portrayed as being unique representations of local traditions, and as such they offer an intimate basis for evoking past experiences with local cultural narratives [15]. When they are faced with a choice between global or local, they are aware of their identity and tend to choose to identify with local cultures; they value products that are understood to be characteristic of local traditions Steenkamp and Jong [16]. This study defines local culture as the ways resources are managed, as in the methods of production, operation, marketing and sales, that are based on culture. In this case it is related to the traditional Indonesian culinary delights sold on the roadside.

C. E-Satisfaction

Satisfaction comes from performance that is equal to or higher than expectations, while dissatisfaction occurs when performance is below expectations. Satisfaction in tourism can be considered as a post-purchase evaluation after visiting a destination Ryan [17]. It is created by the emotional response that consumers experience when purchasing products and services. It takes the form of consumer attitudes when they feel they have benefited from a product or service they have consumed or used Veasna et al [18]. From researching tourism, Hunt [19] argues that satisfaction derives from the pleasure of the travel experience as well as the evaluation that the experience is at least as good as it was anticipated to be. That is, satisfaction arises when consumers compare their initial expectations with their perceptions. When the anticipated experience turns out to be equal to or greater than expectations, consumers are satisfied Yüksel and Yüksel [20]. Service quality can lead to increased customer satisfaction and loyalty as a result of Izogo et al [21]. In the context of this study, e-satisfaction is defined as how the good quality of e-wallet services lead to user satisfaction. This is because satisfied users have a desire to reuse the mobile application, which in turn leads to a level of reuse or loyalty (e-loyalty).

D. Intention for Actual Use of Mobile Applications

The research of Venkatesh and Davis [22] states that the intention to use certain types of technological systems has a direct effect on actual use. Interest refers to the motivation of an individual who consciously tries to act using this technological system. Consumers repurchase interest is a person's planned decision to purchase certain products and services again by considering the experience after using them Yeo et al [23]. Previous studies have identified an interest in or action not only to buy a product or service but also the intention to buy it again, despite an increase in the price Trivedi and Yadav [24]. In the context of this research, intentions for actual use of mobile applications are defined as the behaviour of e-wallet users to make repurchase transactions, because of the satisfaction they derive from their experience, either physically coming to the sales location or through online media.

III. RESEARCH METHODOLOGY

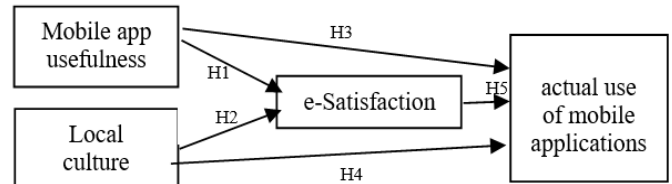Research model is described in figure 1.

Fig. 1. Framework research.

- H1. Mobile app usefulness positively affects e-satisfaction.

- H2. Local culture positively affects e-satisfaction.

- H3. Mobile app usefulness positively affects intentions for actual use of mobile applications.

- H4. Local culture positively affects intentions for actual use of mobile applications.

- H5. E-satisfaction positively affects intentions for actual use of mobile applications.

- H6. E-satisfaction mediates the effect of mobile app usefulness on intentions for actual use of mobile applications.

- H7. E-satisfaction mediates the effect of local culture on intentions for actual use of mobile applications.

This study surveys the Millennial generation in Jakarta using e-wallet financial technology for daily transaction activities. It is based on data from 365 respondents who use e-wallet, specifically the Gopay and OVO platforms, and who routinely make purchases of special Indonesian traditional street food snacks when they come to the location or when making transactions using the delivery order platform. This research adopted three items from the mobile app usefulness scale Rivera et al [4], three items of local culture Gohary et al [6], three items to measure e-satisfaction Veasna et al. [18], and three items measuring intentions for actual use of mobile applications Venkatesh and Davis [22]. A 7-point Likert scale was used for all measurements (1 = completely disagree; 7 = completely agree).

Data analysis using the Structural Equation Modelling (SEM) procedure SmartPLS 3.0 is used because of its ability to comprehensively assess path coefficients in complex models. To establish whether each indicator can measure the dimensions of each variable by validity testing using outer loading factor analysis, cross loading factor and average variance extracted (AVE). Meanwhile, reliability was tested by using Cronbach's alpha analysis and composite reliability. The next step is checking that the estimated model meets the outer model criteria, and then the structural or inner model is tested. The R-squared value of a construct can explain how much a construct can be explained through the related constructs. Meanwhile, the path coefficient explains that all variable testing between variables is significant. In this way, can be concluded whether all hypotheses can be accepted or rejected. Bootstrapping was applied to validate the results of the hypothesis, with 5 000 samples [25].

IV. FINDINGS

Most respondents (56%) were aged 21 to 23 years. About 57% of respondents were working students (table 1-4 and figure 2).

TABLE I.   PLS RESULTS OF DISCRIMINANT VALIDITY MEASURES

Loading		
Mobile apps usefulness (M)		
M1	Using the e-wallet mobile app helps me to complete my payments more quickly.	0.868
M2	Using the e-wallet mobile app facilitates the completion of my tasks.	0.883
M3	Overall, the e-wallet mobile app is helpful	0.841
Local culture (L)		
L1	I have a good impression of local street food cuisine.	0.758
L2	I enjoy authentic experiences with local street food cuisine.	0.798
L3	Local people were friendly to me.	0.773
Satisfaction (S)		
S1	I am satisfied with this e-wallet.	0.711
S2	I have enjoyed making purchases using this e_wallet.	0.840
S3	I am positive about paying with this e-wallet.	0.800
Intentions for actual use of mobile application (IAU)		
IAU1	I would give a good reference about this e-wallet.	0.891
IAU2	I want to use this e-wallet again in the future.	0.875

TABLE II.   PLS RESULTS OF FORNELL-LARCKER CRITERION

	IAU	LC	M	S
IAU	0.88			
LC	0.58	0.77		
M	0.54	0.65	0.86	
S	0.72	0.62	0.59	0.79

TABLE III.   OVERVIEW VALIDITY AND RELIABILITY OF MODEL

	α	CR	AVE	R Square	R-square Adjusted
IAU	0.72	0.87	0.78	0.57	0.55
L	0.68	0.82	0.60		
M	0.83	0.89	0.75		
S	0.69	0.82	0.62	0.44	0.43

TABLE IV.   HYPOTHESES TESTING RESULTS

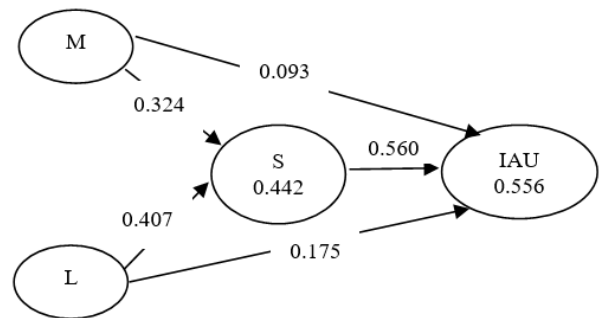|	Original sample	Sample mean	Standard error	t-stat	Result
H1	0.32	0.32	0.06	4.98	Supported
H2	0.41	0.41	0.06	7.01	Supported
H3	0.09	0.09	0.06	1.99	Supported
H4	0.17	0.17	0.68	2.94	Supported
H5	0.56	0.56	0.05	10.4	Supported
H6	0.07	0.08	0.03	2.54	Supported Partial mediation

Fig. 2.   Measurement model.

V. DISCUSSION AND CONCLUSION

This study discusses two research objectives. The first research objective is to determine the effect of mobile app usefulness and local culture as a dimension of satisfaction on intention to use mobile apps. The second research objective is to examine the mediating effect of satisfaction in the relationship between mobile app usefulness and local culture and intention to use mobile apps. The PLS estimation results show that there is an effect of mobile app usefulness and local culture on user satisfaction, and this finding strengthens previous research [1,4,6,18,22].

Payment methods using digital systems have become a trend in themselves, especially for the Millennial generation.

There are several advantages of transacting using digital payments. First, it is more practical. This is because people do not need to carry a lot of cash around. All financial transactions can be done through gadgets. Digital payments are increasingly attractive because of various discounts provided by digital payment providers, such as a ten-percent cashback for transactions or free shipping if food delivery services are needed.

Second, the transactions are convenient because the payment is according to the price of the goods. When consumers buy a nominal value of tens of rupiah, for example IDR. 21,530, of course, it is difficult to pay in cash. There can also be trouble getting change. Unlike digital payments, the money paid always matches the price of the goods. Third, transactions are safer. However, digital payments do not escape the threat of crime, and run the risk of being exposed to hacking, data theft or fraud. However, the government has launched a national payment gateway (Gerbang Pembayaran Nasional - GPN), so that all transaction data is processed domestically.

In addition, the digital payment application is also monitored by the Financial Services Authority (Otoritas Jasa Keuangan - OJK) so that transaction data is protected and can be reported if there is any fraud. Fourth, is transaction speed. Digital payment is a real time payment system. This is very beneficial, especially when e-wallet application users are pressed for time to pay bills. The convenience of these transactions also benefits online shop entrepreneurs, as it ensures a stable circulation of money. Of course, there are many other conveniences, such as transacting through digital payments.

The Digital Payment War currently being waged in Indonesia indicates that the rapid growth of the sector is facing various challenges. In dealing with the intense competition for e-wallets in Indonesia, the platform must be able to continue to provide innovations for customers. One of the best strategies for surviving this intense competition is to create features that are appropriate and can build a sense of trust in customers.

The Covid-19 pandemic has changed consumer behaviour, so that contactless payment is currently a feature and service that must be provided by businesses when serving customers. One of them is by reducing the use of physical money and switching to cashless payments. The uncertainty of when the coronavirus outbreak will end has caused many businesspeople to turn to the digital realm. The goal is clear: the business must survive. Going digital is the right strategy so that traditional street food merchants can continue to serve their communities and survive economically.

Further research is needed on other independent variables outside of convenience, local culture, benefits and promotion variables which may influence e-wallet repurchase interest, including social identity, perceived risk, trust, etc.

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