

Perceived Risk, Trust, and Intention to Use Fintech Service During the Covid-19 Pandemic

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ABSTRACT

The COVID-19 pandemic has changed everything. One prime example is in payment innovations, particularly the rapid transition towards cashless societies. Cashless payment has become people's preferred method to conduct transactions. The use of cash is significantly reduced as it poses a serious health risk of COVID-19 transmission in society. The purpose of this research is to know people perceived risk, trust, and intention to use fintech services during the COVID-19 pandemic in 2021. From its rapid development, fintech has contributed greatly to the development of the business industry. Integrating fintech into businesses can provide competitive advantages such as speed and flexibility. One of the most popular types of fintech today is the type of payment service, where users can make payments without having to carry cash (cashless). During the COVID-19 pandemic, non-cash transactions have experienced a significant increase. One, in particular, is GoPay from the Gojek application, which is currently ranked first as the most popular digital payment in Indonesia. This study took a quantitative approach and collected data via a Google Forms questionnaire. The research subjects included 106 GoPay users in Bandung. Multiple linear regression analysis was used to analyze the data. According to the findings, perceived risk has a negative impact on actual use, although trust and intention to use have a positive impact. It is deducible that respondents trust and intend to use Fintech Service during the pandemic time but still consider the risk of utilizing the new service. Since Cashless fintech has several benefits like eliminating theft of cash, reducing cost, giving a speed of transaction, and increasing efficiency, improving the technology and service will give a secure feeling for customers to use fintech.

Keywords: *Fintech, Perceived Risk, Trust, Intention to Use, Actual Use.*

1. INTRODUCTION

Information technology is experiencing rapid development in various aspects, including in the business world. Thus, its importance cannot be understated. One example of how information technology has progressed, especially in finance, is the emergence of financial technology (fintech). Several experts have explained the benefits of fintech, including:

1. providing opportunities for ordinary people who have financial limitations to be able to access financial services [1],
2. providing new options to increase the efficiency and quality of financial service [2], and
3. having quick adaptation and giving a big impact on changes in the existing business environment [3].

Developments in cellular technology have also provided more opportunities for businesses to offer their products and services more effectively and efficiently [4].

Fintech applied in the business world can provide a competitive advantage [5] because it provides speed and flexibility [6]. Thus, it continues to improve. The type of fintech that is currently experiencing an increase is mobile payment. One of the reasons for the proliferation in the usage of mobile payments is the increase in e-commerce since it requires payment via mobile devices [7]. In addition, it should be noted that mobile commerce services have gained significant importance worldwide in recent years in terms of market size and value [8].

The COVID-19 pandemic, which is currently still ongoing, has a significant impact on the use of mobile payments. During this pandemic, consumers tend to avoid physically holding money. The rise of fintech products is proof that digitalization is a demand of the times that must be faced today. Currently, in Indonesia, there are many choices of digital wallet applications for transactions. The growth of e-wallet transactions in Indonesia increased by 173% in January 2020, and the transactions have approximately reached IDR 15.8 trillion (Bank Indonesia). One of the most popular e-wallet applications is GoPay from Gojek. A survey

conducted by the JAKPAT platform states that 74.6% of e-wallet users are aged between 20-35 years (74.6%). It is estimated that e-wallet users will total \$25 trillion by 2023 [9].

However, even though fintech has many great benefits and opportunities, the technology still poses risks to the users. This potential risk is one of the causes of consumer hesitation to use fintech services, especially payment instruments [10]. One of the fintech providers was rumored to have problems in terms of legality, that it had not complied with government regulations, especially in regards to licensing. This case will certainly increase the worries and anxiety of its users and will reduce their trust in fintech services to a certain extent. Trust has an important role to increase consumer loyalty and credibility in the use of e-payment technology systems [11].

However, there are still some people who ignore the risk and continue to use fintech, in this case, GoPay because it has many benefits. High interest is also believed to influence the decision to use technology. There is a theory that states that people will use technology or a system if they have an interest or desire to use it. This is supported by some results of earlier studies. [12] and [13] state that perceived risk has an impact on the adoption of e-payment technology. However, [14] claim that risk does not affect the use of fintech services.

Based on this phenomenon, research is required to look at the perceptions of fintech users on the intention to use, trust, and risks of using fintech. Companies can employ the results of this study to anticipate service quality so that a cashless society can be realized quickly.

2. BACKGROUND

2.1. Fintech

Financial Technology refers to an effort to obtain financial solutions using technology [15]. According to the Bank of Indonesia, there are 4 types of fintech in Indonesia, namely Crowdfunding and Peer-to-Peer Lending, Market Aggregators, Risk and Investment Management, and Payment, Clearing, and Settlement.

2.2. Technology Acceptance Model (TAM)

Davis (1986) proposed the TAM, and this model was used to talk about the impact of external circumstances on one's internal beliefs and attitudes. David also stated that TAM also assesses personal attitudes that affect behavioral intention to use information systems. TAM has five main constructs; Perceived Usefulness, Perceived Ease of Use, Attitude toward Use, Intention to Use, and Actual System Use [16]. This study used the TAM approach but only with two constructs, namely Intention to use and Actual use. This study was conducted because most previous studies used the

variable of interest as the dependent variable while this study used actual use as an independent variable.

2.3. Perceived Risk

Perceived risk is a consumer's perception of the likelihood of unfavorable, unpredictable outcomes from online transactions. Perceived risk will impact whether or not to use an online transaction [17]. This is further supported by the findings of prior studies, which show that the perceived risk influences the adoption of electronic payment technologies [12]. As a result of this description, the following hypothesis is offered:

H1: Perceived risk has a negative effect on the actual use of fintech.

2.4. Trust

Trust is a belief that makes consumers vulnerable to the goodwill of online sellers after understanding their characteristics [18]. Meanwhile, Kim et al describe trust as an individual's subjective conviction that an online vendor would meet their transactional commitments [17]. In high-risk situations, trust is critical, yet mobile applications have numerous flaws that expose users to a variety of threats [19]. This is supported by the findings of prior studies which show that trust has a positive and significant influence on usage decisions. The higher the user's trust, the easier he will decide to use [20]. As a result of this description, the following hypothesis is offered:

H2: Trust has a positive effect on the actual use of fintech.

2.5. Intention to Use

The desire to keep utilizing technology is known as an intention to use [21]. The attitude and attention of users toward technology can indicate their level of usage of that technology, such as a willingness to continue using and a willingness to recommend others to use the technology. Meanwhile, intention to use, according to Fernando et al., is a subjective estimate of the user's potential willingness to utilize FinTech Services in the future [22]. This is supported by the findings of prior studies which show that intention to use has a significant positive effect on actual use, which means that if the intention to use increases, the actual use will also increase [23]. The following hypothesis, then, is offered:

H3: Intention to use has a positive effect on the actual use of fintech.

The last hypothesis concerns the effect of the independent variable on the dependent variable simultaneously:

H4: Perceived risk, trust, and intention to use have a simultaneous effect on the actual use of fintech.

3. RESEARCH METHODS

The goal of this study is to see how perceived risk, trust, and intention to use GoPay affect the actual use of GoPay in Bandung. The data were gathered by distributing online questionnaires to GoPay users using Google Forms. This study used a Likert scale score instrument with only 4 options to avoid neutral answers that will impact the results of the study. The Lemeshow formula was used to determine the sample size in this investigation, resulting in 106 respondents used for this study. The data were analyzed using the quantitative descriptive method by employing statistical tools, namely SPSS version 26.

4. RESULTS

4.1. Validity Test Results

A validity test is used to verify if a questionnaire is valid. If r-count is positive and r-count > r-table, the question items are valid.

Table 1. Validity Test

No.	Variable	Item	r count	r Table	Description
1	Perceived Risk	X1.1	,582	,1927	Valid
		X1.2	,702		Valid
		X1.3	,874		Valid
		X1.4	,820		Valid
2	Trust	X2.1	,712	,1927	Valid
		X2.2	,640		Valid
		X2.3	,696		Valid
		X2.4	,655		Valid
		X2.5	,558		Valid
		X2.6	,598		Valid
3	Intention to Use	X3.1	,694	,1927	Valid
		X3.2	,767		Valid
		X3.3	,641		Valid
		X3.4	,717		Valid
4	Actual Use	Y1.1	,694	,1927	Valid
		Y1.2	0,762		Valid
		Y1.3	0,736		Valid
		Y1.4	0,666		Valid
		Y1.5	0,740		Valid

As mentioned in Table 1, the validity test was conducted using SPSS version 26. Each question item or r-count is greater than 0.1927, meaning that all question items are valid.

4.2. Reliability Test Results

The goal of the reliability test is to see if the research instrument is accurate and trustworthy. If the Cronbach's Alpha value is more than 0.6, the research instrument is considered reliable.

Table 2. Reliability Test

No.	Variable	Cronbach's Alpha	Description
1.	Perceived Risk	,742	Reliable
2.	Trust	,712	Reliable
3.	Intention to Use	,661	Reliable
4.	Actual Use	,749	Reliable

Based on the results of the reliability test, it shows that all items of this research instrument can be declared reliable because they have a Cronbach's Alpha value of 0.6.

4.3. Multicollinearity Test

The multicollinearity test is used to see if the independent variables in a regression model are connected. This is demonstrated by the VIF value and the tolerance value. There is no multicollinearity across variables in the regression model if the VIF value is less than 10 and the tolerance value is more than 0,10.

Table 3. Multicollinearity Test

No	Variable	Tolerance	VIF
1	Perceived Risk (X1)	,990	1,010
2	Trust (X2)	,813	1,230
3	Intention to Use (X3)	,812	1,231

The tolerance and VIF values for the three independent variables utilized are > 0.10 and < 10 respectively, indicating that there is no multicollinearity problem between the independent variables.

4.4. Multiple Linear Regression Analysis

If there are more than two or more independent variables, multiple linear regression analysis is required. In this study, multiple regression analysis was carried out to determine whether there was an effect of Perceived Risk, Trust, and Intention to Use on the Actual Use of fintech.

Table 4. Multiple Linear Regression Analysis

No	Variable	B	Stand. Error
1	(Constant)	8,621	2,508
2	Perceived Risk	-0,225	0,087
3	Trust	0,238	0,119
4	Intention to Use	0,373	0,174

The regression equation is based on the table above:

$$Y = 8.621 - 0.225X_1 + 0.238X_2 + 0.373X_3 + e$$

The previous equation can be explained as follows:

1. The given regression equation's constant value is 8.621. It means that the independent variable is 8.621 if all other independent variables are constant.
2. The negative regression coefficient for the perceived risk variable is -0.225. Assuming the other independent variables are constant, if there is an increase in perceived risk by 1 point, the actual use will decrease by 0.225. A negative coefficient indicates that the link between perceived risk and actual use is negative. The higher the perceived risk, the lower the actual use.
3. The trust variable has a positive regression coefficient of 0.238. Assuming the other independent variables are constant, if there is an increase in trust of 1 point, the actual use will increase by 0.238. A positive coefficient indicates that trust and actual use have a negative connection. The higher the trust, the higher the actual use.
4. The variable of intention to use has a positive regression coefficient of 0.373. Assuming the other independent variables are constant, if there is an increase in intention to use by 1 point, the actual use will increase by 0.373. A positive coefficient indicates that the intention to use and actual use have a negative connection. The higher the intention to use, the higher the actual use.

4.5. Determination Test

The coefficient of determination test (R²) is used to determine the extent to which the independent variable influences the dependent variable.

Table 5. Determination Test

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	,436	,190	,167	1,692

The coefficient of determination (R Square) is 0.190, or 19%. It suggests that the variables of perceived risk, trust, and intention to use 0.190 or 19% influence the actual use of fintech. Other variables not considered in this study affect the remaining 0.810 or 81%

4.6. Partial Hypothesis Test

The purpose of the t-test is to see the level of the independent variables' impact on the dependent variable. If the t-count value is greater than the t-table value with a significance value of 0.05, the independent variable has an effect on the dependent variable. In this study, the t-table is 1.663.

Table 6. Partial Hypothesis Test

No	Variable	t	Sig.
1	Perceived Risk (X1)	-2,591	0,011
2	Trust (X2)	2,003	0,048
3	Intention to Use (X3)	2,150	0,034

Table 6 can be interpreted as follows:

1. The Perceived Risk variable has the t-count value of -2.591 > t-table of 1.663 and a significance value of 0.011 < 0.05. Thus, H₀ is rejected and H₁ is approved, indicating that perceived risk has a negative impact on the actual use of fintech.
2. Trust variable has a significance value of 0.048 < 0.05 and the t-count value of 2.003 > t-table of 1.663. Based on these results, H₀ is rejected and H₂ is approved, indicating that trust has a positive impact on the actual use of fintech.
3. The variable of intention to use has a significance value of 0.034 < 0.05 and the t-count value of 2.150 > t-table of 1.663. Based on these results, H₀ is rejected and H₃ is approved, indicating that intention to use has a positive influence on the actual use of fintech.

4.7. Simultaneous Hypothesis Test

The F test is used to see if the independent variables have a simultaneous influence on the dependent variable. If the significance value is less than 0.05 and F count > F table, it can be assumed that the independent variables have a simultaneous effect on the dependent variable. The F table value is 2.69.

Table 7. Simultaneous Hypothesis Test

F	F-table	Sig.
8,000	2,69	0,000

The significant value of the F test is 0.000 0.05, and the estimated F value is 22.279 > F table of 3.09, implying that the independent variables of perceived risk, trust, and intention to use have a simultaneous influence on the actual use of fintech. Thus, H0 is rejected and H4 is approved.

4.8. Discussion

The t-test findings show that H1 is accepted and H0 is rejected. The findings of the regression analysis also show that the perceived risk has a negative regression coefficient of -0.225. It implies that the perceived risk has a negative impact on actual use. The higher the risk, the lower the actual use, and vice versa. This study's findings are consistent with prior research which finds that perceived risk has a considerable negative impact on the adoption of electronic payment technologies [12] [13].

The t-test findings show that H2 is accepted and H0 is rejected. Trust provides a positive regression coefficient of 0.238, as can be seen from the regression analysis findings. It implies that trust has a positive impact on actual use. As the user's trust grows, so does their actual use. Conversely, the lesser the user's trust, the less likely they are to use the fintech. This result is consistent with those of prior studies, which show that trust has a positive and significant impact on purchasing decision of GoPay in Surabaya [20]. Because trust is a key factor and is also considered as one of the important factors in increasing online transactions, user trust is very important.

H3 is accepted and H0 is rejected. The intention to use provides a positive regression coefficient of 0.373, as can be seen from the regression analysis findings. This suggests that the intention to use has a good impact on actual use. The higher the intention to use, the higher the actual use. Conversely, the lower the intention to use, the lower the actual use. It is consistent with those of earlier studies, which show that the intention to use GoPay has a beneficial impact on actual use [23]. When a user desires or intends to use electronic money services as a method of payment, he will do so.

The F test was performed, yielding the F value of 8,000 with a significance level of 0.000. Because the calculated F value (8,000) > from F table (2,69) and the significance level is 0.000 0.05, it can be stated that the factors of perceived risk, trust, and intention to use have an effect on actual use. This means that H4 is approved while H0 is not.

The Indonesian population has shifted to e-wallet with a strong correlation to Internet users' growth figures. Smartphone penetration and the internet have made digital economies grow since 2018. GoPay partnered with Gojek becomes popular as a method of digital payment in Indonesia. Cashback and promotions attract people to use the e-wallet. During the pandemic,

people prefer contactless payment. Thus, trust is the key to a cashless society. Cashless payment must be secure and fraud minimized. Respondents already trust and intend to use Fintech, but the risk factor has a negative impact on the adoption of Fintech service.

4.9. Conclusion

The goal of this study is to see how perceived risk, trust, and intention to use GoPay affect the actual use of GoPay in Bandung during the Covid-19 pandemic. The research was conducted from March to August 2021. This study used data from 106 GoPay users in the city of Bandung, Indonesia. The findings reveal that perceived risk has a negative impact on actual use while trust and intention to use have a positive impact. There is also the effect of the independent variables on the dependent variable simultaneously. Although there are still risks that may arise when using GoPay, most respondents tend to continue using GoPay because it can provide many benefits.

Using cashless applications like Paypal and GoPay is impacting consumer behavior. Consumers and businesses benefit from instant payments, paperless documentation, and monitoring customer transactions. The Covid-19 has shifted the financial world. Consumers trust and choose cashless fintech as payment technologies but they still worry about the risk of technologies. Therefore, educating people to be technology literate and improving the technology platforms can be the solutions.

4.10. Recommendation

Fintech service providers are expected to further minimize the risks that may arise when using the service by increasing user security. Besides, it is recommended to increase user trust by correcting existing deficiencies and also improving the quality of services so that the intention to use is getting higher and in the end, will affect the actual usage. Other researchers are expected to use other variables that are not used in this study.

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