



Factor Affection the Adoption of Financial Technology in Palembang: A Microfinance Case

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Abstract. The role of Financial services increase and substantial to the economically marginalized population. PT Pegadaian as one of microfinance that launched financial digital technology that named Pegadaian Digital Services. This research involved 44 user of Pegadaian Digital Services (PDS). Data analyzed by a quantitative proceed toward multiple regression to decides the relationship between perceived ease of use and perceived of usefulness. The result find that perceived usefulness and perceived ease of use have a strong correlation of 0.636, as indicated by the R value in the model summary. Meanwhile, the variation in adoption influenced by perceived usefulness and perceived ease of use is 37.4 percent. Perceived of usefulness had dominant factor to adoption of digital financial technology.

Keywords: Microfinance, Adoption, Perceived Ease of Use, Perceived Usefulness.

1. INTRODUCTION

Microfinance plays a significant role in financial systems, both globally and locally, by offering financial services and a steady flow of funds to economically marginalized populations that are often overlooked by the formal financial sector. Nowadays, "microfinance" broadly refers to a range of formal financial services designed specifically for low-income individuals, the poor, and those excluded from traditional financial systems.[2]

Pegadaian is a State-Owned Enterprise that operates in the field of financing through the distribution of funds to the community. This is based on the pawn laws which defines a pawn as a right obtained by a creditor over a movable object. The object will be handed over by the debtor to the creditor. The debtor has the right to authorize the creditor to use the pledged item to repay the debt if the debtor is unable to pay when it is due.

In 2008, Pegadaian began entering the precious metals business, starting with the launch of the Pegadaian Mulia product (Murabaha Precious Metals for Eternal Investment). Pegadaian Mulia is a service for purchasing precious metals either in cash or in installments with flexible terms and easy requirements. This product has been seen

as highly beneficial, facilitating people in various regions who want to purchase precious metals. Pegadaian has a variety of business units, including Pegadaian KCA (Quick and Safe Credit), Pegadaian Kreasi, Pegadaian Virtual Account, Arrum Haji and Umrah, and Gold Savings.

In April 2018, PT Pegadaian (Persero) launched the Pegadaian Digital Service application, a fintech (financial technology) service. This move was part of the company's efforts to transition into a financial company. This shift was marked by the launch of Pegadaian Digital Service (PDS), aimed at expanding the market target to millennials. According to Pegadaian's official website, Pegadaian Digital Service (PDS) is a digital service offered by Pegadaian in the form of web- and mobile-based applications. PDS serves customers and prospective customers who want to access information about Pegadaian's products.

Six years since its launch, the Pegadaian Digital Service app has been downloaded 5 million times. However, user ratings have shown an average score of 2.8. Users often complained about repeated errors without noticeable improvement, upgrades and data updates still requiring conventional methods at Pegadaian outlets, passwords not being recognized by the app, the app being inactive during working hours, preventing gold trading transactions, and many other issues that call for improvements from Pegadaian. The adoption of fintech through PDS has resulted in low service quality, lack of user-friendliness, increased costs, and a higher proportion of high-risk customers (Ariefyanto et al., 2022).

Contrary to expectations, fintech adoption should ideally ease human needs in conducting financial transactions through technology (Fatinah, 2022). Financial technology adoption is influenced by perceived usefulness and ease of use (Maulana, Khasanah, Yusuf, 2023). According to the Technology Acceptance Model (TAM) developed by Davis, users are more likely to embrace financial technology if they perceive it as both useful and easy to use. (Riaz et al., 2023).

This research try to find among perceive ease of use and perceive of usefulness to adoption application Pegadaian Digital Service and what the dominant factors that affected the adoption.

2. LITERATURE REVIEW

2.1. Perceive Ease of Use

Perceived ease of use is the extent to which a person thinks using a particular technology will make a task easier to accomplish.

It is defined as the extent to which users feel that a technology or system can be used easily without complications. Luarn (2005) defines it as the belief that using a system will require little to no effort. Similarly, Widjana, as cited in Ahmad and Pambudi (2014), describes perceived ease of use as the belief that utilizing an information technology system does not involve significant effort or difficulty.

Perceived ease of use is divided into several dimensions (Venkatesh and Davis, 2000) as follows:

1. The user's interaction with the system is straightforward and easy to comprehend.

2. Interacting with the system requires minimal effort.
3. The system is user-friendly.
4. Operating the system to achieve the desired outcome is simple.

2.2. *Perceive of Usefulness*

Perceived usefulness is the level of belief that using a system can facilitate various tasks, allowing them to be completed more quickly (Lu and Jamieson, 2013). In this study, it is stated that perceived usefulness can identify the various benefits or advantages consumers receive by using the internet for transactions.

Venkatesh and Morris (2003) suggest that perceived usefulness has a significant influence on understanding individual responses to information technology. Lu and Jamieson (2013) found that the indicators of perceived usefulness, based on the Technology Acceptance Model (TAM) and adopted from Davis et al.'s dissertation, are as follows:

1. Increases individual productivity.
2. Makes tasks faster.
3. Supports activities.
4. Effective.
5. Beneficial.

2.3. *Adoption*

Adoption is when a person decides to consistently use a product. The five stages of the adoption process (Kotler & Keller, 2016) are as follows:

1. Awareness: The consumer learns about the new product but knows little about it.
2. Interest: The consumer begins looking for more details on the product.
3. Evaluation: The consumer thinks about whether the product is worth trying.
4. Trial: The consumer tests the product to judge its usefulness.
5. Adoption: The consumer commits to using the product regularly.

3. METHODS

3.1. *Sample of Study*

Sample of the study was user of Pegadaian Digital Service in Palembang. This research involved 44 respondents. The technique used purposive sampling which people that used Pegadaian Digital Service application became the respondent of this research.

3.2. *Measurement of Research Variable*

The study used 5 option likert scale was user of Pegadaian Digital Service in Palembang. This research involved 44 respondents.

4. RESULTS

4.1. *Respondent Profile*

Most of respondent were woman about 56 percent in the age under 30 years old. Most of respondent were student and employee.

4.2. Data Analysis

Before analyzed, the data must passed validity and Reliability Test. In Table (1).” The Validity Test of this research. The data were normal and can be compute by regression analysis.

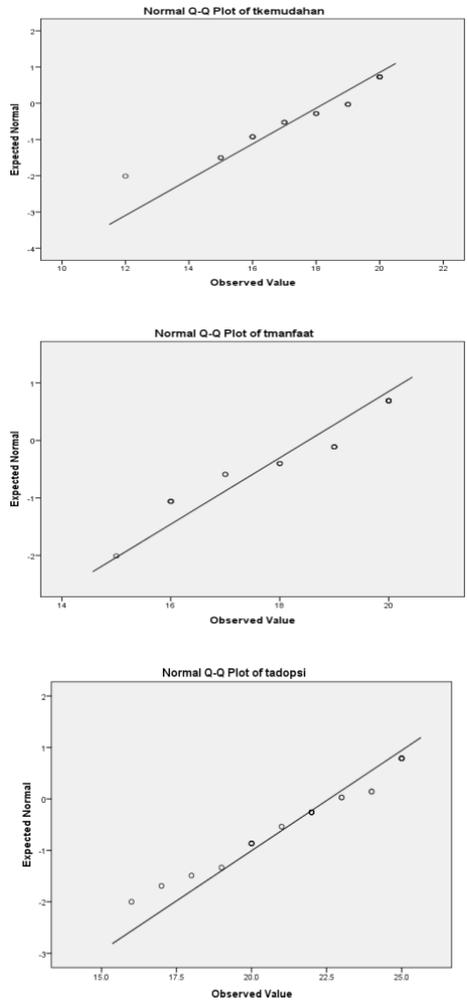


Fig.1 Normality Test.

Table 1. Validity Test

Indicator	Indicator	r hitung
Perceived Ease of use	Easy to use	0,801
	Easy to operate	0,830
	Easy to interaction	0,898
	Little effort to interaction	0,875
Perceived usefulness	Ability to increase transaction productivity	0,628
	Useful	0,703
	Makes transaction faster	0,734
	More effective	0,669
Adoption	Aware of the application	0,638
	Actively seeks information about application	0,744
	Has considered before deciding to use the application	0,668
	Decision to use based on identify its benefits	0,823
	Will continue to use it in the future	0,626

In Table (2).” Model Summary. The Model Summary show that R = 0.636 and R Square were 0,404. It means show that perceived usefulness and perceived ease of use have a strong correlation of 0.636, as indicated by the R value in the model summary. Meanwhile, the variation in adoption influenced by perceived usefulness and perceived ease of use is 37.4 percent.

Table 2. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.636 ^a	.404	.374	2.02959

Based on regression analysis equation can be conclude that perceive of usefulness has dominant affection to adoption to use digital financial technology. So Pegadaian must to make Pegadaian Digital Service application faster, easier and make the symbol and

Table 3. ”Coefficients^a

Model	Unstandardized Coefficients B	Standardized Coefficients Beta	t	Sig.
1 (Constant)	5.179		1.512	.138
tkemudahan	.235	.187	.829	.412

tmanfaat	.706	.339	.470	2.080	.044
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Regression Analysis equation:

$$Y = 5.179 + 0,235 X_1 + 0,706 X_2.$$

5. CONCLUSION

The research results show that perceived usefulness and perceived ease of use have a strong correlation of 0.636, as indicated by the R value in the model summary. Meanwhile, the variation in adoption influenced by perceived usefulness and perceived ease of use is 37.4

This research according to Maulana, Khasanah, and Yusuf, 2023. Fintech adoption is influenced by users' perceptions of usefulness and ease of use. Perceived usefulness and ease of use both show a positive and significant influence on the intention to adopt fintech mobile banking (Kurniaputra and Nurhadi, 2018; Rismalia and Sugiyanto, 2022; Maulidiyah, 2017; Dendeng, Pio, Sambul, 2022).

However, there are inconsistencies in research findings, as other studies show different results. Saputri's (2018) research indicates that perceived ease of use does not affect adoption.

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