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Analysis of Determinants of the Use of Financial Technology (E-Wallet) among Generation Z

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Abstract: This study presents a Determinant Analysis of the Use of Financial Technology (e-wallets) among Generation Z. Multiple regression analysis methods process the qualitative data used in this research. We used an explanatory research design based on our tests' results. The study asserts that convenience (X1), satisfaction (X2), security (X3), and promotions (X4) influence the use of e-wallets, suggesting that generation Z frequently utilizes financial technology (E-Wallet) for account management, money transfers, and real-time financial activity monitoring. The study uses the following keywords: E-Wallet, Convenience, Satisfaction, Security, Promotion, and Generation Z.

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A. Introduction

Financial technology (Fintech) is currently a financial services industry that utilizes technological innovation to enable its users to conduct various financial transactions digitally. Fintech services streamline existing financial services, enabling faster and easier processing of financial transactions, free from time and space constraints. Leading fintech companies can also reach a larger audience and improve people's lives than banking institutions. Sidanta et al., (2022) The benefits also increase e-commerce sales and lower lending rates. The fintech industry continues to grow rapidly, and investment in technology is increasing. In today's highly competitive environment, the existence of technology platforms aims to achieve wider market coverage and more diverse market segmentation, thereby fulfilling various

information needs more easily. This is because technology makes everything easier, including providing information about producers' products. This encompasses the provision of financial technology (fintech) products to the general public, including the advancement of digital technology that relies on electronic money, electronic wallets, and network connectivity.

Electronic wallets are electronic services that not only store and pay funds but also enable payment methods and data storage using cards and electronic money. Electronic wallets, or e-wallets, are software, applications, or services designed to store digital currency and conduct online transactions between users. According to Bank Indonesia Regulation (PBI) No. 19/12/PBI/2017 on the Implementation of Financial Technology, Fintech is the use of



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technology in the financial system to produce new products, services, technology, and/or business models that can have an impact on monetary stability, financial system stability, and/or the efficiency, smoothness, security, and reliability of the payment system. Meanwhile, Financial Services Authority Regulation (POJK) No. 13/POJK.02/2018 uses the term "digital financial innovation" (IKD) as the definition of fintech. Both regulations share the same essence and define fintech as any form of innovation that adds value to financial services.

Ningsih et al., (2022) Fintech solutions have expanded beyond just digital payments and online lending. Fintech adopts various types of technology based on consumer needs, level of development, policy stance, and existing technology infrastructure. Amidst the growth of the digital economy, the development of the fintech industry in Indonesia also continues to increase. AFTECH registered 366 fintech companies in 2022, up from 352 in 2021 and 302 at the end of 2020. We expect the continued growth of Indonesia's fintech industry to enhance financial inclusion. According to the World Bank, 97.74 million adults in Indonesia are either unbanked or lack access to banking financial services. People in the digital era typically prioritize ease of use and practicality when making decisions. This includes using financial services. B

anking digitalization has made it easier for users to use financial service products more quickly, easily, and practically, such as e-money, mobile banking, and internet banking (Kusumawardhani & Purnaningrum, 2021; Vebiana, 2018). In addition to traditional banking, there are currently fintech (financial technology) innovations that compete in the financial market by offering various services such as online payment solutions, crowdfunding platforms, and portfolio management (Anyfantaki, 2016). E-wallet, or digital wallet, is one of the popular services offered by financial

technology. E-wallet has a concept as a digital wallet where users can store their money in an integrated system connected to the internet so that users can more easily use it to make various transactions (Syifa & Tohang, 2020). This condition is an opportunity for fintech companies to offer more affordable products and services, faster and more efficient procedures, and various innovative features. Services from fintech companies also offer integrated solutions in the digital economy ecosystem, such as banking, non-bank financial institutions, technology companies (e-commerce and ride hailing), and other companies.

Promotions can entice potential customers, particularly members of Generation Z, to use e-wallet services by offering cashback or discounts that are more cost-effective than cash transactions. Additionally, e-wallet services can advertise on various social media platforms, making them easily accessible to potential users, particularly those who are active on these platforms. Furthermore, the web design employed by e-wallet services is highly appealing to customers (Kotler and Keller, 2016).

Generation Z's lifestyle can also be influenced by their surroundings, which use more e-wallet services, leading them to follow the trend in making payment transactions. Their lifestyle also plays a role: they have a penchant for spending money on e-wallets, a habit that has become common (Halim, 2017). Generation Z can pay for food, transportation costs, webinars, and so on easily. Only by scanning barcodes or transfers can students make these payments anywhere and anytime (Atriani, 2020, 7).

Therefore, we conducted this study to determine students' stance on the use of digital wallets and the reasons behind their agreement or disapproval. Consumers consider digital-based payment systems and payments made through digital applications to be profitable, leading to their widespread use (Gokilavani et al., 2018). Payments made using e-wallets not

only provide convenience and speed, but they also provide a sense of comfort and security for consumers—a sense of security in transactions anywhere and anytime. The use of e-wallets offers small-scale transactions that are simple to operate (Punwatkar & Verghese, 2018).

B. Materials and Methods

This study employs a quantitative approach, utilizing secondary data in the form of qualitative data processed through statistical or mathematical computations, or data gathered indirectly from Generation Z E-Wallet users. Cooper & Schindler in Wijaya (2018., 30) describe the research design as explanatory research. Explanatory research, also known as causal research, aims to explain existing phenomena using specific research characteristics. According to Sugiyono (2015: 59), a causal relationship is a causal relationship. Therefore, there are independent variables (variables that exert influence) and dependent variables (variables that are influenced). Explanatory research uses survey research methods to conduct research intended to collect information from respondents using a questionnaire. The IBM SPSS 26 for Windows computer application program will assist in carrying out the data analysis procedure. We will conduct a simple linear regression analysis to ascertain the influence between the independent variable (X) and the dependent variable (Y). The simple linear regression equation as follows: $Y = a + bX + e$ Where: Y denotes the dependent variable (business sustainability). a = constant value b = regression direction coefficient X = independent variable (financial literacy); e = error

C. Result and Discussion

Multiple Regression Test

Variabel	Koefisien	t hitung	Signifikan si	Deskriptio n
X1→ Y	-0.299	-4.387	0.000	Significant
X2→ Y	-0.269	-3.079	0.003	Significant
X3→ Y	0.518	4.740	0.000	Significant
X4→ Y	0.311	2.987	0.004	Significant

Source: data processed, 2024

From the table above, it can be seen below that a variable can be said to be significant if the value is significant at $p < 0.01$ or $p < 0.05$. Thus, in detail, the effect on each independent variable will be explained as follows:

a) Ease of using e-wallets The regression test results show that the convenience variable is stated to have an effect on the use of e-wallets. This can be seen from the regression coefficient of -0.299, t count of -4.387, and significance of 0.000, which is smaller than the specified significance level (α) of 5%.

b) Satisfaction with the use of e-wallets. The regression test results show that the satisfaction variable is stated to have an effect on the use of e-wallets. This can be seen from the regression coefficient of -0.269, t count of -3.079, and significance of 0.003, which is smaller than the specified significance level (α) of 5%. This indicates the acceptance of the second hypothesis.

c) Security on the use of e-wallets The regression test results show that the security variable is stated to have an effect on the use of e-wallets. This can be seen from the regression coefficient of 0.518, t count of 4.740, and significance of 0.000, which is smaller than the specified significance level (α) of 5%. This indicates the acceptance of the third hypothesis.

d) Promotion of the use of e-wallets The regression test results show that the promotion variable is stated to have an effect on the use of e-wallets. This can be seen from the regression coefficient of 0.311, t count of 2.987, and significance of 0.004, which is smaller than the specified significance level (α) of 5%. This indicates the acceptance of the fourth hypothesis.

1) Ease and Use of E-Wallets

The estimation results indicate a significant negative impact on the ease of use of e-wallets, implying that the convenience level influences the extent of e-wallet use. The findings of this study are in line with the principles of the Technology Acceptance Model (TAM), which

states that the use of certain systems does not require significant effort. This system's ease of use reduces the time and effort needed to understand it, as it is believed to be easily learnable. The level of use and user interaction with the system also reflect how easy the system is to use. A frequently used system indicates that it is better known, simpler in operation, and easier to use by its users. In daily practice, e-wallet users experience a variety of conveniences, such as the quick process of understanding how e-wallets operate, the flexibility to use them anywhere, and the ease of obtaining information about the e-wallet. These advantages increase their interest in continuing to use e-wallets, as well as encouraging them to recommend them to friends and family (Rizki & Mia, 2022). This study aligns with the findings of Simanjuntak and Nurhadi's (2023) research, which demonstrated a positive and significant impact of convenience on e-wallet usage. Alagusri et al. (2023) found that the ease of a system correlates with its use in daily activities. Ease refers to people's belief that technology is easy to use.

2) E-wallet Usage and Satisfaction

The research results obtained on the influence of satisfaction on the use of e-wallets show that there is a negative and significant influence. User satisfaction is a strong indicator that users will continue to use e-wallets (Astutik & Septyanto, 2023). User satisfaction with an e-wallet makes them more likely to reuse it than switch. High satisfaction usually correlates with a higher level of loyalty to the service or product. Users who are satisfied with an e-wallet tend to remain loyal and do not easily switch to other similar services. This reduces the churn rate (customer loss rate) and increases the sustainability of e-wallet usage in the long run (Nurcahyo et al., 2023). Satisfied users tend to recommend the e-wallet they use to others. This can be a recommendation to friends, family, or colleagues, which in turn increases the adoption and use of e-wallets by new users. User

satisfaction also plays an important role in the product development process.

Feedback from satisfied users helps e-wallet providers identify successful features and areas that require improvement, so they can further refine their services. The results of this study are in accordance with research conducted by Maharani et al. (2023) and Indarso (2024) that partially or simultaneously has a significant influence on the use of e-wallets among generation Z.

3) Security and E-wallet Usage

The results of research that examines the effect of security on the use of e-wallets have a positive and significant effect. Security is defined as the capacity to control and maintain the security of data transactions (Park and Kim, 2006). Technology users expect a solid security guarantee to ensure their comfort and safety during transactions, free from concerns about fraud. We expect the provided security guarantees to positively influence the use of e-wallets. That is, if the e-wallet provider offers adequate security guarantees, this will encourage consumers to choose to use the e-wallet. Many countries have strict regulations regarding the management and protection of consumer data.

The general public is more likely to allow and accept e-wallets that adhere to these security standards. Strong security is also important for maintaining users' financial stability. Losses due to fraud or data leakage can have a major impact on users' finances and on the reputation of e-wallet providers. It also helps build user trust in the e-wallet platform. If users feel safe, they are more likely to adopt and regularly use the service. The results of this study are in accordance with research conducted by Roland et al. (2022) and Ramadya Sari et al. (2022) that partially showed that the security variable had an effect on the use of e-wallets. Security is a consideration for users. This is because the security of the money in the e-wallet is guaranteed, personal data information is protected, and providing an encoding model

(PIN) on each feature for account security can make customers decide to use an e-wallet.

4) Promotion and E-wallet Usage

research results obtained on the influence of promotion on the use of e-wallets show that there is a positive and significant influence. In accordance with the opinion of Purbohastuti (2021), marketing mix elements such as promotions have a vital role in influencing customers to buy products or services offered in the market. In the field, promotional activities carried out by e-wallet providers through their websites have succeeded in attracting consumer interest in making purchases and sparking further curiosity about the e-wallet product. Additional promotions in the form of gifts from e-wallets have also succeeded in increasing consumer buying interest. This makes them feel satisfied using e-wallet services and have the desire to continue to utilize e-wallet services compared to other services. Effective promotions can also change consumers' perceptions of e-wallets from just a means of payment to a personal financial assistant that can help in various daily financial aspects. With continuous promotions, e-wallets can maintain the interest of customers and strengthen their loyalty. Loyalty programs and special offers ensure that users stay engaged and choose the e-wallet over other options in the day-to-day transactions of a highly competitive market.

Promotions allow e-wallets to differentiate themselves from competitors. This is important to attract and retain the user base in a highly competitive environment. The results of this study also support previous research by Sutrisno and Setiawan (2023) that promotion has a positive and significant effect on asking people to use e-wallets. Likewise, it also strengthens previous research by Listyawati and Subardini (2021) that promotion also has a positive and significant effect on interest in use.

D. Conclusion

This research explains the Determinant Analysis of the Use of Financial Technology (E-

Wallet) among Generation Z based on the results of tests that have been carried out: convenience is stated to have an effect on the use of e-wallets, satisfaction is stated to have an effect on the use of e-wallets, security is stated to have an effect on the use of e-wallets, and promotions are stated to have an effect on the use of e-wallets.

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