

# Internal and External Factors Affecting the Decision to Use E-Wallet During the COVID-19 Pandemic

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**Abstract:** The number of e-marketplaces in Indonesia continues to grow every year, along with an increase in internet users. The COVID-19 pandemic has resulted in a surge in online purchases, this is due to restrictions on activities outside the home to reduce the number of people affected by the COVID-19 virus. The increase in the number of shopping activities carried out online has given rise to various digital wallets or e-wallets with various facilities offered. It is important for companies to be able to compete by providing various offers through convenience and attractive features, as well as security guarantees for consumers to take advantage of e-wallet in their digital transactions. This study discussed consumer perceptions in deciding to use e-wallet in making digital transaction payments. The population used in this study are those who have use e-wallet in their digital transactions. The data was obtained through a questionnaire, then the classical assumption test was carried out to determine the feasibility of the statements used in the questionnaire, then the data were analyzed using multiple linear regression. The results showed that ease of use, service features, security, promotions, and trust simultaneously affect the decision to use e-wallet, this result can be a consideration for companies that issue e-wallet to be able to reach more consumers by paying attention to the following factors that influence consumer decisions in choosing the use of e-wallet.

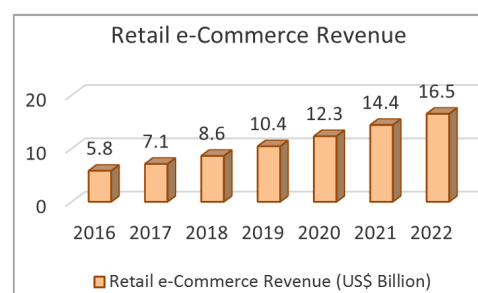
**Keywords:** E-Wallet, Ease of Use, Promotion, Security, Service Features, Trust

## 1. Introduction

The COVID-19 pandemic that has occurred since the end of 2019 has forced every individual to stay at home more and requires them to work from home. Technological developments have helped everyone to be able to do any activity from home, whether for work, school, or even shopping to meet their daily needs online. E-commerce technology is very helpful in providing convenience for everyone in the process of buying and selling transactions for various goods and service needs. By utilizing e-commerce, people can shop for daily necessities online without having to travel or make physical contact. Buying and selling transactions can also be done practically with a non-cash system using an e-wallet or through mobile banking, where buyers can get various promotions such as free shipping, discounted prices, cash back, and others [1].

The rapid development of e-commerce today makes

e-commerce play an important role for the country, because it has a significant influence on economic growth and state revenues. The value of online trade transactions continues to increase by around 30-40% every year, as shown in Figure 1.

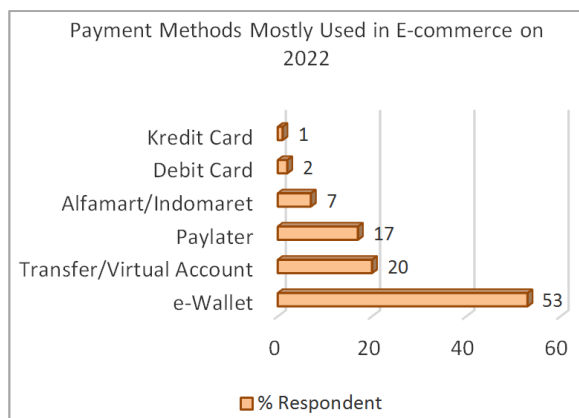


Source: Databoks [2]

Figure 1. Retail E-commerce Revenue 2016-2022.

The Katadata Insight Center (KIC) survey in collaboration

with Kredivo found that e-wallet or digital wallets are the most frequently used payment methods by consumers to shop through e-commerce, as shown in Figure 2.



Source: Databoks [3]

**Figure 2.** Payment Methods Mostly Used in E-commerce on 2022.

Online shopping activities are a choice that many consumers make during this COVID-19 pandemic, this has triggered the emergence of various types of e-wallet by providing convenience in their use and various promotions [4, 5]. The service features contained in the e-wallet become one of the considerations for consumers to use it in online shopping, the completeness of features that make it easy for consumers to top up balances and use balances will be able to attract consumers to use the e-wallet [6].

Using of e-wallet requires high trust from consumers to use it, because consumers must feel confident in advance that the personal data requested when they want to use an e-wallet is completely safe to be given in order to avoid the risk of loss that may occur [7], and guarantees of data security and balances stored in the e-wallet are the responsibility of the company [6, 8]. E-wallet which provides various promotions such as discounts, free shipping, and so on is a special attraction for consumers to use it, because by taking advantage of existing promotions it will reduce shopping costs that should be spent [5].

The purpose of this study is to determine the internal and external factors that can influence consumers in deciding to use e-wallet partially and simultaneously, as well as to determine the most dominant factor in influencing consumers to use e-wallet. This research was conducted to provide information for companies regarding the factors that consumers consider in deciding to use an e-wallet, and also provide information for consumers to pay attention to every detail so that consumers do not get a loss when conducting digital transactions.

## 2. Literature Review

The purchase decision or the decision to use a product made by consumers to be achieved in marketing activities carried out by all companies. Purchase decisions for a product made by consumers are consumer behavior that is influenced by

several factors including social, environmental, cultural, psychological and personal [9]. The importance of being able to convince consumers that the products produced by the company are better and even able to compete with other similar products. Utilization of technology along with technological developments through the industrial revolution 4.0 will be easy to penetrate the global market where generation Z is the target of product sales.

E-wallet is a digital wallet that utilizes technology in its use. E-wallet is a method of electronic payment. E-wallet can be defined as a type of electronic money that is stored on a server not in the form of a chip (such as a credit/debit card) [4]. The ease of using e-wallet will be able to attract the interest of consumers widely, not only the millennial generation who are the target but also adults who still keep abreast of technological developments. In Indonesia, there are various e-wallets such as GoPay, OVO, Dana, LinkAja, Jenius which carry out price wars to attract consumers to use them [5]. Shopping online has helped consumers a lot to fulfil various daily needs, so consumers will also look for convenience in terms of payment, and e-wallet is a consumer choice in making digital payments [10, 11].

The digital payment platform displays various service features, where each company will compete to provide various service features that will make it easier for consumers to make digital transactions. Consumer satisfaction with the service features provided by the e-wallet will make consumers reuse the e-wallet every time they make digital transactions [6, 12]. Attractive features with fast access will be highly favored by consumers, this happens because consumers like everything that can make it easy for them to carry out their daily activities.

The convenience factor that is considered by consumers in conducting digital transactions cannot be separated from the consumer's desire to get security guarantees as well as in their use. The rise of fraud and theft of consumer data makes consumers very careful in providing personal data and storing funds in e-wallet to avoid the risk of loss [7]. Convenience, privacy, and security in the use of e-wallet are the main concerns of consumers [6, 13], so that consumers can feel calm and safe storing their funds in e-wallet, so that digital transactions made to pay for products that have been purchased by consumers can run well.

Online shopping with payment using e-wallet offering various attractive promotions, such as discounts, cash back, free shipping will be a special attraction for consumers [8, 14]. Shopping that can be done from wherever consumers are by utilizing the internet network will be more attractive with various promotions carried out. Price wars and promotions carried out by various e-wallet platforms will be very beneficial for consumers [5], but without realizing it, they encourage consumers to become consumptive and sometimes buy things that are not really needed.

The rise of the emergence of e-wallet in Indonesia is due to the large number of digital transactions that make it easy for consumers. Growing consumer confidence to not be afraid to use e-wallet is not an easy thing. Various reports regarding

data theft or loss of balance in e-wallet are considered by consumers to use e-wallet. It is important for companies to be able to convince consumers about the security of using e-wallet, so that consumer's confidence can be arise to make electronic payments for digital transactions [1]. Convenience and consumer's confidence in an e-wallet is a company priority, so that consumers are loyal and continue to use the e-wallet that they have trusted.

### 3. Research Methodology

The theory that underlies this research is the Theory of Planned Behavioral [15]. The model used in this study refers to the Technology Acceptance Model (TAM) [16]. TAM explains that a person's behavior in using information technology begins with a perception of the benefits and ease of using information technology.

Survey method used in this study through distributing questionnaires using google form, then tested the effect of variable X (ease of use, service features, security, promotions, and trust) on decisions to use e-wallet. Consumers who have used e-wallet when conducting digital transactions are the population in this study. As many as 100 respondents obtained by using random sampling technique. Primary data is the data used in this study, which is data obtained directly from

respondents' answers to the questionnaire given. The Likert scale is used in this study to measure the perceptions, opinions, and attitudes of research respondents towards the phenomenon under study [17].

### 4. Results and Discussion

The purpose of this study was to examine the ease of use, service features, security, promotion, and trust in the decision to use e-wallet, using 100 respondents. To test the items used in the questionnaire, the validity test was used. The results of the validity test in this study showed a significant value  $<0.05$  and greater than  $r$  table 0.197, the results showed that all questions used in the questionnaire are valid and can be used in research. Reliability test was conducted to determine the level of consistency of a questionnaire used in the study. The results of the reliability test showed the Cronbach alpha value  $>0.60$ , this means that the data used in the questionnaire can be trusted. The results of the normality test showed that the significance value was  $>0.05$ , which means that the data in this study were normally distributed.

Regression analysis is the next test that to be carried to see the effect of the independent variable on the dependent variable. The results of multiple linear regression are presented in Table 1.

Table 1. Partial Test Results.

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	2.913		.901	.370
	Ease of Use	.681	.412	4.126	.000
	Service Features	-.076	-.040	-.311	.756
	Security	.169	.095	.765	.446
	Promotion	.676	.425	4.237	.000
	Trust	-.206	-.107	-.988	.326

a. Dependent Variable: Decision to Use E-wallet.

In Table 1, the test result partially showed that the ease of use variable effects the decision to use e-wallet. The e-wallet application provides convenience in conducting digital transactions, so that consumers are interested in using e-wallet. Digital payments using e-wallet are considered very easy, because the information provided in the e-wallet application is easy to understand, and consumers perceive that digital payments using e-wallet are very efficient and flexible. The results of this study are in line with research conducted by previous researchers which stated that the ease of doing digital transactions will make consumers decide to use e-wallet to make digital payments [5, 8].

The results showed that the service features had no effect on the decision to use e-wallet. This does not mean that the service features in the e-wallet application are not considered important by consumers, but consumers believe that the existence of an e-wallet can greatly assist consumers in conducting digital transactions, marked by the existence of various information that greatly facilitates consumers in understanding and using e- the wallet in digital transactions.

The results of this study are in line with previous research which states that service features do not affect the interest and decision to use e-wallet [8], because consumers feel that the service features in e-wallet application are very informative.

Security is a variable that also does not affect the decision to use e-wallet, this shows that the security guarantee provided by e-wallet is a benchmark for whether or not. An e-wallet is safe for use in digital transactions. When the company is able to show that the e-wallet offered is safe to use, consumers do not have to worry about using the e-wallet in their digital transactions. The results of this study are not in line with previous research which states that security affects consumer interest in using e-wallet [6, 8].

The most dominant variable affecting consumer decisions to use e-wallet in digital transactions is promotion. Various attractive offers such as discounts, cash back, and free shipping are the main attraction for consumers to take advantage of e-wallet in their digital transactions, in addition to attractive advertisements served through various social media, so that consumers are interested in using e-wallet. The

results of this study are in line with previous research which states that an attractive promotion will be able to attract consumers to use e-wallet [5, 8].

The results showed that the trust variable had no effect on consumer decisions to use e-wallet. Trust will arise in consumers when consumers feel safe to transact and save balances in e-wallet. Testimonials from other users as well as experiences from users who have used e-wallet will be an important consideration for consumers before deciding to

use an e-wallet. This is where the company plays an important role in convincing consumers and growing consumer confidence to use e-wallet in their digital transactions. This result is not in line with previous research which states that trust is very important for consumers before deciding to use a system [1].

Simultaneous test results show that the variables of ease of use, service features, security, promotion, and trust affect the decision to use e-wallet, as presented in Table 2.

**Table 2.** Simultaneous Test Results.

ANOVAa						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1019.550	5	203.910	22.522	.000 <sup>b</sup>
	Residual	851.040	94	9.054		
	Total	1870.590	99			

a. Dependent Variable: Decision to Use E-wallet

b. Predictors: (Constant), Trust, Promotion, Security, ease of Use, Service Features.

The results of the coefficient of determination test (R squared) are significant as the contribution of the influence of the independent variable (X) on the dependent variable (Y). The value

of the coefficient of determination is useful for predicting and seeing how big the contribution of the influence given by variable X simultaneously to variable Y is, as presented in Table 3.

**Table 3.** Determinant Test Results.

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.738 <sup>a</sup>	.545	.521	3.009

a. Predictors: (Constant), Trust, Promotion, Security, Ease of Use, Service Features

b. Dependent Variable: Decision to Use E-wallet.

The coefficient of determination test results show a value of 0.545 or 54.5%, this number means that the variables of ease of use, service features, security, promotion, and trust simultaneously contribute to the decision to use e-wallet by 54.5%, while the remaining 45.5% is influenced by other variables not examined in this study. The results show that the decision to use e-wallet is still small, so it is necessary to increase the use of e-wallet in meeting daily needs.

## 5. Conclusion

The results showed that partially ease of use, and promotion influence decisions on e-wallet usage decisions, while service features, security, and trust have no effect on e-wallet usage decisions. The contribution of the variables of ease of use, service features, security, promotion, and trust to the decision to use e-wallet is 54.5%, while the rest are influenced by other variables such as experience, web performance and others. The results of this study are expected to provide information for consumers who want to use e-wallet in their digital transactions, and the factors that need to be considered so as not to harm consumers in conducting digital transactions. The emergence of e-wallet is expected to provide more convenience and benefits for consumers in conducting digital transactions.

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