

The 2nd International Conference on Business and Banking Innovations (ICOBBI)
“Nurturing Business and Banking Sustainability”
Surabaya, 14th - 15th August 2020

Proceeding Book of
The 2nd International Conference on Business and Banking Innovations
(ICOBBI) 2020
“Nurturing Business and Banking Sustainability”
Surabaya, 14 - 15th August 2020

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FOREWORD

Alhamdulillah, praise be to Allah Subhanahu Wa Ta'ala for granting us the opportunity to organize and publish the proceedings of the 2nd International Conference on Business and Banking Innovations (ICOBBI) with the topic “*Nurturing Business and Banking Sustainability*”. This proceeding contains several researches articles from many fields in Marketing, Management Technology, Finance, Banking, Human Resources Management, Information System Management, and Islamic Economics.

The 2nd International Conference on Business and Banking Innovations was held on 14th – 15th August 2020 by virtual (online) meeting and organized by the Master Management Study Program of STIE PERBANAS Surabaya in Collaboration with six Higher Education Institutions in Indonesia and five Universities from Asia countries. Keynote speakers in this conference were: Prof. Angelica M..Baylon, Ph.D (Director of the Maritime Academy of Asia and the Pacific, Philippines), Chonlatis Darawong, Ph.D. (Head of the Master of Business Program Sripatum Chonburi University - SPU Graduate School Bangkok, Thailand), Prof. Madya Dr. Reevany Bustami (Director of Centre for Policy Research and International Studies Universiti Sains Malaysia), Associate Prof. Dr. Elisha Nasruddin (Graduate School of Business Universiti Sains Malaysia), Associate Prof. Pallavi Pathak Ph.D. (School of Management Sciences, Varanasi, India) and Prof. Dr. Tatik Suryani (Head of the Master of Management Study Program of STIE Perbanas Surabaya, Indonesia).

I would like to give high appreciation to the Rector of STIE Perbanas Surabaya for his support at this event. Acknowledgments and thank you to all the steering and organizing committees of the ICOBBI for the extra ordinary effort during the conference until this proceeding published. Thank you very much to all presenter and delegates from various Universities. Beside it, I would like to express our gratitude to the six universities, namely Universitas 17 Agustus Surabaya, Universitas Surabaya, Universitas Dr. Soetemo Universitas Dian Nuswantoro Semarang, STIE 66 Kendari, Institut Institut Bisnis dan Keuangan Nitro Makassar which has been the co-host of this event.

Hopefully, the proceeding will become a reference for academics and practitioners, especially the business and banking industry to get benefit from the various results of the research field of Business and Banking associated with Information Technology. Proceedings also can be accessed online on the website <https://pascasarjana.perbanas.ac.id>.

Chair of the Master Management Study Program
STIE Perbanas Surabaya

Prof. Dr. Tatik Suryani, M.M.

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Decision on the Utilization of Digital Payment in Millennial Generation Based on Perceived Experience

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ABSTRACT

This essay elaborated the relationship between perceived experience and utilization of digital payments by focusing on the millennial community in Makassar City. Specifically, this study identified the effect of perceived experience variable on the increase of digital payments utilization.

The study was designed using an associative research method with simple linear regression analysis. The results showed that perceived experience influences millennials decision in Makassar City in using digital payment. This result can be used as a reference for business owners in developing marketing strategies related to the convenience of payment by consumers.

1. INTRODUCTION

Makassar City's economic growth rate in the last five years is 9%. It exhibits a high demand for product purchase and sale transactions. In general, economic development in Indonesia shows an increasing trend. This is accompanied by technological developments that are widely utilized by companies for raw material planning, production, and marketing.

Now, buying and selling transactions are easier than before. Digital payments such as electronic money can minimize obstacles in the transaction process. The public can use ATM cards (Automatic Transaction Mobile), debit cards, e-tolls, and others. With digital payment, people no longer need to carry large amounts of cash. Safety during shopping increases because it avoids robbery or other crimes.

But in Makassar city, only a few places provide facilities for digital payments. Besides, there are still consumers who prefer cash transactions (Karim 2018; Tazkiyyaturrohman 2018). For example, there are still many people who have not used e-tolls or electronic money for payments at toll gates even by people born in the millennial era (Rosanti and Mustafa 2018). Millennials, also known as Generation Y, Gen Y or Generation Langgas, are groups based on demographics after Generation X (Gen-X). Experts and researchers usually use the early 1980s as the beginning of the birth of this group and the mid-1990s to the early 2000s as the end of birth (Wikipedia). In general, this generation is characterized by high utilization of communication, media and digital technology.

Although this generation is marked by an increase in the use of technology, according to research by Khafiyah (2019), there is only 10 million people use electronic money from a total of 38.2 million Indonesian millennials. Thus, there is still a large difference between millennials who have not utilized digital payments with electronic money. This study aimed to find out the factors that can influence someone in utilizing digital payments.

Previous researchers have been more focused on the reluctance to use e-money, such as Rosanti and Mustafa (2018) and Verawaty and Adrian (2019). Based on theoretical studies, several variables can influence a person's decision to use a product, such as consumers' experience in using the product. That experience can be obtained from perception, pleasure in shopping (Harisno and Herby 2018), and marketing mix factors (Kotler and Keller 2012). Studies related to purchasing decisions have been carried out widely, while studies on the effect of perceived experience are more associated with decision in purchasing the general product. Thus, the novelty of this study is testing the effect of perceived experience on the decision to use digital payment.

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This research needed to be conducted to obtain comprehensive results regarding the use of digital payments by focusing on the millennial generation, which is the novelty of this research.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

2.1. Consumer Purchasing Behavior

Solomon et al. (2007) stated that Consumer Behavior is a study that investigates the processes that accompany a person when buying products, services, ideas, or experiences to satisfy their needs and desires. According to Tauber (1972) in Zafar et al. (2007), consumer behavior consists of three different activities, namely shopping, buying, and consuming. According to Engel et al. (1994) in (Kasnaeny 2013), the study of consumer behavior has major roots in the economy, especially in marketing activities. Kotler and Keller (2012) state that consumer buying behavior is the buying behavior of end consumers, individuals, and households for personal consumption.

Thus, it can be interpreted that consumer behavior is a study of how a customer makes a purchasing decision related to what will be purchased, how to buy it, when, and the purchase frequency.

2.2. Perception Based on Perceived Experience

Vézina (1999) in Prastyaningsih et al. (2014), states that the main element in the lives of consumers is the existence of experience. Today's consumers do not immediately buy a product and then use it, but it requires a memorable experience when consuming. This experience can come from their own experiences or experiences gained with others.

The shopping experience is determined by the whole offered, not only by the product. It is following the statement of Meyer and Schwager (2007) in Prastyaningsih et al. (2014), which says that a product or service will be successful if it can bring a memorable experience for consumers that comes from the value of each product and service feature. One item from the customer experience is an emotional experience. Emotions arise from cognitive judgments of one's thoughts through psychological processes so that they are often expressed physically and sometimes accompanied by actions. Emotions can be used as a reference for someone's assessment of an event or thing that interacts directly with them.

Jiang et al. (2018) states that a pleasant experience will give an effect or a strong response to the decision to use a brand. Emotional Experience determines consumers' feelings about the consumption of a product or service.

3. RESEARCH METHOD

3.1. Approach

This study was an associative research, which was trying to find out the relationship between perceived experience variable that can create decisions in using digital payments.

3.2. Data Sources

Data sourced from primary data, namely questionnaires and interviews, and secondary data in the form of related documents.

3.3. Data Collection

Data were collected using a questionnaire for which research indicators had been prepared and adjusted to the topic. If necessary, additional data was obtained from documents related to the research problem.

3.4. Data Analysis

Data were analyzed by simple linear regression because this study wanted to find the effect of perceived experience variable on the increase in the use of digital payments, especially in millennials.

4. DATA ANALYSIS AND DISCUSSION

4.1. Descriptive Analysis

The variables in this research data consisted of perceived experience variables and decision to use digital payment variables. The results of the descriptive analysis are presented in Table 1.

Table 1: Calculation Results for the Perceived Experience (X) Interpretation Scale

Indicator Variable	Scale Range	Interpretation Index
Experience in Product	4.65	Very Good
Experience in Environment	4.19	Good

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Experience in Loyalty Communication	3.95	Pretty Good
Experience in Customer Service	3.79	Pretty Good
Experience in Events	4.18	Good
Average	4.15	Good

Table 1 shows that perceived customer experience based on the experience in product indicator has a very good value. It means that digital payment is a method of payment that is felt to be very convenient for users.

Table 2: Calculation Results for the Scale of Interpretation of Decisions to Use (Y)

Indicator Variable	Scale Range	Interpretation Index
Decision due to Ease of Transaction	4.51	Very Good
Decisions based on the experience of people around	4.17	Good
Decision due to clarity of information	4.14	Good
Decisions due to the Bank employee approach	3.41	Pretty Good
Decision after viewing Events	3.53	Pretty Good
Average	3.95	Pretty Good

Based on Table 2, it can be seen that the decision of the people in Makassar City to use digital payment is attributed to the ease of transaction. Users feel no need to queue for too long compared to making payments in cash, as well as in terms of sending money.

4.2. Validity Test

The validity test aims to determine the level of validity of the instruments used in research. Through the validity test, it will be known whether the question items presented in the questionnaire can reveal with certainty the problem under study. The technique that can be used to test validity is item analysis. Each value on the questions in the questionnaire is correlated with the total value of all questions for a variable by using a significant value that is smaller/or equal to 0.05. The results of the validity test of the research instruments are presented in Table 3.

Table 3: Validity Test Results of the Perceived Experience Variable

Statement	Sig	Information
X.1	0.000	Valid
X.2	0.000	Valid
X.3	0.000	Valid
X.4	0.000	Valid
X.5	0.000	Valid

Source: Processed Data

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From Table 3, it can be seen that all the correlation values had a significance level of 0.000. Therefore, it can be concluded that all question items are declared valid or the data collected is correct and valid. The last validity test was on the Variable Decision to Use Digital Payment. Table 4 shows that all data on the Digital Payment indicator is Valid.

Table 4: Validity Test Results from the Variable Decision to Use Digital Payment

Statement	Sig	Information
Y.1	0.000	Valid
Y.2	0.000	Valid
Y.3	0.000	Valid
Y.4	0.000	Valid
Y.5	0.000	Valid

Source: Processed Data

4.3. Reliability Test

Reliability is an index that determines how far a measuring instrument can be trusted or relied upon. The new measuring instrument can be trusted and relied upon if the results of measurements made at different times are always consistent. Cronbach's alpha technique can be used to test reliability, where a research instrument is said to be reliable if it has a coefficient of social needs or alpha of 0.60 or more. The reliability test results are presented in Table 5.

Table 5 Variable Reliability Tests

Variable	Cronbach's Alpha	CA referral	Information
Perceived Experiences	0.652	0.60	Reliable
Decision of Use	0.690	0.60	Reliable

Source: Data Processing Results

Table 5 shows that all Cronbach's alpha values is higher than the Alpha Reference value of 0.60. Hence, the questionnaire items or research questionnaires are reliable for research analysis.

4.4. Regression Analysis

The formula used to solve this research problem is:

$$Y = a + bX + e$$

Y = The decision to Use Digital Payment

a = Constant Value

X = Perceived Experience

The results of the analysis are presented in Table 6.

Table 6: The effect of X on Y

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.818	.310		5.863	.000
PercExp	.515	.074	.573	6.930	.000

a. Dependent Variable: Decision

$$Y = 1.818 + 0.515 X, \text{ with a significance value of } 0.000 < 0.05$$

This means:

- 1) The constant value was 1.818 and positive. This means that the better the perceived experience gained by the community, the stronger the decision to use digital payment by the people in Makassar.
- 2) B1X1, namely the regression coefficient of the independent customer experience variable, was 0.515 and positive. It means that perceived experience has a positive effect on the strength of the decision to use digital payment in Makassar.
- 3) The significance value of 0,000 indicates that the perceived experience variable has a significant and positive effect on the digital payment decision variable.

4.5. Discussion

The analysis shows that the perceived experience possessed by the community has a strong influence on the decision to use digital payment, although the value is not too large, only 32.9%. It is also supported by the respondents' responses who stated that they consider these variables when making decisions to use digital payment. The statement stating that the people decided to use digital payment because of the ease of making transactions, obtained a higher response from respondents.

Decisions to use digital payments can also be obtained from experience from the surrounding environment when someone uses it and from the surroundings where a transaction or purchase is made. If this is considered beneficial, it will strengthen the decision to use digital payment.

Prastyaningsih et al. (2014) state that a brand of goods or services will be successful if it can bring a memorable experience for consumers that comes from the value of each feature on the products and services. Consumer behavior about how a person makes a purchasing decision, which is related to what will be purchased, how to buy it, when, and how often to make a purchase, is determined by the purchase experience, both the experience of oneself and from the surroundings. It is confirmed by this study that the decision to use digital payment is caused by the experience of previous people, especially on the convenience factor when using digital payment compared to payments in cash.

Digital payment simplifies transactions because there is no need to carry large amounts of cash, guarantees transaction security, fast, and also supported by complete information in case of problems from banking employees or parties marketing digital payment products. Therefore, the public has a very good perception of the existence of this digital payment. This study proves that the experience of using produces a significant positive effect on the decision to use digital payment. It means that an increase in the individual experience of the product will increase the individual's decision to use digital payment. It is supported by research by Jiang et al. (2018), which states that a pleasant experience will give an effect or strong response to the decision to use a brand.

Overall, the results of the analysis show that higher product experience will improve one's decision to use digital payment as a means of payment. Therefore, it can be used as a strategy for marketers and governments to change people's habits of using cash when making transactions.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

Perceived experience influences the digital usage decision for Millennials. Digital payment marketers are expected to pay attention to the perceived experience of consumers as material in approaching the public in the use of digital payments.

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