

The Effect of Trust, Perceived Benefit Perception and Religiosity in the Continuity Intention of OVO - Digital Wallet Services

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ABSTRACT

The purpose of this study was to examine the effect of trust, benefit perception and religiosity on continuance intention of the Digital Wallet services. This study involved 102 respondents, mostly the MSME business owner in Banyumas District and surrounding areas. The data were analyzed using multiple regression method, to see if the trust, benefit perception and religiosity affected the continuance intention of digital wallet services. As a financial technology application, the digital wallet provider should see the future strategy that will benefit the MSME in supporting their daily transaction activities. The service provider could see in this study if the trust, perceived benefit perceptions and religiosity could bring an impact on the implementation of overall strategy provided to support the MSME development.

Keywords: Fintech; digital wallet; trust, perceived benefit perception; continuation intention; religiosity

1. Introduction

The massive spread of the COVID-19 caused a decline in economic activity, and the pandemic has influenced in various sectors such as public services, household consumption, investment, and financial institutions in Indonesia. There is a threat of loss of community income because the people cannot work to fulfill their daily needs, especially for the poor and the vulnerable households, as well as the informal sector. The decline also occurred at Micro, Small and Medium Enterprises (MSMEs). This business actors cannot conduct their business activities so that their ability to fulfill obligations e.g. wages, rent, credit, other business expenses are impaired

This outbreak the first quarter of 2020 also brought many changes to people's lives, including the pattern of product marketing arrangements and consumer behavior in Indonesia and the world. The social restrictions regulation has been implemented to reduce the spread of the virus and the victims of Covid-19 create a new lifestyle, namely staying at home lifestyle, virtual lifestyle, and touchless transactions. These new lifestyles are applied in almost every aspects of life, starting from office activities, education, health, social activities, buying and selling activities and product marketing. This condition encourages economic actors, either producers, consumers, and the government as policy makers to shift product marketing patterns from direct meetings in the physical market to digital marketing patterns. Most activities today are done from home, done

virtually and without touch or avoid physical contact.

With the current conditions, we are all facing the triple disruptions, namely the acceleration of the use of digital technology, changes in millennial behavior and the corona virus outbreak as the main catalyst for the other two disruptions. The limitations of the current conditions lead us to adapt, survive, to keep earning income for our family member and be able to carry out activities even in limited conditions.

The digital marketplace or e-commerce is one form of digital technology that currently becomes the choice of many producers and consumers to promote their products and to fulfill their needs. This is the alternative ways to prevent family members from being exposed by the Corona virus. The digital marketplace application is a bridge that provides benefits for producers, sellers, and marketers to reach their consumers. Via application, sellers can promote and sell their products everywhere and there are even applications that provide facilities to sell their products abroad. Benefits are also be perceived by users of the digital market applications.

Online selling has also been adopted by several big retailers such as ACE Hardware, Miniso, Informa, Decathlon, Uniqlo and others. This is an anticipatory step taken by large retailers to stay in the market and still be able to serve the needs of the community during pandemic. The enactment of restriction community activities regulations to reduce the spread of the Corona virus has resulted a decrease in sales turnover due to the closure of shopping centers and various non-primary businesses, in addition to opening their own online stores, they also open stalls in several e-commerce applications that are visited by many buyers.

In addition to the increasing transactions through digital/electronic markets, the use of digital/electronic wallet applications has also increased. This application becomes an alternative option in the electronic purchase payment process other than bank transfer. Government endorsement for cashless transactions pushes the edge of digital wallet applications. One of them is OVO, which is a digital-electronic wallet product/service that supports payment processes for several digital market applications such as Grab, Tokopedia, and is also used by many merchants, shops, and restaurants. The easy use, the benefits obtained from the application, many affiliated merchants, the promo facilities, and features provided by OVO are the attractions of using this digital wallet. The other promos in the application also attract the digital wallet usage, including cashback, free shipping fees, as well as discount promos that are large enough up to 60% of the product price. These main features and facilities can also help and be utilized by producers including micro, small and medium enterprises to increase the number of their sales.

There are several researchers conducting similar research to see the aspect of trust, perceived benefit and religiosity in the continuance intention of digital wallet usage. One of them is Ridhia (Ridhia & Sutarso, 2020) who did the research on the general user of digital wallet. Based on that research, we conducted the research to the micro small medium enterprise – MSME business owner as a user of digital wallet application. This research was aimed to see the impact of trust, perceived benefit and religiosity on the continuance intention of digital wallet application on MSMEs actors in Banyumas and surroundings area, specifically OVO.

2. Literature Review & Hypothesis

2.1 Digital Marketing & Financial Technology

Digital marketing started in the early 1990s, with a still static display, little interaction, and no real community; it is very much different compare to current. The modern internet era began when Google was introduced to public (Kingsnort, 2016) and has progressed along with technological changes.

Kotler stated that the existence of digital marketing is not to replace traditional markets but to be able to coexist, exchange roles and complement each other's needs (Kotler, Kertajaya, & Setiawan, 2017).

One of the platforms that emerge in the digital marketing era is e-commerce or electronic commerce. Hisrich (Hisrich, Peters, & Shephard, 2017) said that this platform helps business owner, entrepreneurs, especially micro, small and medium enterprises actors to market their products and reach a wider market, and it is profitable since it can reduce the marketing costs.

2.2 Promotion

According to Hisrich in entrepreneurship, promotion is defined as a collection of activities that aims at informing customers of products advantages and target the consumer to buy the products (Hisrich, Peters, & Shephard, 2017). According to Sukoso, promotion is an important part of the marketing mix (marketing mix 4P) which can be defined as disseminating information, influencing or persuading and remembering the target market (Sukoso et.al, 2020). Sales promotion objectives are very broad, namely:

- Increasing sales
- Encouraging purchases
- Getting new customers.

Promotion can be done through various media. Currently there are many product promotions emerging through social media and various digital application platforms. Promotion is something that really needs to be done by business actors especially for micro, small and medium – MSMEs actors. Promotions through social media are expected to increase the e-commerce visits and product transactions using digital wallets through available applications.

2.3. Trust

Trust is defined as a willingness to rely on an exchange partner in which one has trust (Morman, Zaltman, & Deshpande, 1992). In the use of digital applications, user trust on the services provided is very important, especially in digital wallet applications, where users allocated their funds prior finally used to make exchanges of payment for buying and selling transactions. With the trust that arises from consumer perceptions of service quality as expected, it will foster interest in using the application for the next transaction.

2.4 Perceived Benefit Perception

Perceived benefit is defined as the result of the perceived quality and the sacrifices made by the customer (Gummesson, 2008). Another definition of perceived value is the values or benefits promised by the company that are perceived by consumers (Kotler & Keller, 2016).

2.5 Religiosity

According to Kaye and Ragavan in Thontowi, religiosity is defined as a person's spiritual expression related to belief systems, values, applicable laws and rituals (Thontowi, 2000) Glock in Thontowi further explains (Thontowi, 2000) that there are 5 dimensions of religiosity, namely:

- Dimension of belief/belief, is the dimension of religiosity related to what to believe, for example the belief in the existence of God, angels, heaven, etc. Religious belief or doctrine is the most basic dimension.
- Dimension of worship/practice is the dimension of diversity related to numbers, where the behavior has been determined by religion, such as worship procedures, baptism, confession of sins, prayer, or carrying out special rituals on holy days.
- Dimension of appreciation/experience is dimensions related to religious feelings experienced by adherents of religion or how far a person can live experiences in religious rituals that ask questions, such as solemnity when praying.
- Dimension of knowledge is related to a person's understanding and knowledge of the religious teachings one adheres to.
- Dimension of practice/consequences is related to the consequences of the religious teachings he adheres to which are applied through attitudes and behavior in everyday life.

According to Abd Rahmad in Ridhia (Ridhia & Sutarso, 2020) Religiosity can be measured in several indicators, including:

- Praying according to their respective religions, religious beliefs,
- Financial contributions (making donations),
- Participating in religious activities,
- Happy to make donations related to religion, such as paying zakat on time
- Reading related to religion
- Watching religious programs on TV or other media

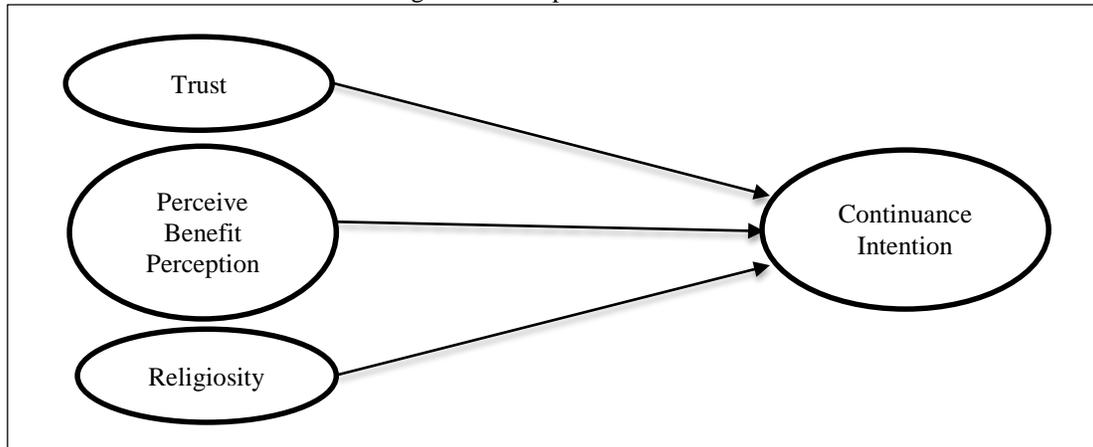
The understanding of religious rules will affect consumer decision in buying and selling activities.

Refer to the definition above, consumers will evaluate the value of the perceived benefits based on the product or services experience. If the benefits felt by consumers such as ease of transaction, the number of transactions that can be paid with, then there will be interest in reusing the product or application.

Based on the above explanation, and adapted from a journal wrote by Ridhia (Ridhia & Sutarso, 2020), researcher develop the following hypothesis:

- H0: There is no significant effect of X (trust, benefit, and religiosity) on Y or the continuance intention on the OVO digital wallet application
- H1: There is significant effect of X (trust, benefit, and religiosity) on Y or the continuance intention on the OVO digital wallet application

Figure1. Conceptual Framework



3. Research Methodology

This study used survey research methods. The populations in this study were digital wallet customers specifically MSME business owners in Banyumas and surrounding area which have a total around 10,000 during 2020, and the sample in this study were 102 digital wallet application users. The sampling method used in this study was a purposive sampling method using snowball technique where the research sample was selected by certain criteria. The criteria referred to in this study were digital wallet application users specifically MSME business owner who had experiences in using the mobile/digital wallet in their transaction activities.

The analysis used was multiple regression statistic method to explain the effect of trust, perceived benefit, and religiosity in the continuance intention of digital application wallet. The questionnaire items used in this study were adapted from the previous journal. The variable indicator used in this research elaborated as follows:

Table 1. Research Variables

X/Y	Variable Indicator	Sub – Variable Indicator
X1	Trust	Security Features
		Agreement
		Fulfill Need
		Good Services
X2	Perceived Benefit Perception	Many Benefits and Uses
		Make Payment Transaction Easy
		Provide Attractive Promo Features
		Promo - Increase Traffic in Application
		Promo – Increase Turn Over & Sales
		Digital Wallet Better than Cash Payment
X3	Religiosity	Provide Time for Praying
		Believing Religion as Guidance
		Donation for Religious Purposes
		Willingness to Read Religious Books
		Willingness to Participate in Religious Activity
		Willingness Providing Time to Religion
Y	Continuance Intention	OVO choices as Digital Wallet
		Prefer OVO compare to other Applications

		Use digital wallet in marketplace
		Seek information to increase Traffic
		Recommend OVO as Digital Wallet
		Will Continue using OVO in the Future

4. Results

This study was tested and analyzed using the SPSS application assistance (Statistical Package for the Social Sciences).

4.1 Classic Assumption Test

A series test was carried out as preliminary in this study that consisted of:

4.1.1 Normality test

The was carried out to determine whether or not the sample data in the regression model confounding variables or residuals were normally distributed. From the test result, the points spread around the diagonal line, so it can be concluded that the residual data in the regression model of this study were normally distributed. From the Kolmogorov-Smirnov Test a significant value of Sig (2-tailed) was obtained of $0.86 > 0.05$. Thus, it can be explained that the data in this study were normally distributed.

4.1.2 Multicollinearity test

The test was aimed to test the correlation between independent variables (independent) or not in the regression model. Multicollinearity can be seen from the value of tolerance and variance inflation factor (VIF). It said free from multicollinearity if the VIF value < 10 or the tolerance value is > 0.10 or getting closer to 1.

Table 2. Multicollinearity Test

Variable	Collinearity Tol	VIF
X1	0.701	1.427
X2	0.664	1.506
X3	0.987	1.115

The results of the tolerance value calculation show that all independent variables in the study have a tolerance value of more than 0.10. Likewise, with the results of the VIF value calculation, there is no independent variable that has a VIF value of more than 10. So, it can be concluded that there are no symptoms of multicollinearity between the independent variables in the regression model in this study.

4.1.3 Autocorrelation test

The test was used to determine whether or not there was a correlation between confounding variables or residuals in one observation with other observations in the regression model. The non-autocorrelation assumption is met if the value of $dU < dW < (4-dU)$. Based on the SPSS output, it shows that the value of the Durbin-Watson statistic (dW) is 1.844 is between $dU = 1.738$ and $4-dU = 2.262$, so it can be concluded that there is no autocorrelation between variables in the regression model, meaning that the assumption of non-autocorrelation in the regression has been met.

4.2 Hypothesis Tests

4.2.1 Multiple regression analysis

This analysis was used to determine whether the variable (Y) can be caused by the variable (X). The formula used is $Y = a + b_1 X_1 + b_2 X_2 + b_2 X_2$. Using the SPSS software it was obtained the regression equation as follows:

$$Y = 0.548 + 0.451 X_1 + 0.365 X_2 + 0.277 X_3$$

Table 3. Coefficient Regression

Variable	Coefficient Counted	Sig.	α	Description
Constant	0.548	0.387	0.05	Significant
X1	0.451	0.002	0.05	Significant
X2	0.365	0.000	0.05	Significant
X3	0.277	0.001	0.05	Significant

4.2.2 T Test Statistic analysis.

This test was conducted to test the significance of the coefficients of each independent variable partially on the dependent variable. That is the independent variable X to the dependent variable (Y) with the hypothesis:

H0: There is no significant effect of X on Y

H1: There is a significant effect of X on Y

The decision-making rules used are as follows:

If sig < 0.05, then reject Ho means significant

If sig > 0.05, then accept Ho means it is not significant

4.2.3 F Test Statistic analysis

Based on the results of SPSS calculations, the results obtained that the research sig is 0.000 < 0.05 shows in the ANOVA table above, this indicates that X1, X2 and X3 have a significant effect on Y, which means that it has been tested and accepted.

Table 4. F-Test Statistic

F-Test Model	Sum of Squares	df	F	Significance
Regression	312.186	3	19.635	0.000
Residual	519.392	98		

a. Dependent Variable: Y (Continuance Intention)

b. Predictors: (Constant), X3(Religiosity), X1(Trust), X2(Perceived Benefit)

5. Discussion

Based on the distributed questionnaire, we obtained quite diverse types of the MSME businesses such as culinary, fashion, automotive, agribusiness, electronics, etc. 95% of business owners has merchant in digital marketplace and use digital wallet application to support their payment options, while the rest do not operate in digital marketplace but use digital wallet as payment option. More than 96% of respondents have used digital wallet application for more than 5 months and use OVO as their digital wallet option in addition to other applications that support market transactions. We also obtained information that only 74.5% activated the promo feature on the digital wallet application.

Analysis of the questions related to trust shows that trust is formed because of the good performance of the applications in terms of security, convenience, and providing services needed by users.

Based on the questions related to the perception of perceived benefits specifically in the point of use of feature promo, not all respondents or 25.5% user activate the promo feature even though they understand that promotional activities can improve the sales performance of their merchants. It can be concluded that although digital wallets application provided promotional features, these features were not used optimally by MSME business owner who have deep understanding on religiosity. This happened probably because of their understanding on what is allowed and prohibited in their religion.

Based on the questions related to religiosity, most of the respondents have a good level of religiosity, in accordance with their respective teachings and beliefs.

Limitations encountered in this research, such as time limitation, superficial question items, respondents' understanding on the given questionnaires, and researchers' limitation to conduct more in-depth interviews open up the opportunities for further research refinement.

6. Conclusion

Findings of this study indicate that trust, perceived benefit, and religiosity brought significant effect in the continuance intention of digital wallet application. Both trust and perceived benefit become defining factor while the religiosity will depend on the understanding of each respondent but still bring the significant effect of the continuance intention of digital wallet application.

Users' knowledge and understanding about what are allowed and prohibited in their religion and belief become the prime mover on the continuance intention of digital wallet application and its features especially promotion features. Based on the result of the questioner it shows that some of the MSME business actor considering not using the promotion feature as they may consider it as things that prohibited in their religion

Digital wallet service providers may consider providing shariah based services for users who have deep understanding of religiosity.

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