

CHAPTER I

INTRODUCTION

5.1. Research Background

In the past few years, the number of E-Commerce and M-Commerce transactions have increased massively (eCommerce, 2014) as well as the number of smartphone users around the world (Yang et al, 2012). Moreover, Mobile device is predicted to played big part of payment mix in the market reaching 85% of total global household consumption (Mastercard, 2012). In addition, mobile phones can be equipped to added security like NFC, QR, and OTP capabilities, or can be used to transform how people do such as paying bills, buying tickets, interacting with either friends or customers (Cox & Sanchez 2013)

On top of that, mobile wallet also has become one of the most convenient payment facilities. People only need to stores their debit card or credit card information and through some verification process to ensure the information entered is valid. Instead of storing sensitive information related to debit card or credit card, some mobile wallet allow people to store some money and easily recharge to it anytime in convenience way. Consumers can make payment by simply use their smartphone scanned by NFC reader or QR reader or other payment facilities in Point of Sale scanner. It eliminates complexity of traditional payment method such as bank transfer that required many steps to finish a transaction. In fact, mobile wallet already widely

adopted in some countries such as Japan (Amoroso & Magnier-Watanabe, 2012), Finland (Mallat, 2007), United States and South Africa (Glajcen, 2013), but developed country less likely to adopt mobile wallet including Indonesia.

A Mobile wallet is a complex product. It not only can act as mobile payment but also it can act as mobile banking, membership cards, loyalty cards, travel cards or others. Sensitive information such as debit card, credit card, passport, PIN codes, Shopping account, insurance, Booking details, and others will be encrypted or password-protected. Consumers can rest assured that their sensitive information are safe, however this also becoming the biggest challenge for mobile wallet's providers to convince to their customers that it is safe to store their sensitive information. (Gsma, 2012)

With mobile wallet, not only consumer can enjoy various benefit but also mobile wallet provider itself. Mobile wallet allow marketers chance to get closer and have deeper understanding to their customers. Consumer behavior can be captured in form of data, and marketers can gain insight from it. As result, for example, Marketers can send promotion or e-coupon based on each customer's preferences and it also mean the chance for transaction happen increasing significantly. Starbuck is just one example of the most succesful company for utilizing the potential of mobile wallet. Starbucks' app help company to boost their loyalty programme, My Starbuck Rewards, allowing customers to track purchases, get rewards, and other stuff. It also give customer capabilities to pay through mobile phones. (Hof, 2015)

According to statistic obtained from the Indonesian Internet Service Provider Association (APJII) & Puskakom UI on a survey of Internet users profile Indonesia in 2014 showed that the number of internet user in Indonesia in 2012 is 24,3% and has increased dramatically between 2012 and 2014 reaching 34,9%. The total users who adopt electronic transaction methods are only 24% from the total active internet users of in Indonesia. SMS banking for transfer activities appeared to be the most popular choice for Indonesian people as much as 67.4%, followed by internet banking (33%) and credit card (24%). In contrast, T-Cash and Dompetku XL could only claim 0.8% and 0.2% respectively. Also, it can be concluded that mobile based payment method particularly mobile wallet may not have been so popular or well known by the people of Indonesia even though in fact 84% Indonesian access internet from their mobile phones (APJII & UI, 2015). Despite immerse use of mobile and internet penetration in Indonesia, the adoption of mobile wallet or mobile payment are still very small although many services provider were started to offered their services. Hence, there are need to study that can give insight so mobile wallet can be widely adopted faster (Mallat, 2007)

Mobile adoption studies especially mobile payment and mobile banking showed higher interest in recent years. Hence, abundant researches have been conducted by researcher throughout Europe, Africa, Oceania, North America, as well as South America including studies in France (Koenig-Lewis et al., 2016), England (Slade et al., 2014; Slade et al., 2015), Portugal (Oliveira et al., 2014; Oliveira et al., 2016),

Ireland (Duane et al., 2014), Mozambique (Baptista and Oliveira, 2015), Jordan (Qasim and Abu-Shanab, 2015), China (Zhong et al., 2013), Tanzania (Tossy, 2012), Thailand (Phontanukitithaworn et al., 2015), Canada (Kafsh, 2015), New Zealand (Xin et al., 2015), Malaysia (Teo et al., 2015); Brazil (Abrahao et al., 2016), Bangladesh (Abdullah et al., 2016), India (Kapoor & Dwivedi, 2015) and many other studies. Despite of many studies have been conducted, there were no studies that have been conducted yet in Indonesia especially for investigate either mobile wallet or mobile payment adoption. Hence, studies to investigate what influences people to adopt mobile banking are necessary and demanded.

Considering the potential of mobile wallet in Indonesia and lack of studies in mobile wallet in Indonesia, there are need to study that can give insight so mobile wallet can be adopted widely faster. Since the mobile wallet products are in the early stage of adoption, most people who use is young people (Phontanukitithaworn et al., 2015). Nowadays, these young people especially in Y-Generation are very familiar with mobile technologies. In addition, they have been entrusted to manage their own finances and to decide what the best for them. Therefore, This study aim to investigate Indonesian Y-Generation adoption toward intention to use mobile wallet in Indonesia by incorporating unified theory of acceptance and use of technology 2 (UTAUT2). This study also extend the UTAUT2 with other variables to increase the variance capability in explaining intention to use mobile wallet in Indonesia. The findings unveils from this study can be utilized by services providers in Indonesia not only to

formulate better corporate strategy as well as marketing strategy but also develop better mobile wallet product.

5.2. Research Question

This study was conducted to answer the following question : What are the key determinant factors that influenced intention to use mobile wallet for Y generation in Indonesia?

5.3. Research Objectives

The main objective of this study was to develop consumer adoption model toward intention to use mobile wallet by identifying key factors that are likely to influence consumer to adopt mobile wallet in Indonesia spesifically Y generation. This study also was to contribute to the emerging research on mobile wallet by investigating consumer adoption of this technology.

5.4. Research Contributions

The result of this research can be used as a guideline for business professional in various sectors for developing mobile wallet especially for Y generation in Indonesia. Moreover, this study also fill gap in this area of study which is mobile wallet. Since this study use UTAUT2 for hypothesis development, this study add more understanding to UTAUT2 as Venkatesh suggest that technology adoption between

one country and another may be different. In addition, it can be used as a reference for further study not only in Indonesia but also in any countries.

5.5. Structure of Thesis

As seen in figure 1.1., This study divided into five sections. First, Research Background, Research Question, Research Objective, Research Contribution, and Structure of the research were presented in the first chapter. Abundant past researches related to mobile technologies specifically in Mobile Wallet, Mobile Money, Mobile Payment, Mobile Banking, and Mobile Commerce were presented in the second chapter and followed by Hypothesis Development based on those literatures. Third, Complete methodology including research steps, construct definition and measurement, sampling and data collection, and data analysis method on this research were presented in Chapter III. Next, The result of the research were presented and discussed in the Chapter IV. Finally, Theoretical Implication, Managerial Implication, Limitation, and Future research were presented in Chapter V.

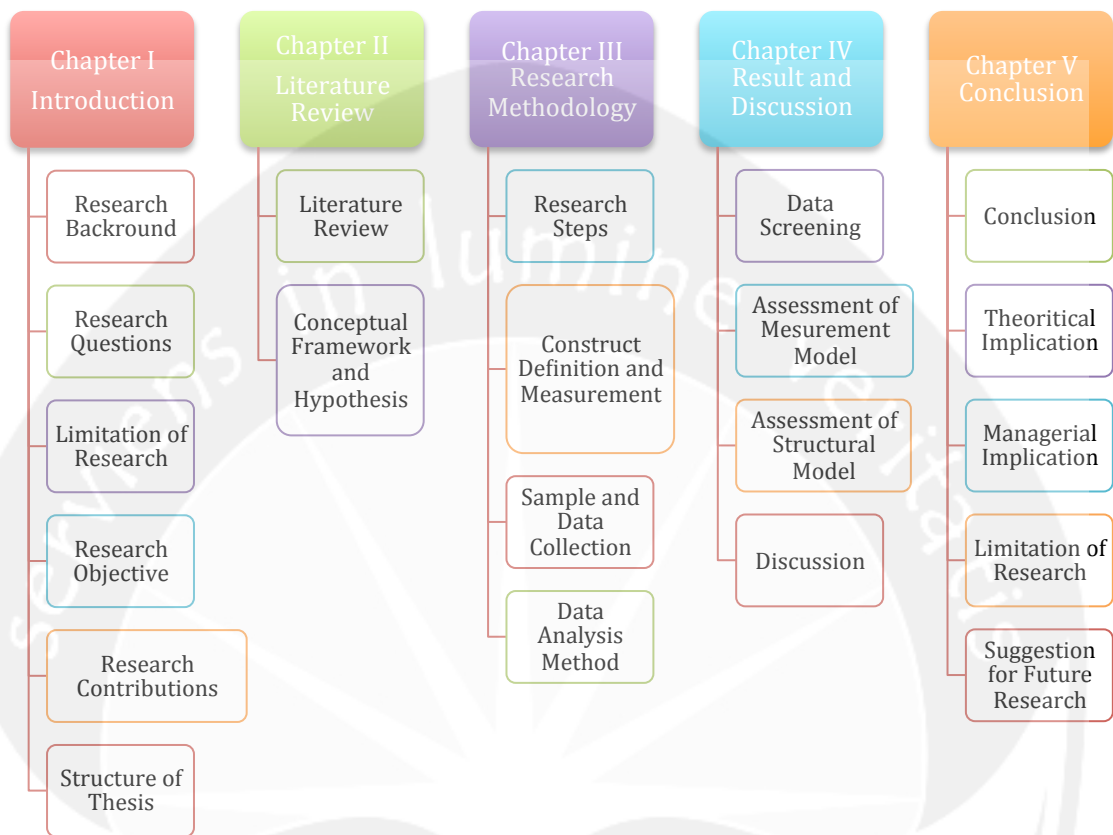


Figure 1.1. Structure of Thesis