

CHAPTER I

INTRODUCTION

1.1 Object Overview

1.1.1 Jenius

A product from PT Bank Tabungan Pensiun Negara (BTPN) Tbk named Jenius was launched to meet the needs of Indonesian society, especially the millennial generation and digital savvy generation in managing their life finance. Formulated since January 2015 and for 18 months of comprehensive research and development on the needs of the digital savvy community in Indonesia, the development of the best digital technology and digital banking in the world, finally this application was launched on August 11, 2016, with an investment cost of Rp. 500 billion. Jenius is a revolutionary banking application that helps its customers carry out financial activities such as saving, transacting, or managing finances via smartphone.



Figure 1.1 Jenius' Logo

Source: www.jenius.com

As Banking Reinvented, which means even though it has a bank function, Jenius returns all access to its users so that users have control over their own money and financial arrangements. Jenius acts as a tool that helps its users achieve seamless integration between their life and finances so that they can easily achieve their goals or even their dreams. In addition, Jenius is also different from a bank in general because all banking activities are not carried out offline or must visit the bank and through various bureaucratic applicable. Jenius is also different from mobile banking because Jenius' customers do not have to make an account in advance at the bank before enjoying the services provided by Jenius and also their

users can do all financial activities through this application ranging from opening an account, bill payments, money transfers, savings, deposits, debit card making, and fund allocation for financial arrangements, which contrast with the mobile banking that serves as an extension of the bank. Apart from being different from mobile banking, Jenius is also not an e-wallet because Jenius is not only used to make payments or transactions but also can receive deposits and time deposits with interest of up to 6.5%.

Jenius is also connected to the national banking ecosystem and international payment system through a Visa debit card. In building this ecosystem Jenius collaborated with several partners, including Gojek, Spotify, BrightSpot, The Goods Dept, Indosat, XL, Telkomsel, Elevania, DinoMarket, and Trafique Coffee.

Three main values embedded in this application in creating convenience for its users are simple, smart, and safe. Simple in terms of financial access in just one touch and all banking functions such as savings, payments, and transactions can be done in one place. Smart, because Jenius can be adapted to your needs and desires, smartly connected with the banking ecosystem in Indonesia and grow along with the development of human life. Safe, because Jenius is supported by BTPN Bank, accredited by OJK and guaranteed by LPS. Besides this application uses the latest technology and encryption system and a double security system for security guarantees.

Jenius offers the users several services, here are the services provided by Jenius according to the data retrieved from the Jenius website:

1. Send it

This feature is useful for sending money to Jenius' fellow users or even to the non-users. If a transaction is made to a fellow user, the account number can be replaced with Cashtag or username.

2. Pay me

Features made to ease their users to borrow money on friends. With this feature, users simply choose the sender's name and enter the desired amount of money. If the sender agrees, then the money will automatically be sent to the customer's account.

3. Dream Saver

Through this feature, Bank BTPN strives to help Jenius users to save in order to get what they want, from buying new goods to going on vacation. With this feature, Jenius will calculate how long it will take for the user to achieve their dreams by entering a photo that describes the wishes of the customer, entering the initial deposit amount, and regulating how much money will be saved every day.

4. Split Bill

As the name implies, this feature serves to make it easier for genius users to share bills when eating together or buying something. Jenius will automatically divide the nominal total to be paid by the number of people involved.

5. Card Center

Jenius users can also get a card like an ATM card. What distinguishes it from other banks, if the Jenius card is lost, then the user can block the card through the application and the blocking can be permanent or temporary.

1.2 Research Background

Development of internet in Indonesia shows a rapid development these days. Based on survey conducted by Asosiasi Penyelenggara Jasa Internet Indonesia (APJII) on 2017, the result shows that penetration of internet users in Indonesia is increasing compared to the previous research on 2016, where on 2016 the internet penetration in Indonesia is about 51.8% of the total population or 132.7 million people, on 2017 the internet user in Indonesia is 54.68% of total population, which means from 262 million people, 143.26 million people are connected to the internet.

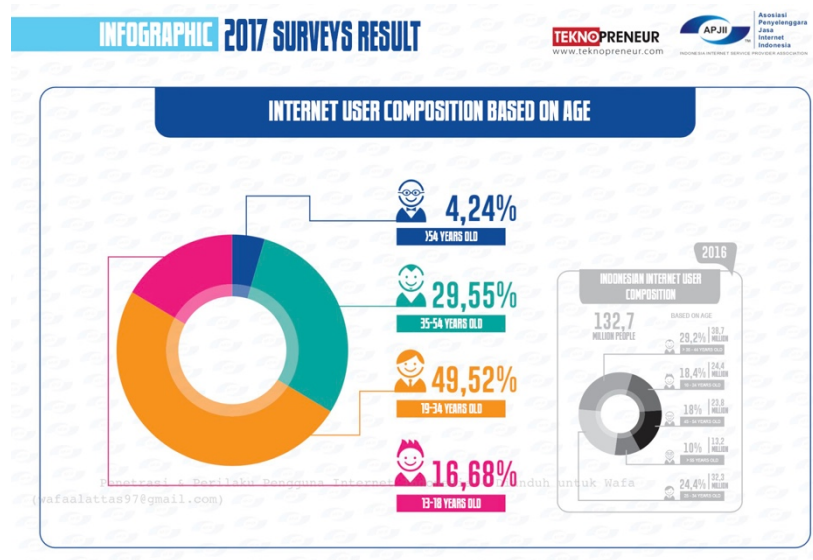


Figure1.2 Internet User Composition Based on Age
Source: www.apjii.or.id

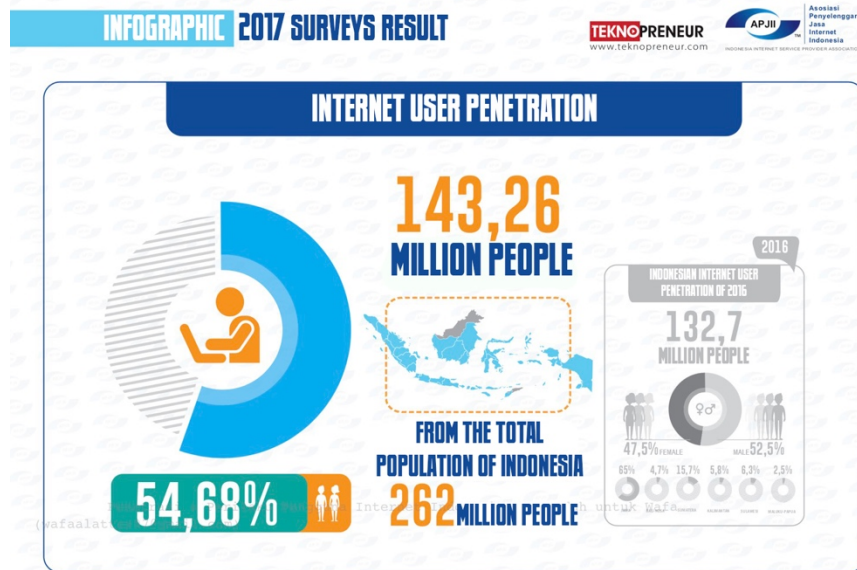


Figure 1.3 Penetration of Internet Users in Indonesia

Source: www.apjii.or.id

The internet in Indonesia is used by all segments, starting from men and women, the lower classes to the upper classes who are also highly educated, and also from children to the elderly. Based on the Asosiasi Penyelenggara Jasa Internet Indonesia (APJII)' survey on 2017, based on age, internet user in Indonesia is mostly 19 - 34 years with 49.52% of the total population. Followed by 35-54 years with 29.55% of the total population, 13-18 years with 16.68%, and more than 54 with 4.24%.

Along with the increasingly sophisticated and modern variety of technologies, the use of the internet is also increasingly used in various aspects of life. The existence of the internet contributes greatly to society, companies, industry and government. As the rapid development of the internet, many sectors of business are affected, one of them is, of course, the banking sector. Previously, customers were able to conduct banking activities only at banks, through ATMs (automated teller machines), or by telephone. But it is different now, Hassim (2017) stated that there was an increase in demand along with the development of digital technology forcing banks to change. Bank Indonesia warmly welcomes digital technology advancement in financial sector and mentioned that the development in financial sector can support economic growth and also financial inclusion. Hassim in beritasatu.com predicts the number of digital banking consumers in Asia will rise

sharply from 670 million people in 2016 to 1.7 billion people by 2020. Of course, these things will encourage banks to prepare digital services that answer the needs of their potential customers. Financial Technology (Fintech) is the financial sector's real adjustment towards the development of technology where transactions that were previously physical are now converted to digital.

According to The National Digital Research Center (NDRC), fintech is an innovation in the financial sector. Fintech has a role in maximizing the use of technology to change, accelerate or sharpen various aspects of financial services available today, ranging from payment methods, fund transfers, loans, fundraising, to asset management. (Indonesia, 2018).

Luhur in CNN Indonesia (2018) mentioned that Indonesia's fintech industry has potential to grow, because in Indonesia there are still a lot of cell phone owners with internet networks that have not used the financial services. From the total population, there are still 69% of the population in Indonesia that uses smartphones but have not used banking services. However, based on 2017 Global Findex data, Indonesia's financial inclusion rise 13% compared to 2014 to 2017. Interestingly, this makes Indonesia become a country with the highest increase of financial inclusion from other countries in the Asia Pacific.

Responding to this phenomenon, many companies in Indonesia, including start-up companies and banks, created and offered fintech products. According to Antonius Hari as the Head of the Department of Research and Banking Regulation of The Financial Services Authority (OJK) on Nurfadilah (2018), that at least 80 banks had tried to provide digital banking services to their customers. Meanwhile, of the 80 existing banks, there are only two banks that have indeed implemented this digital banking service in Indonesia. The two banks are PT Bank Tabungan Pensiunan Nasional Tbk (BTPN) through the Jenius digital application and PT Bank DBS Indonesia (DBS Indonesia) through the Digibank application.

According to Jenius Value Proposition and Product Head, Irwan, in *marketeers.com* (2017), Jenius is not a start-up product but a banking product. Jenius offered products as offered by the other banks but they packed it with something different and apply the startup's system. That what distinguishes them from other banks. Maulana also mentioned in *id.techasia.com* (2017) that Jenius is

the first banking or financial management product in Indonesia that fully integrated through applications on smartphones. In November 2017, Jenius only have 250.000 users and its growth to 350.000 in February 2018, with the majority of active users are from Jabodetabek and Bandung. Only about 15% -20% of customers come from outside Jabodetabek and Bandung. Lastly, on February 2019, Jenius users have reached up to 1.2 million users (Mamduh, 2019). Besides, third party funds raised through Jenius are currently estimated to reach Rp 2.4 trillion (Sudarwan, 2018). Meanwhile, according to Nurcaya (2019), since its launch in 2017, Digibank users have only reached around 600,000 users.

According to Aninda in Kalimantan.bisnis.com (2018), the user segment of Jenius is digital savvy generation and from the emerging affluent groups (middle to the upper economy). Digital savvy generation is a generation with the age of 17 - 50 years old, which including the millennial generation. And according to tribunews.com (2018), Jenius' users are mostly only from the age of 17 - 25 years old.

Regarding the features offered by Jenius and Digibank, there is almost no noticeable difference between the two banks except for the atm card and service area. According to Sekar (2018), For physical transactions, Jenius and Digibank will provide a Visa logo debit card as an ATM card for free. This card uses Visa Paywave technology so that it can be used as a payment tool in many places on a contactless basis. At Jenius, customers not only get one physical card but also get one non-physical card or virtual card as well. Also, customers can make up to three additional physical cards for more specific needs with limits that the customers can set — for example, a special card for transportation or consumption.

As a leading national private bank in Indonesia, the Jenius service area of BTPN is superior to Digibank, which is a product of multinational banks. BTPN has reached various regions in Indonesia, while DBS bank is still spread in several major cities. There are also more Jenius service points compared to Digibank, especially in public places, such as malls and cafes (Sekar, 2018).

According to the previous studies about the technology adoption in banking sector, there are some factors that affected the adoption of new technology, they are:

- a. Hedonic Motivation
- b. Performance Expectancy
- c. Effort Expectancy
- d. Social Influence
- e. Facilitating Condition
- f. Security
- g. Self-Efficacy
- h. Behavioral Intention

Due to the successful of Jenius and researcher curiosity about the adoption of digital banking in Indonesia, the researcher would like to conduct a research entitled “FACTORS AFFECTING THE ADOPTION OF JENIUS IN INDONESIA BASED ON THE UNIFIED THEORY OF ACCEPTANCE AND USE OF TECHNOLOGY MODEL MODIFIED BY THE TECHNOLOGY ACCEPTANCE MODEL CONCEPT”. This study chose Jenius since it is the first digital banking in Indonesia and its fast and rapid growth.

1.3 Problem Statement

Fintech is one of financial sector's real adjustment towards the development of technology at this era. But the percentage of its users is still low where 69% of the population in Indonesia that uses smartphones but have not used the banking service. In fact, financial technology such as Jenius has a lot of benefits to the users where they can manage their financial wherever and whenever from their smartphones which is in line with the needs and wants of digital savvy generation. The adoption of Jenius may be influenced by some factors, such as hedonic motivation, performance expectancy, effort expectancy, social influence, facilitating condition, security, self-efficacy, and behavioral intention, therefore, it is essential to do the research to examine the factors affecting the adoption of Jenius in Indonesia.

1.4 Research Questions

1. Does hedonic motivation (HEDONIC) influence the intention to adopt Jenius in Indonesia?
2. Does performance expectancy (PE) influence the intention to adopt Jenius in Indonesia?
3. Does performance expectancy (PE) has any impact to the hedonic motivation (HEDONIC) in using Jenius in Indonesia?
4. Does effort expectancy (EE) influence the intention to adopt Jenius in Indonesia?
5. Does effort expectancy (EE) has any impact to the hedonic motivation (HEDONIC) in using Jenius in Indonesia?
6. Does social influence (SI) influence the intention to adopt Jenius in Indonesia?
7. Does social influence (SI) has any impact to the hedonic motivation (HEDONIC) in using Jenius in Indonesia?
8. Does facilitating condition (FC) influence the intention to adopt Jenius in Indonesia?
9. Does facilitating condition (FC) has any impact to the hedonic motivation (HEDONIC) in using Jenius in Indonesia?
10. Does security system (SEC) influence the intention to adopt Jenius in Indonesia?
11. Does security system (SEC) has any impact to the hedonic motivation (HEDONIC) in using Jenius in Indonesia?
12. Does self-efficacy (SE) influence the intention to adopt Jenius in Indonesia?
13. Does self-efficacy (SE) has any impact to the hedonic motivation (HEDONIC) in using Jenius in Indonesia?

1.5 Research Objectives

1. To find out the influence of hedonic motivation (HEDONIC) on the intention to adopt Jenius in Indonesia.
2. To find out the influence of performance expectancy (PE) on the intention to adopt Jenius in Indonesia.
3. To find out the impact of performance expectancy (PE) to hedonic motivation (HEDONIC) on using Jenius in Indonesia.
4. To find out the influence of effort expectancy (EE) on the intention to adopt Jenius in Indonesia.
5. To find out the impact of effort expectancy (EE) to hedonic motivation (HEDONIC) on using Jenius in Indonesia.
6. To find out the influence of social influence (SI) on the intention to adopt Jenius in Indonesia.
7. To find out the impact of social influence (SI) to hedonic motivation (HEDONIC) on using Jenius in Indonesia.
8. To find out the influence of facilitating condition (FC) on the intention to adopt Jenius in Indonesia.
9. To find out the impact of facilitating condition (FC) to hedonic motivation (HEDONIC) on using Jenius in Indonesia.
10. To find out the influence of security system (SEC) on the intention to adopt Jenius in Indonesia.
11. To find out the impact of security system (SEC) to hedonic motivation (HEDONIC) on using Jenius in Indonesia.
12. To find out the influence of self-efficacy (SE) on the intention to adopt Jenius in Indonesia.
13. To find out the impact of self-efficacy (SE) to hedonic motivation (HEDONIC) on using Jenius in Indonesia.

1.6 Research Scope

1.6.1 Scope of Study

This study will analyse the hedonic motivation, performance expectancy, effort expectancy, social influence, facilitating condition, security, self-efficacy to determine which factors that positively and significantly influence the adoption of Jenius in Indonesia.

1.6.2 Location of Study

The research is conducted in Indonesia where Jenius application is available. Specifically, this research is conducted in six areas of Asosiasi Penyelenggara Jasa Internet Indonesia research, they are: Java, Sumatera, Kalimantan, Sulawesi, Bali - Nusa Tenggara, and Maluku.

1.6.3 Time and Period

The period of this study is started from November 2018 until July 2019.

1.7 Significance of the Study

1.7.1 Theoretical Aspect

The result of this research is expected to increase the knowledge, insight, and understanding of the author and also the readers about the factors that influence the adoption of Jenius in Indonesia. Moreover, this research is expected to give a contribution in developing the research' literature of fintech adoption in Indonesia using UTAUT2.

1.7.2 Practical Aspect

This research is expected to be a reference for Bank BTPN to find out why their customers use Jenius. In addition, this research is expected to help Bank BTPN to develop and also improve Jenius application in order to gain new customers or to respond to the needed of the potential customers which are the digital savvy generation.

1.8 Systematic of Writing

This research is presented into 5 (five) chapter, the systematics are as follows:

CHAPTER 1 INTRODUCTION: This chapter briefly presents general explanation of the research. The content includes overview of research object, research background, research questions, objectives, significance of the study, and writing systematics.

CHAPTER II LITERATURE REVIEW AND SCOPE OF THE RESEARCH : This chapter contains literature review and previous researches which are related to the topic and variables of the research.

CHAPTER III RESEARCH METHODOLOGY : This chapter describes the characteristic of the research, method of collecting data, and data analysis methods.

CHAPTER IV ANALYSIS AND DISCUSSION : This chapter will be described on the vision and mission of the company. Besides that, conducted environmental analysis and analysis of key success factors to see what the competitive advantages of a strategy company are. After that systematic analysis of the source and the company's most potential ability so that the company is able create sustainable competitive advantage.

CHAPTER V CONCLUSION AND SUGGESTION : The last chapter of the research presents the conclusion which is derived from all the data processing and analysis and recommendation for further development field of the research.