ABSTRACT

The evident progress in information technology today is the development of the internet. Indonesia's internet penetration rate reached 77.02 percent in 2022, with a total of 210.03 million people connected to the internet. The emergence of the Fourth Industrial Revolution has driven industries towards digitalization, leading various activities to shift towards digital platforms. The digital transformation has given rise to a new innovation called fintech (financial technology), which the banking industry has utilized to provide online mobile banking services to meet the needs of the public in conducting transactions.

However, the rapid growth of the internet in Indonesia has not been accompanied by a proportional increase in the number of mobile banking users. This is evident in the low percentage of mobile banking users among the four major banks in Indonesia: BCA, BRI, Mandiri, and BNI, which stands at only 28.22 percent. This demonstrates the disparity between the population accessing the internet and those using mobile banking services.

In 2021, the province of Bali experienced a decrease in its ICT Development Index (IDI), with a score of 6.49 compared to 6.57 in 2020. Based on the Digital Divide Index, Bali is ranked 29th out of 34 provinces in Indonesia, indicating a high level of digital divide. Bangli Regency, as one of the regencies in Bali, has one of the lowest average years of schooling in the province, with an average of 7.47 years. The low average years of schooling in Bangli Regency undoubtedly affect the readiness to access ICT.

This research employed the Structural Equation Modeling - Partial Least Squares (SEM-PLS) technique, with mobile banking as the research object. The study consisted of three stages: the outer model test, the inner model test, and hypothesis testing using WarpPLS 7.0 as the data analysis tool.

The survey results from 305 respondents indicated that the latent variables of motivation, physical and material access, mobile banking skills, and usage have a positive and significant impact. This suggests that there is no digital divide in mobile banking usage in Bangli Regency. Regarding the moderation variables of gender, age, and education, they provide diverse perspectives on mobile banking usage.

In this study, SEM-PLS was employed to develop a new theory and make predictions regarding the digital divide in mobile banking. For future research, the author recommends using Covariance-Based SEM (CB-SEM) to further test and confirm the findings of this study.

Keywords: *Digital Divide, Mobile banking,* SEM-PLS