CHAPTER 1
INTRODUCTION

1.1 Background

Nowadays, people are use their mobile phone not only just to interact with each other, but they can use to make transaction using their own mobile phone. Start with mobile banking that allow customers to initiate transactions without them to go to the nearest branch and now with technology that keep evolving, customers can turn their mobile phone into their personal wallet that called mobile wallet or digital wallet.

According to Eka (2018), based on statistics of number of mobile wallet users in Indonesia as 2017. The mobile wallet application that has the highest amount of users was GO-PAY with total of 10 million users. Followed by the second place, T-cash/LinkAja with 10 million users. Third place was PayPro with 7.5 million users. Fourth place was OVO with 7 million users. Figure 1.1 shows the statistics shows number of mobile wallet users in Indonesia as 2017.

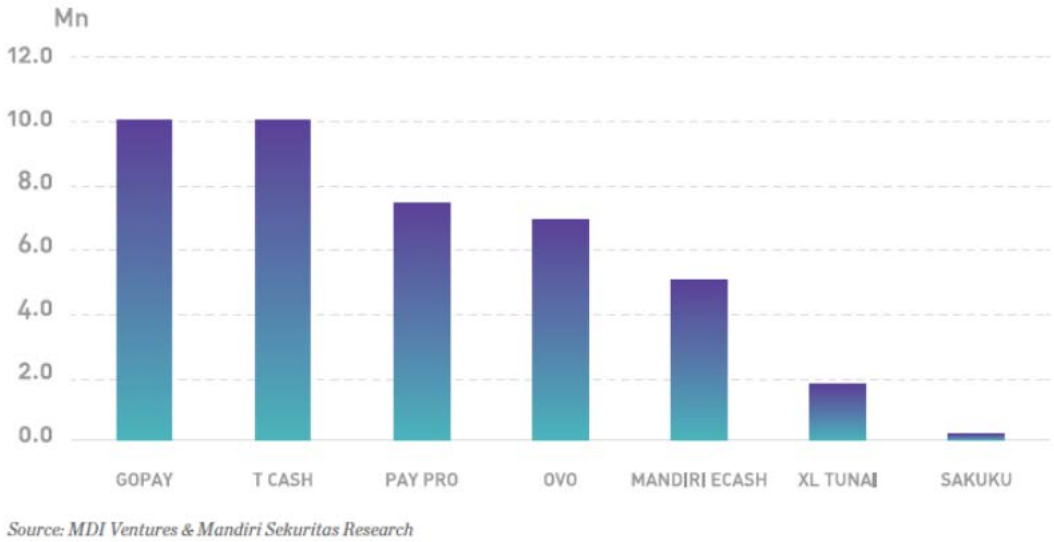

Figure 1. 1 Statistics number of mobile wallet users in Indonesia (2017)

Also, according to Rolfe (2018), the worldwide total transaction of mobile wallet to be targeted as much as up to US$13,000 billion by 2022, which is increase more than 100% from 2019. It means that people are changing their daily payment

method to use mobile wallet. Figure 1.2 shows the worldwide prediction of total transaction using mobile wallet

Figure 1. 2 Worldwide total transactions in mobile wallet

1.1.1 The concept of mobile wallet

Mobile wallet is a type of wallet (virtual wallet) that enable people to keep their personal money and conduct any transactions without actual money (cashless) using their own mobile phone. For example, (giki.edu, 2014) back in September 2014, Apple.inc introduced their first mobile wallet that called “Apple Pay” using technology of NFC to allow people make payment by tapping their phone to the terminal. By this example, there are several technologies applied in mobile wallet applications.

Twain (2018) stated that there are 3 technologies are applied in mobile wallet applications

- Online Payment

  One of the unique concepts about mobile wallet is online payment integration which allow other online stores to be connected with third party mobile wallet API. For example, Tokopedia uses OVO to allow users make payment using OVO mobile wallet.
- Person to Person Payments

  One of the advantages of using mobile wallet is enabling peer to peer payment system. It means one user can send and also receive balance to other users. For

example, currently Indonesian mobile wallet applications such as GO-PAY uses phone number as an account number for transferring to other users.

- NFC and QR Code

  Payment method that currently being used by Indonesian mobile wallet application is QR Code. Another method that being used by American mobile wallet application such as Apple Pay is NFC (Near Field Communication). The main difference is by using QR Codes, the merchants need to prepare the QR Code in order to let the user scan it and pay. By using NFC, the users need to tap their mobile phone onto the merchant's terminal.

1.1.2 Mobile Wallet Application in Indonesia

In Indonesia, the usage of mobile wallet is keep increasing from year to year. Many mobile wallet companies compete with each other by giving more promos and discounts, also provides bunch of features to attract customer. Based on labana.id (2018), there are 5 most popular mobile wallet application in terms of usage

- Go-Jek (GO-PAY)

  GO-PAY features in Go-Jek application is one of the most popular and successful examples of mobile wallets in Indonesia. Previously, the main feature of GO-PAY is for pay such as Go-Jek, Go-Food, Go-Car, which are then inserted into various mobile wallet features. The majority of GO-PAY users are more comfortable using this mobile wallet, because it encapsulates many features and services, so it will keep users using this mobile wallet. Users are also given to top up the GO-PAY balance using various methods, starting from Mobile Banking method to add the balance and can add balance directly through the Go-Jek driver.

- T-Cash (now LinkAja)

  T-Cash is a virtual wallet service launched by Telkomsel for KartuHalo, Simpati, and Kartu AS users. This service can be used for various transactions such as paying bills, paying merchants, top up phone balance and sending funds. One interesting feature is paying by tapping using your mobile phone. Users can also directly download the T- Wallet application for users of Android phones with NFC features. One of the attractions of this virtual wallet

is the number of special promos or discounts provided by T-Cash for their users.

- OVO

  OVO is an mobile wallet application that covered various types of transactions such as paying bills using QR Codes, paying electricity bills, BPJS, top up phone balance and many more. The unique of this application is enable the users to pay their parking lot by scanning the parking ticket. Also, OVO has been integrated to GRAB and Tokopedia, allow the users to make various transactions inside GRAB and Tokopedia application using OVO Cash.

- Sakuku

  This mobile wallet application is owned by one of the largest banks in Indonesia, Bank Central Asia (BCA). The users who are not BCA customers can still use this service. However, they must visit the nearest BCA branch while carrying a KTP to apply this service. To top up Sakuku balance, the users can use such as BCA ATM, Klik BCA Individual, or m-BCA to transfer it. Sakuku offers a feature of paying and shopping at merchant partners using QR Code, top up phone balance, transferring Sakuku balance to other Sakuku users, sharing bills with friends, and withdrawing cash at BCA ATM without a card.

- DOKU

  This virtual wallet can be used to transact online or offline at merchants who have joined DOKU services. Payment of electricity, water, BPJS and other monthly bills can also be made online through DOKU services. There is also a Pay By QR feature that allows the users to pay merchants by scanning the QR Code on their smartphone. Besides that, with this application the users can receive and transfer their balance to other DOKU users. To use this service, they do not need to be a customer at a particular bank because the process of refilling the balance can easily be done through the entire network of ATM Bersama, Alto, Prima, or outlets that have collaborated with DOKU.

This research is to identify user experience regarding mobile wallet in Indonesia in two categories of users which are end user who pays using mobile wallet and merchants who use QR-based payment. To analyze more, this research will focus

on comparing between GO-PAY and OVO, because these 2 mobile wallets that dominate the market.

1.2 Research Scope

This research focuses on investigating the Information System Success Model on digital wallet usage in Indonesia, especially GO-PAY and OVO. The respondent is limited to only in Indonesia who are active users of these applications.

1.3 Research Objective

There are several questions that the researcher wants to find out

1. How is the success of digital wallet apps based on DeLone and McLean IS Success Model? Can the model can be applied to the context in Indonesia?
2. What are the differences between GO-PAY and OVO in terms of Trust, Information Quality, System Quality, Service Quality, System Use, User Satisfaction, and Net Benefits?
3. What are the potential recommendations for GO-PAY and OVO?

1.4 Aim and Benefit

The purpose of this research is to evaluate how the users react to Go-Jek and OVO mobile application. With their experience, researcher can conclude the differences between GO-PAY and OVO in terms of Trust, Information Quality, System Quality, Service Quality, System Use, User Satisfaction, and Net Benefits. Also, to evaluate whether the IS Success Model can be applied to the context in Indonesia.

1.5 Research Structure

- Chapter 1: Introduction

  A brief explanation about the introduction of the research, research scope, research objective and research aim and benefits.
- Chapter 2: Literature Review

An explanation about theory from past research that have been written and published.

- Chapter 3: Research Methodology

  In this chapter consist of research objective, hypotheses, research design, data collection method, sampling method and data analysis method.

- Chapter 4: Data Analysis

  This chapter contain the result of data.

- Chapter 5: Discussion

  This chapter contain the discussion from data analysis.

- Chapter 6: Conclusion and Recommendation

  This chapter consist of the overall conclusion and some recommendations for this research.