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# THE DRIVERS FOR ACCEPTANCE OF NON-CREDIT CARD INSTALLMENT SERVICES

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*Abstract. The boom of Peer-to-Peer Lending (P2PL) Fintech in Indonesia has attracted the attention of researchers towards one of its features, which is non-credit card installment services. The main purpose was to find out the drivers which affect the behavioral intention of the users of those services. This research adapted a model that designed by Venkatesh, which is Unified Theory of Acceptance and Use of Technology 2. UTAUT 2 has seven key constructs that influence behavioral intention to use a technology and actual usage of the technology. Moreover, previous studies of technology acceptance emphasized the importance of perceived security in the acceptance of technology context, so this study expanded the model with one more external factor. Furthermore, the market segmentation for each of non-credit card instalment services are still unclear. Hence, this research is conducted to know the segments for each of non-credit card instalment services, so that there will be no overlap between one of the services' market toward another. Data analysis techniques were carried out using PLS analysis. The results that found in this study are only performance expectancy, effort expectancy, social influences, hedonic motivation, price value, habit have significant effect on behavioral intention to use those services.*

*Keywords: P2PL; Fintech; Non-Credit Card Installment Services; Behavior Intention; Actual Use; UTAUT 2; Perceived Security; PLS*

## INTRODUCTION

In this era, internet has become part of everyday life for most of us. There is no doubt that internet changed how people interact with each other. Based on Internet World Stats (2018), Indonesia is ranked fifth as the country with highest number of internet users). Compared to 2016, today Indonesia is the fastest growing country in terms of the number of internet users. And because of the growth of Internet, people also invented technology. The role of the Internet in information technology has been used to develop financial industries through modification and efficiency of financial services, namely known as Financial Technology or Fintech. Fintech refers to the use of technology to deliver financial solutions (Arner, et al., 2015). One of the types of Fintech that grows rapidly in Indonesia is non-credit card instalment services.

Non-credit card instalment services are a practice or method of lending money to individuals or businesses and vice versa, applying for loans to lenders, which connects lenders with borrowers or investors online (Arner, et al., 2015). It allows anyone to provide loans or apply for loans with one another for various purposes without using services from legitimate financial institutions as intermediaries. Eglesias (2018) said that Peer-to-peer lending companies are able to perform the credit lending service in a more efficient and satisfactory way for customers compared to conventional bank.

The other benefits that people get from using those services aside from its easy and fast application is the customers can often access loans with lower interest rates than they could obtain from traditional financial institutions like banks (Singh, 2017). But there are also disadvantages when using non-credit card installment services. One of the disadvantages is the lack of privacy for the users. If the users really value their financial privacy or have a proprietary idea that they don't want shared, then non-credit card installment services may not be the best technology to be use (Corporate Finance Institute, 2017)

This study is conducted to know the customer acceptance of this technology that categorized as a new technology in Indonesia, because actually the quality and the credibility of these services are still not too guaranteed and even though these services have many advantages for the customers, but still, they also have disadvantages for the customers. Although, there have been many researchers who have conducted research on user acceptance in Indonesia, but none of them has researched about acceptance for non-credit card installation services. Based on that, this research is conducted to know what are the drivers that positively influence customer behavioural intention to use non-credit card instalment services other than the benefits that already stated above.

The level of user acceptance of this technology can be measured by one of the theoretical approaches that can describe the level of acceptance and use of a technology, namely the Unified Theory of Acceptance and Use of Technology (UTAUT) 2. Based on Laforet & Li (2005), perceived security was found as the most important factor that encouraged people adoption of technology. Perceived Security is defined as the beliefs of the buyers on the ability and willingness of the technology to keep save the users'

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information from security breaches during transmission and storage (Salisbury, et al., 2001). So, this research includes perceived security as one of its independent variables.

Moreover, these non-credit card instalment services have different market segmentation. Because of that, companies need to segment their market. The reason for a company segmenting one of the markets is to increase the effectiveness of the planned marketing strategy, and also to be more focused toward one market, so the resources on the company can also be used efficiently and effectively. Based on this, this research is conducted to know the segments for each of non-credit card instalment services, so that there will be no overlap between one of the services' market toward another.

This study is focused on determining the current level of acceptance regarding the use of non-credit card installment services. The population to be studied is people aged 19-54 years in Jakarta and Bandung City, because it represents the two cities who population who have the most internet users in Indonesia (Diahnisa, 2016). The result of this study will be used to accelerate the development of non-credit card installment services in Indonesia. A recommendation to create further innovation.

## LITERATURE REVIEW

### Non-Credit Card Installment Services

Non-credit card installment services can be defined as a financial exchange that happens directly between people without an immediate intermediation of a traditional financial institution (Sekarwati, 2018). Rio (2018) stated on duwitmu.com, there are top five non-credit card installment services in Indonesia, which are Kredivo, Akulaku, Cicil, Home Credit, and lastly Paylayer by Traveloka (Gould, et al., 1991).

### User Acceptance

User acceptance is characterized as the willingness inside a user group to utilize new technology and it is designed to support the development of the technology itself and lack of user acceptance is one of the barriers to the success of new technology (Dillon & Morris, 1996). The truth is, users are regularly reluctant to use and utilize new technology, but if used, would result in amazing performance gains (Henderson, 1981). Thus, user acceptance has been seen as the crucial factor in determining the success of failure of any technology (Davis, 1986).

### Unified Theory of Acceptance and Use of Technology (UTAUT) 2

Venkatesh, et al., (2003) stated that UTAUT is a model of technology acceptance and use. This model synthesizes eight models of technology acceptance that have been developed previously. Then, over time, the results of the analysis of UTAUT model still have some weaknesses, so they developed the model into a new model, which is UTAUT 2 model. The UTAUT 2 model is a further development of the UTAUT model, where UTAUT 2 studies the acceptance and use of a technology in the context of consumers (Venkatesh, et al., 2012). The three constructs that added into UTAUT 2 model are hedonic motivation, price values, and habits. The existence of these three constructs will strengthen the research findings to complement the 4 constructs of first UTAUT model, which are performance expectancy, effort expectancy, social influence, facilitating conditions.

### Perceived Security

Perceived Security deals with the security feeling of the users while using the technology. It is not a concept that is gained by the technology over a significant period of time, but rather relies upon the security data that is presented to the users while they are using the technology (Yenisey, et al., 2007). Perceived security, which includes the utilization of technical advancements like cryptography, computerized signatures at shielding users from the risk of fraud, hacking, proved positively influenced the intention of users to use technology (Roca, et al., 2009).

### Conceptual Framework and Hypotheses

The research framework for this study is the adoption of a previous research developed by Venkatesh, et al. (2012) that used UTAUT 2 model. Moreover, previous studies of technology acceptance emphasized the importance of perceived security in the acceptance of new technology context (Laforet & Li, 2005), to make the model more suitable for our particular topic, this study expanded the model with one more external factor, which is perceived security. Thus, this study considers the effects of eight variables on acceptance of non-credit card installment services

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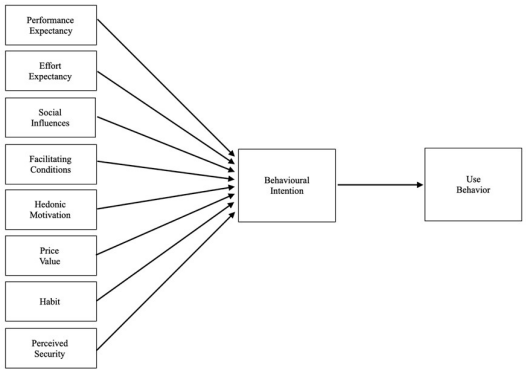


**Figure 1. Conceptual Framework**
(Modified from: Venkatesh, et al., 2012, Laforet & Li, 2005, Saumell, et al., 2019)

- $H_1$: Performance Expectancy has a positive and significant effect on the behavior intention of people to use non-credit card installment services
- $H_2$: Effort Expectancy has a positive and significant effect on the behavior intention of people to use non-credit card installment services
- $H_3$: Social Influences has a positive and significant effect on the behavior intention of people to use non-credit card installment services
- $H_4$: Facilitating Condition has a positive and significant effect on the behavior intention of people to use non-credit card installment services
- $H_5$: Hedonic Motivation has a positive and significant effect on the behavior intention of people to use non-credit card installment services
- $H_6$: Price Value has a positive and significant effect on the behavior intention of people to use non-credit card installment services
- $H_7$: Habit has a positive and significant effect on the behavior intention of people to use non-credit card installment services
- $H_8$: Perceived Security has a positive and significant effect on the behavior intention of people to use non-credit card installment services
- $H_9$: Behavioral Intention to Use has a positive and significant effect on the actual use (use behavior) of people to use non-credit card installment services

## METHODOLOGY

This study was mainly a quantitative research by distributing questionnaire to the targeted respondents. The most straight-forward approach would be to target people aged between 19 until 54 years old. In a recent report released by APJII, 49.52% of internet users in Indonesia are those aged 19 to 34 years, because the Internet is inseparable from the daily lives of today's young people. In the second position, 29.55% of Indonesian internet users are aged 35 to 54 years. This group is in the productive age and responsive to technological changes (APJII, 2018). The sample size of this study is 290 respondents. It is based on the result that calculated by multiplying indicators, which is 29 indicators with 10. The method is called "10-times-rule" by Hair, et al., (2011). To analyze the data from the results of the questionnaire that has been distributed to the required respondents, this study is using Partial Least Square (PLS) method with analysis tool using SmartPLS 3.0. PLS is a powerful analysis method, because it is not based on many assumptions (Falk & Miller, 1992). The steps for analyzing the data are from validity and reliability, testing the outer model, and lastly testing the inner model.

## FINDINGS AND ARGUMENT

### Demographics Analysis of Responses

First part of the questionnaire includes basic characteristics of the respondents which includes variables such as gender, age, domiciled, occupation, monthly spending, whether they use non-credit card installment services or not, and the most frequent services that they used. Most of the respondents are women with 65% of the respondents, and aged between 19-26 and 27-34, also 60% of the them are live in Jakarta. The most frequently non-credit card installment services used by the respondents are PayLater by Traveloka and Kredivo. They usually used those services for online shopping.

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### Outer Model (Measurement Model)

The results obtained from the analysis indicate that all indicators of each variable have a value of loading factor and cross loading greater than 0.7. Moreover, variables can be said to be good or shows consistent results, if it has a cronbach's alpha value and composite reliability greater than 0.7. After testing the data, the overall variables have Cronbach's Alpha and composite reliability greater than 0.7. So, this means that the validity and reliability test is good, so that further statistical analysis can be carried out.

### Inner Model (Structural Model)

Inner model is a structural model to predict causality between latent variables. The value of the inner model shows the level of significance in testing the hypothesis. The structural model in PLS was evaluated using R-square for the dependent construct and the path coefficient value for the significance test between constructs in the structural model (Aningsih, 2015). The R-Square value for the behavioral intention to use non-credit card installment services is 0.561 and the R-square for the actual using the non-credit card installment services is 0.123. This explains that the interest construct using the services can be explained by 56.10% through constructs of those eight independent variables, while the remaining 43.90% through other variables outside the model. While for constructing the actual usage of the services can be explained by 12.30% through the construct independent variables, and the remaining 87.70% through other variables outside the model.

Table 1. Path Cooficients

| | Original Sample (O) | T Statistics (\|O/STDEV\|) | P Values | Hypotheses |
|---|---|---|---|---|
| PE → BIUS | 0.232 | 3.758 | 0.000 | $Ha_1$ is accepted |
| EE → BIUS | - 0.238 | 3.308 | 0.001 | $Ha_2$ is accepted |
| SI → BIUS | 0.129 | 1.783 | 0.075 | $Ha_3$ is accepted |
| FC → BIUS | - 0.073 | 0.824 | 0.410 | $Ha_4$ is rejected |
| HM → BIUS | 0.283 | 3.795 | 0.000 | $Ha_5$ is accepted |
| PV → BIUS | 0.197 | 2.722 | 0.007 | $Ha_6$ is accepted |
| HT → BIUS | 0.247 | 3.664 | 0.000 | $Ha_7$ is accepted |
| PS → BIUS | 0.055 | 0.928 | 0.354 | $Ha_8$ is rejected |
| BIUS → AU | 0.324 | 6.965 | 0.000 | $Ha_9$ is accepted |

From the table above it can be seen that there are 7 hypotheses that accepted in this research, which are performance expectancy, effort expectancy, social influences, hedonic motivation, price value, habit toward behavioral intention to use and behavioral intention to use toward actual usage of non-credit card installment services, This results in line with the results that observed by Venkatest, et al., (2012). Meanwhile, there are 2 hypotheses that are rejected, such as facilitating conditions and perceived security toward behavioral intention to use non-credit card installment services. This implies that users find that it is not important to have the necessary support and help while using non-credit card instalment services and this also can happened because the respondents of this research are mostly people aged between 19 until 26 years old. This age range group is categorized as young adults and the group is still in transitional phase (Santrock, 1999). And because of that, they stated that people on that age range group not take the security matters when doing transaction as an important thing.

### Segmentation for Non-Credit Card Instalment Services

With segmenting a market for each services, companies will only focus on that segmentation and see who their competitors are. But, before segmenting a market, the researcher already analyse the respondents and categorized them into clusters. Below are stated the market segmentations for each of non-credit card instalment services on Table 2:

Table 2. Demography Segmentation of Non-Credit Card Instalment Services

| Segmentation | | | | |
|---|---|---|---|---|
| • 19-26 years old<br>• Private Employee<br>• Female<br>• People who like to shop online | • 27-34 years old<br>• Private Employee<br>• Female<br>• People who like to shop online | • 19-26 years old<br>• Private Employee<br>• Male | • 35-54 years old<br>• Private Employee<br>• Both female and male<br>• People who like to shop gadget and electronic at offline store | • 19-26 years old<br>• Private Employee<br>• Female<br>• People who like travelling |
| **Kredivo** | **Akulaku** | **Cicil** | **Home Credit** | **Paylater by Traveloka** |

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## CONCLUSIONS

With statistical analysis of this research was proved that the proposed research model is reliable. However, not all of the hypotheses were accepted. Only 7 hypothese out of 9 that were accepted. Hence, 2 hypotheses were rejected. Thus, the factors that significantly affect the behavior intention of people to use non-credit card installment services are performance expectancy, effort expectancy, social influences, hedonic motivation, price value, and habit. Also, behavioral intention to use also significantly affect the actual usage of the services. İn this way, the findings of this research do not completely relate to the original UTAUT 2 model. İt happened because the context that observed in this research (non-credit card installment services) was different from the previous studies. Moreover, each of non-credit card instalment services have a different market segmentation. So, there is no overlap between each of services' market. Even though there are some services that have same age range group, but still the function of the services are different. So, the market segmentation is also different for those five non-credit card instalment services.

The practical implications from this research are that non-credit card installment services company should ensure these factors are met and pay extra attention to Performance Expectancy, Effort Expectancy, Social Influences, Hedonic Motivation, Price Value, and Habit in order to increase the acceptance and usage of non-credit card installment services. This study also proposed a model for estimating the behavioral intention to use non-credit card installment services based on the UTAUT 2. By conducing reliability analysis, testing the proposed research model observationally, it has been demonstrated that the model is valid and reliable for non-credit card installment services. İn this way, the research model of this study could be applied to explore the factors that affect the behavioral intention to use non-credit card installment services in other cities in Indonesia for future studies.

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