



## The Millennial Consideration in Intention to Use E-Wallet in The Covid-19 Pandemic

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**Abstract:** The government's effort to prevent the spread of Covid-19 is to avoid physical distancing so that millennials making payment transactions use more digital transactions. Digital wallets have been seen as a facility that provides ease of use and usefulness in transactions. However, there are still many millennials who don't know and don't feel comfortable using e-wallets, especially when it comes to payments. This study aims to analyze the brand image, perceived ease of use, and perceived usefulness for the intention to use digital wallets (e-wallets) through millennial considerations as an intervening variable during the Covid-19 pandemic in SMEs in Tangerang City. The research sample was 96 respondents using purposive sampling techniques, namely millennials who use e-wallets in making payments. The instrument used was a questionnaire with a Likert scale of 1-5. This study uses path analysis techniques with the Smart PLS program. The results of this study indicate that during the Covid-19 pandemic, millennials in the intention to use e-wallets was influenced by brand image, perceived ease of use, and perceived usefulness through millennial considerations as an intervening variable with an R<sup>2</sup> value of 0.675. The results of this study have implications for SMEs business actors to provide an e-wallet payment system.

**Keywords:** E-wallet, SMEs Business, Millennials, Covid-19 Pandemic.

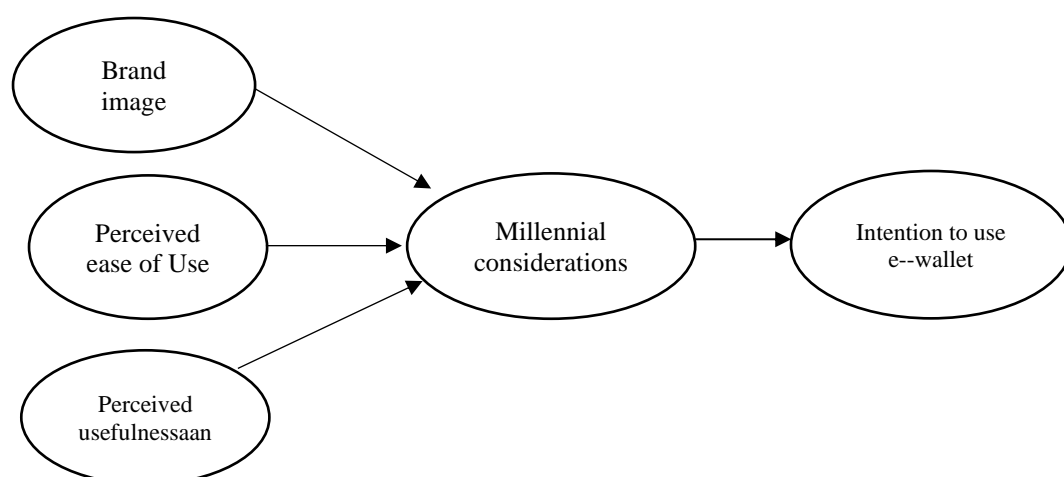
### INTRODUCTION

Currently, Indonesia is being hit by the national pandemic of Covid-19. Covid-19 has a deadly effect not only on humans but also on business (Turner & Akinremi, 2020) (Ivanov, 2020), economy, and finance (Goodell, 2020) activities in various sectors: primary, secondary, and tertiary (Nicola et al., 2020). As a result, many employees were forced to lose their jobs, the value of the rupiah continued to weaken sharply, while the stock market was inflamed as the composite price index (IHSG) was deeply corrected. This resulted in the Indonesian economy continuing to experience a slowdown. Several efforts have been made by the government to deal with the spread of the Covid-19 virus, including gradually carrying out Large-scale social restrictions (LSSR) in areas where the Covid-19 virus has spread rapidly. The physical distancing and self-quarantine policies keep people from staying at

home. Millennials try to do anything without contact. They avoid purchasing groceries in shops and malls (Eloksari, 2020). Many retailers, food vendors, and transportation providers encourage consumers to make payments using e-wallets. In Indonesia, central banks are increasingly calling for digital transaction payments (Bank Indonesia, 2020) (Financial, 2020).

Many people have begun to develop a perception of the risks they might face when using cash. Although there has been no official notification, including from the World Health Organization (WHO), that cash can be a vector for the transmission of covid-19. However, the public psychologist who thinks that unclean cash can be a bridge for the transmission of the virus makes people assume to switch to digital payments. The use of mobile payment services has grown in popularity along with the increase in smartphone use by up to 70% in the last five years in Indonesia. E-wallets facilitate users to make cash transactions with the help of mobile applications. Moreover, there are more choices of card-free e-wallet applications for transactions (Fatoni et al., 2020). Before this outbreak, cashless payments via smartphones were already gaining popularity (Andrieu, 2001) in several developing countries (Capgemini Research Institute, 2019) such as Thailand, Vietnam, and Indonesia (2019) (PwC, 2019). Based on the 2019 Global Consumer Insight Survey, there are 67% of customers, or 19% growth in Thailand are already involved in mobile payment transactions, after which the Middle East countries have 20% and Vietnam 24%. One of the alternative forms of mobile payment is e-wallet payment. An E-wallet is a type of e-money (Aji, H.M., Berakon, I. & Riza, 2020) where money is stored on the server, not on the chip card. In Indonesia, digital wallets are a FinTech segment that is experiencing significant development. Based on data from Bank Indonesia, 38 e-wallets have received official licenses. In 2018 the digital wallet market in Indonesia reached US \$ 1.5 billion or Rp. 21 trillion (Farras, 2019). Based on the results of the 2019 Jakpat Survey (Version, 2019) the five highest digital wallet companies are OVO, Dana, Go-Pay, Link Aja, and Uangku. The shift of millennials from using cash to digital transactions is interesting to study so that we can know the extent of the impact of covid-19 on millennial considerations in the interest in using mobile payment services (e-wallets).

## RESEARCH



**Figure 1. Research Conceptual**

This research is quantitative survey research where to analyze the existing phenomena using statistical, mathematical, and computational techniques. The hypothesis was built by taking into account the independent variables that are thought to be the determining factor of

interest in using e-wallets during the Covid-19 pandemic. It is strengthened by the presence of studies that include this hypothesis. The questionnaire was created using a Likert scale from 1-5. The sampling technique used purposive sampling where samples were taken during the Covid-19 June 2020 were millennials born between 1994 - 1980 (age range 26 years - 40 years) who used e-wallets as a means of payment for shopping and residing in Tangerang City. Data analysis using Partial Least Square Structural Equation Modeling.

## RESULT AND DISCUSSION

### Respondent Profile

The profile of respondents shows that most of the millennials (54.2%) are in the age group 25 years - < 30 years, male gender (53.1%) with a higher education level (86.5%). Most of the millennial jobs are private employees (60.4%), and the type of e-wallet used is OVO (28.1%). The reason for using e-wallets is predominantly millennials (80.0%) answered not because of the Covid-19 pandemic, millennials have used e-wallets for more than 2 years (47.9%) before the Covid-19 pandemic. However, millennials admit that during the pandemic the frequency of use of e-wallets in transactions increased to as much as 4-7 times a week (57.3%). This is because millennials avoid physical contact (physical distancing) so they use more digital transactions. During the covid-19, 92.7% stated that using e-wallets was very helpful in making transactions. Millennials use e-wallets for transactions in almost all purchases (58.3%) because e-wallets are practical, easier, and faster without having to carry cash, can be used anywhere, as well as many merchant choices and avoid physical contact (50, 0%). The use of payment applications using e-wallets by millennials significantly strengthens evidence of the increasing use of payment systems using e-wallets. ADA mentions a 300% increase in transactions by adaptive shoppers in meeting daily needs (Fatoni et al., 2020).

### Evaluation of the Measurement Model

All research variable indicators have a loading factor value > 0.6, so all indicators are declared valid. All constructs have a composite reliability value > 0.7 and a Cronbach's alpha value > 0.50; then it can be stated that all constructs are reliable. Based on the evaluation of convergent validity, all constructs have good convergent validity (construct > 0.5).

**Table 1. The value of loading factor, composite reliability, and Cronbach's alpha**

Construct	Loading Factor	Composite Reliability	Cronbach's Alpha	AVE
Brand image	0,78-0,84	0,851	0,738	0,656
Perceived ease of use	0,74-0,85	0,854	0,746	0,662
Perceived usefulness	0,88-0,95	0,939	0,902	0,836
Millennial considerations	0,70-0,83	0,863	0,801	0,560
Intention to use	0,85-0,92	0,863	0,875	0,800

### Evaluation of Goodness of Fit (GoF)

To evaluate the GoF in this study, the final R<sup>2</sup> value from the R Square Adjusted table is needed. The R Adjusted value of the millennial consideration construct is 0.675, meaning that the millennial consideration construct can be explained by the construct of brand image, perceived ease of use, and perceived usefulness of 67.5%; and the intention to use construct is 0.557 meaning that the intention to use construct can be explained by the brand image construct, perceived ease of use, perceived usefulness and millennial considerations of 55.7%, the rest is explained by other variables not examined in this study. After processing the data, the overall model validation can be done, as seen from the Goodness of Fit (GoF). The resulting GoF for millennial consideration GoF is 0.378 and the GoF intention to use is

0.446. The GoF value ranges from 0 to 1, it can be concluded that the overall structural model is a fit.

**Table 2. The Value of R Square**

Construct	R-Square Adjusted
Millennial considerations	0,675
Intention to use	0,557

**Structural Model Evaluation**

Test the research hypothesis, it can be seen in table 3 which shows the path relationship between the constructs of the research variables. To test the significance level of the research hypothesis by comparing the t calculation results with the t table. The significant level used was 95% (t table = 1.96). Significant if t count > t table.

**Table 3. The path relations between constructs**

Direct Effect	Path Coefficienxts	CR	P Value	Significance
Brand image -> Millennial considerations	0,214	2,357	0,019	Accepted
Perceived Ease of Use -> Millennial considerations	0,379	3,153	0,002	Accepted
Perceived Usefullnes -> Millennial considerations	0,318	2,471	0,014	Accepted
Millennial considerations -> Intention to use	0,749	14,776	0,000	Accepted
<b>Indirect Effect</b>				
Brand image -> Millennial considerations -> Intention to use	0,161	2,342	0,020	Accepted
Perceived ease of use -> Millennial considerations -> Intention to use	0,284	2,961	0,003	Accepted
Perceived usefulness -> Millennial considerations -> Intention to use	0,238	2,432	0,015	Accepted
<b>Total Effect</b>				
Brand image, Perceived ease of use, and Perceived usefulness-> Millennial considerations -> Intention to use	0,522	30,175	0,000	Accepted

**The influence of brand image on millennial considerations**

Brand image has a positive and significant effect on millennial considerations with a path coefficient of 0.214 with a probability value of 0.019. Brand image is a determinant that affects the subjective perception of customers and their behavior as a result and is an intrinsic consumer cue before buying a product/service. The findings of (Bravo, R., Montaner, T., & Pina, 2012) suggest that consumer perception depends on brand familiarity, noncompany communication, and advertising to a lesser extent. The resulting image will be an antecedent of the global attitude towards the company, indirectly and directly, from the intention to use branded services. A company image as well as familiarity can be developed by implementing a prudent communication strategy that neutralizes the negative influence of noncompany information. Companies that develop a strong corporate image must be more attractive to customers. The brand image helps consumers to recognize their needs and wants about the brand and differentiate the brand from other competitors (Biel, 1993) (Alhaddad, 2015). This is indicated by the results of the statement of millennial users that they strongly agree (70.8%) that e-wallet balances can be topped up through retail outlets, booths, banks via ATMs, mobile banking, and internet banking; Millennial users agree to choose FinTech companies because these companies are trusted in managing finances (47.9%); and millennial users feel strongly that e-wallets can be used to transact online at various merchants (42.7%).

### **The effect of perceived ease of use on millennial considerations**

Perceived ease of use has a positive effect on millennial considerations in using e-wallets with a path coefficient of 0.379 with a significance level of 0.002. The perception of convenience that millennials get is that millennials believe they will be free from business when using technology. The things that are taken into account by millennials in using e-wallets during the Covid-19 pandemic are because millennial technological advances can make payments using e-wallets via smartphones (61.5%); The overall appearance of this e-wallet is user-friendly and easy to understand so millennial users are skilled at using it (50.0%) and millennial users strongly agree that with e-wallets, millennials no longer need to carry cash (44.8%). E-Wallet provides a very convenient solution for any business especially to limit the use of banknotes or cash and allows its customers to buy products online, and transact using mobile devices. Especially during a pandemic, they think that unclean cash can be an introduction to virus transmission

### **The effect of perceived usefulness on millennial considerations**

Perception of usability has a positive and significant effect on millennial considerations in using e-wallets with a path coefficient of 0.318 with a significance level of 0.014. Perceived usefulness is the extent to which individuals believe that using technology will improve their job performance. Millennial considerations in perceived usefulness are very helpful for millennials in making transactions in fulfilling life's needs. This is because the implementation of the PSBB requires millennials to stay at home during the Covid-19 pandemic, so all work from home, study and teach from home. Based on interviews with millennial e-wallet users, they strongly agree that using e-wallets can the payment process be faster/does not take a long time (63.5%); and e-wallets are useful in paying bills such as telephone bills, electricity, PDAM, installments, and others (62.5%); and e-wallets make it easier to make payments (60.4%).

### **The effect of millennial considerations on intention to use e-wallets**

Millennial considerations have a positive and significant effect on the intention to use in using e-wallets with a path coefficient of 0.74, a p-value of 0.000. The rapid spread of Covid-19 has caused millennial habits to change a lot, starting from the fields of health, technology, and even the economy, which has led to a new habit of "the new normal", which is something that was considered be normal that was previously not normal. Now payment transactions using e-wallets have become common, which were previously paid in cash. Millennials are interested in using e-wallets with the following considerations: e-wallets offer lots of cashback promos, balances and points (46.9% feel strongly about it); e-wallets display transaction reports in real-time (44.8% agree); e-wallet companies are reliable in providing electronic payment services (43.8% strongly agree); friends, relatives have used e-wallets in transactions (39.6% felt that they agreed); and e-wallets keep money well (38.5% agree).

## **CONCLUSION**

The Covid-19 pandemic has had a massive and very broad impact on various dimensions of community life, especially millennials, both in the fields of social and economic relations and business. The government continues to make efforts to deal with the spread of the covid-19 virus, including the implementation of Large-scale social restrictions (LSSR) and physical distancing which keeps millennials at home and not going out to carry out their usual activities. In the economic field, millennial habits have changed a lot from those who are usually happy to shop physically, to start shopping online. Payment transactions that usually use cash have begun to change using e-wallets. The results of this study indicate that partially brand image has a significant effect on millennial considerations,

perceived ease of use has a significant effect on millennial considerations, perceived usefulness has a significant effect on millennial considerations, millennial considerations have a significant effect on the intention to use and simultaneously brand image, perceived ease to use and perceived usefulness have a significant effect on the intention to use e-wallets through millennial considerations as intervening variables. The value of  $R^2$  for millennial considerations and intention to use are 0.675 and 0.557, respectively.

Based on the results of the study, researchers want to provide input to reduce the spread of the Covid-19 virus by implementing physical distancing, many millennials do activities at home so that they change millennial behavior in shopping from directly to online shopping, so business actors / SMEs in Tangerang City can work together with fintech financial companies to use digital wallet/e-wallet services for payments.

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