

# The External Value Creation Factors in Indonesian Fintech E-Wallet Based on Customer Perspective



Sfenrianto, Ilham Al Fajri, Radityo Bismoko, Yonathan Gunawan

**Abstract:** Value Creation is very important in today's digital era, especially in adoption of E-wallet among millennials, of course, this development is very interesting because with the existence of value creation, it can increase the value of a fintech company from the customer's perspective. This study aims to find out what external factors can influence the development of fintech e-wallet in Indonesia. For a research, the methodology used is really important to define a good result. Questionnaires are an important tool in collecting data in this study to collect data from fintech e-wallet users. Literature review is used as a means of supporting theories or hypotheses put forward in this study. Related external factors to be discussed: government policy and legal, financial and capital investment, physical environment, and telecommunication infrastructure. Therefore, this research is intended to find out what external value creation factors that can help fintech e-wallet company to define what strategies that suitable with its culture, and also can increase the potential use of fintech e-wallets in Indonesia so that the fintech e-wallet climate can continue to compete and survive with uncertain economic conditions in the era recently.

**Keywords:** E-learning, learning habits, user satisfaction, user loyalty, ease of user interface, e-learning usability.

## I. INTRODUCTION

In the current digital era, e-Wallet business in Indonesia is developing very fast. The development of the industry can be seen based on data from Bank Indonesia, of which there are

38 e-wallets that have received official licenses and in 2019, e-wallet transactions in Indonesia reached USD1.5 billion [1]. Figure 1 show the biggest E-Wallet in Indonesia [1].

Investment in the e-wallet sector also increased based on data from the Fintech Association (Aftech) of Indonesia which recorded that in 2019 investment in the e-wallet sector increased 93% growth on an annual basis (year to year / year) [2]. This phenomenon can be seen by companies. E-wallets use benchmarks from a customer perspective, that is, customer satisfaction, customer retention, customer cracks, market share and customer market share.

Trends and the potential and increasing number of users make conventional banking also said to be displaced by financial technology (fintech) which makes this e-wallet will quickly push Indonesia into society without cash. But now Indonesia still needs time to realize this, because fintech and banking have their own strengths and weaknesses. The fintech e-wallet company prioritizes innovation and technology which is not approved by the bank. While the company has no experience, network, customer base and funds owned by banks in Indonesia.

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Fig. 1. The biggest e-Wallet in Indonesia [1]



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Based on the literature, there has not been much research for the value of creations the e-wallet field in Indonesia, especially for the value of external factor creations. This is the background of this research, namely for external factors that can increase value in e-wallet companies in Indonesia. This External Factor will definitely create more opportunities or vice versa, create potential opportunities for business

sustainability, and to be the knowledge needed to make business strategies going forward.

Research on payments at several Indonesian e-wallets with the number of active users used for payments, Gojek, OVO, DANA, Link Aja, Genius, Go Mobile, I. Pocket, Sakuku, Doku, and Paytren e-money. This study uses primary data and data secondary. Primary data were obtained from the results of questions to respondents who e-commerce users by were asking a few closed type questions, while secondary data were obtained through literature studies or previous research results. things that will be challenging such as location, cost, and time are challenges in this research process to obtain sufficient and effective number of respondents.

This study aims to find out the customer's perspective about external factors that can determine the value of e-wallet companies. The results will then be analyzed and carried out to obtain an assessment in the form of external factors that create value in the creation of e-wallet companies in Indonesia.

## II. LITERATUR RIVIEW

### A. Fintech Digital Wallet

The financial industry has growth with evolution in service delivery due to digitalization. As We know digitalization is now growing rapidly in this century, this evolution is characterized by expanded and increased connectivity speed of information processing both at the customer side and in back-office processes. Digital Finance include a size of new financial products, financial businesses, finance-related software, and novel forms of customer communication and interaction-delivered by FinTech companies and innovative financial service providers.

The term "FinTech" which originates from the words "financial" and "technology" and describes in general the connection of modern and, mainly, Internet-related technologies (e.g., cloud computing, mobile Internet) with established business activities of the financial services industry (e.g., money lending, transaction banking). Typically, FinTech refers to innovators and disruptors in the financial sector that make use of the availability of ubiquitous communication, specifically via the Internet and automated information processing. [4]

Digital wallet has two sectors that we can understand, first Digital money is The terms digital currency, virtual currency, e-money, and cryptocurrency describe a type of currency that fulfills (more or less) all types of money but exists only electronically and is mainly used on the Internet. Digital Money has function as a medium of exchange and store of value but unlike traditional money exists only digitally without physical money that have a lot of disadvantageous. [3].

Secondly electronic payment, the demand for e-payment has emerged due to the rise of online shops. First electronic payment solutions, e.g., online banking, are strongly inspired

by the established account-based bank transfer. Since then, there are a lot of ideas in payment and easy-to-use solutions that better fit the needs of merchants and customers the process of e-payments covers the transfer of a certain amount of money from the payer to the payee through an electronic. [4]

### B. Value Creation

"Value Creation in E-Business" has been analyzed using a business model on 59 (fifty-nine) American and European e-businesses [10]. The business model is described structure of transaction, governance, and content that aims to create e-business value. It is defined as an important point for the company's business chance. There are four important values based on this research, first is novelty, complementarity, efficiency, and locking. This value is a very important factor in value creation for e-wallet. The study "User Perspective on external value creation factors in Indonesia ecommerce" added ease of use, accessibility, ease of search and trust in their source of value creation with efficiency, lock-in, complementarities and novelty along together as interactivity of value creation [10].

To understand value creation, it is first important to define and understand the concept. Accordingly, use value refers to the specific quality of a new job, task, product, or service as perceived by users in relation to their needs, such as the speed or quality of performance on a new task or the aesthetics or performance features of a new product or service, such judgments are subjective and individual specific. They label the second type of value exchange value, which we define as either the monetary amount realized at a certain point in time, when the exchange of the new task, good, service, or product takes place, or the amount paid by the user to the seller for the use value of the focal task, job, product, or service. Viewed together, these definitions suggest that value creation depends on the relative amount of value that is subjectively realized by a target customer who is the focus of value creation—whether individual, organization, or society—and that this subjective value realization must at least translate into the user's willingness to exchange a monetary amount for the value received. [5].

### C. External Value Creation Factors

External environment factors have an important role in fintech digital wallet produces value creation. The success fintech digital wallet company in Indonesia, is a company that has a business model that pays attention to external environment factors and value drivers to increase efficiency in transactions and revenues by reducing transaction costs and increasing social perception. External factors that can form business strategies for e-wallet companies are financial resources; availability of computers and internet connections; telecommunications infrastructure; computer programming resources; external physical environment; law, government, political and economic stability; internet security and payment system. The factors that we can use is PEST (Political, Economic, Social, Technological) analysis as an external environment factor that would give opportunity.

External environment factors must be counted before carrying out the process of generating the company's strategy so that it can avoid undesirable strategies. External factors are Governmental environment; Domestic politics; International politics; Economic development; Arid industry sector policies; Regional economy; Monetary and fiscal policies; Social environment; Cultural environment;

Demographic environment; Natural environment; Processing technology; Information technology [6].

**D. Customer Perspective**

Customer Perspective into human psychology to help understand and describe the emotional and social motivators, as well as the physical mechanism, at work and daily life when individuals make any decisions. All this has direct implications for both the definition of customer experience and the way we should view the process by which customers make purchase choices and take decisions. This, in turn, expands opportunities for influencing prospects into territory that marketing has heretofore been unable to address. Examining the complete customer experience – including all steps of the purchase decision and monitoring all the major preferred touchpoints – from the customer’s perspective can jump into the discovery of surprising new customer segments and business approaches.

Taking a step backward is the way to get a great start. That’s what finding at the entire customer decision chain – including the phases that are normally not considered in the classic scope of ‘customer experience’ – does for your understanding of the customer: it gives you the opportunity to initiate interactions with individuals before they’ve ever even bought anything from you. This takes a big, unique and special mindset change: thinking about the business, external to your organization or companies, scary new level called the ‘customer’s perspective’. [7]

**III. RESEARCH METHODOLOGY**

The methodology in this study there are two phases used. Methodology First, by publishing systematic literature from related research in trusted journals about references to find external factors in the external environment of e-wallets in Indonesia and abroad. The second methodology in this study is a questionnaire, a questionnaire distributed to respondents who use e-wallets in Indonesia. The purpose of this questionnaire is to find the perspective of external users in e-wallet companies in Indonesia. Several studies related to the concept of external factors agreed in the data are then analyzed to produce conclusions [14]. In this study an example of applying External factors defines the factors that shape e-commerce development. External environmental factors in research conducted in Russia [13], are also used as a reference in selecting external factors to be used in connection with research on external factors e-wallet in Indonesia.

During the study, a questionnaire for respondents who used the e-wallet application in Indonesia. Total respondents were 207 people. Many of those who became respondents were people from 18 - 35 years old and more than 35 years old. This questionnaire was filled with respondents' responses and choices regarding the external environment when using the e-wallet system. To appreciate using a Likert scale using a range of scores (1 to 5). After the data is obtained from respondents, the data is then analyzed to get conclusions. The

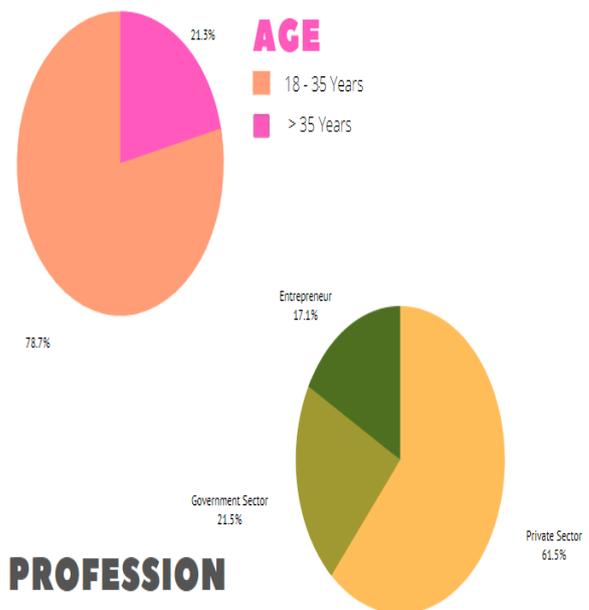
conclusion from the analysis of the data will result in the perspective of users and Indonesian external environmental factors.

Questionnaires are the most effective method used to collect data in this study. One of the reasons is because the questionnaire method is a relatively fast and accurate step in collecting data compared to the interview method which must be conducted directly to the respondent or resource person. The process of disseminating and collecting data was carried out in 2020. It took 7 days for the collection of results. The questionnaire itself uses Indonesian with communicative language and is easy to ask. The results of this questionnaire will discuss the perspective of each respondent with the others.

**IV. FINDING AND DISCUSSION**

**A. Questionnaire Results**

In this study, entitled the external value creation factors in Indonesian fintech e-wallet based on customer perspective, will review the external factors of value creation in fintech e-wallet in Indonesia based on user perspective. If we look at this topic, of course the role of the viewpoint of fintech e-wallet users in Indonesia is very important. Therefore, the research methodology used refers to the questionnaire distributed. The preparation of the questionnaire was carried out with due regard to various aspects such as, Government Policy and Legal, Financial Factors and Capital Investment, and Physical Environment. The preparation of this questionnaire was conducted to find out the habits of Fintech e-Wallet users in Indonesia. Based on 207 data that we collected from questionnaires distributed to 207 respondents with various backgrounds, various occupational backgrounds, and various ages. From the results of the questionnaire all respondents already have knowledge of fintech e-wallet in Indonesia and 75% more have used Fintech e-Wallet.



**Fig. 2. General Information of Respondents.**

## The External Value Creation Factors in Indonesian Fintech E-Wallet Based on Customer Perspective

Figure 2 illustrates that respondents who took part in this questionnaire were 78.7% from the age range of 18-35 years and 21.3% were from the age range of more than 35 years. This figure also illustrates that respondents who took part in this questionnaire were 61.5% from private employees, 21.5% from public servants and 17.1% from entrepreneurs.

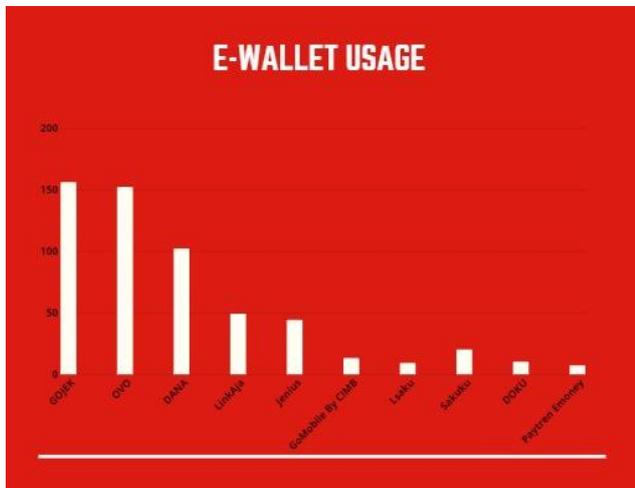


Fig. 3. E-Wallet Usage.

Figure 3 illustrates that the results from 207 respondents, the use of fintech e-wallet most often used is GoPay from the GoJek application. It can be seen from the bar chart provided that GoJek users numbered 156 users and became the most frequently used fintech e-wallet in Indonesia and was followed by the OVO fintech e-wallet application in second place with 152 users.

Next, an analysis of external factors will be the main focus in this study. Data collection from this questionnaire uses the Likert Scale Method by classification based on answers given to 207 respondents with various age, and occupation. The classifications specified are described as 1 = very rare, 2 = rarely, 3 = often, and 4 = very often. Table 1 illustrates external factors such as government policy and legal, financial and capital investment, and physical environment.

Table- I: Questionnaire Results

External Environment	Response		
	Agree	Neutral	Disagree
<b>Government Policy and Legal</b>			
Legal Certainly in e-wallet	147	54	3
Government participation in e-wallet	135	63	9
<b>Finance and Capital investment</b>			
Foreign investment influencing user visit e-commerce sites	125	63	18
Customer preference using e-wallet mostly when receive salary	108	56	39
Customer preference using e-wallet when big discount	139	42	21
Customer trust using e-wallet on daily routine	150	39	12

Physical Environment			
Human negligence in carrying a physical wallet rather than a cellphone	141	45	17
Physical money can be damaged because of natural factors	143	40	22

### B. Government Policy and Legal Factors

This factor plays a very important role, because fintech e-wallet must operate in accordance with existing legal corridors in Indonesia, this will have an impact on people's trust in using fintech e-wallet. The legal certainty of this fintech e-wallet is one of the important things and can be proven by the results of a questionnaire which states that a few 147 respondents answered agree to guarantee customers in their use. The right regulation will certainly make the fintech e-wallet business climate better and will certainly be directly proportional to the level of public consumption and welfare of the community

The development of the use of fintech e-wallet in Indonesia has changed the conventional payment system which is dominated by cash, this certainly has a good impact on the level of public consumption, if previously the customer had to use cash to make purchases and require physical money, with the development of this fintech e-wallet, the problem of lack of cash will be eliminated because the top-up process can be done anywhere and anytime with only a smartphone and an internet connection. This will certainly be facilitated if the government participates in the development of fintech e-wallets. Most respondents answered agree, which numbered 135, which proves that government participation must be an important concern for fintech e-wallet businesses

### C. Financial Factors and Capital Investment

Today, the use of fintech e-wallets is increasing along with the increase in online trading transactions. This will certainly increase the interest of foreign investors to contribute to the fintech e-wallet in Indonesia, this statement is supported by respondents who answered agree by 125 respondents.

Another important point in the financial and capital investment category is that the use of fintech e-wallet tends to increase when employees have received salaries, this is reinforced by the results of the questionnaire, where 108 respondents answered agree. It can also be seen that most fintech e-wallets will compete to provide attractive discount to customers at the end of each month, when employees have received salaries.

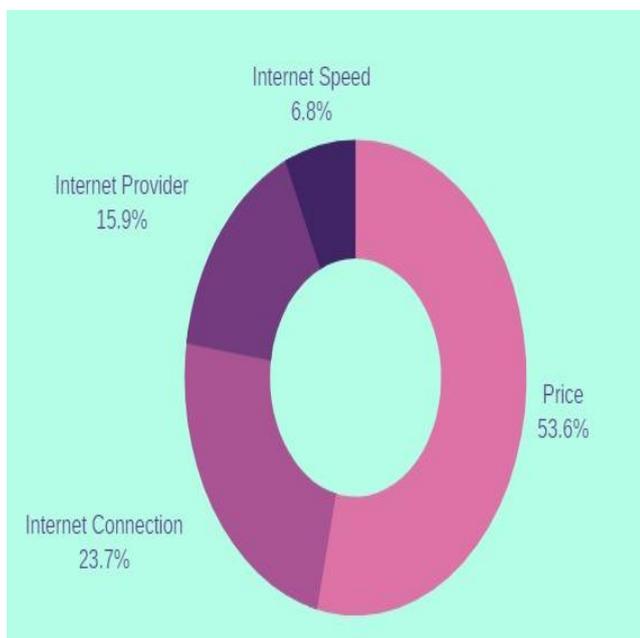
From this table, the decision to buy using fintech e-wallet increasing when the discount is given, as evidenced by the 139 respondents who agreed. Customer's habits can be an opportunity to create strategies in applying attractive discounts. The habit of using fintech e-wallet is growing more rapidly, this is supported by the results of a questionnaire that is equal to 150 respondents answered agree. These business activists must increase and maintain the trust of customers to use this fintech e-wallet because the proportion of these trusts gets the biggest response from existing respondents.

**D. Physical Environment**

Physical Environmental Factors in this study are the payment methods from traditional to digital. The question raised about environmental factors asked by respondents was human negligence in carrying physical wallets from cellphones and then answering questions about physical damage to physical money. The results of the questionnaire consisting of 207 respondents to approve the first 147 Agree, 45 neutral and 17 disagree while for the second agreement Following 143, agree, 40 neutral and 22 disagree. The results of the questionnaire can explain the driving factors in terms of environmental factors related to the physical use of e-wallet in Indonesia. Other things related to the physical environment can also be used, namely supporting the infrastructure of using e-wallet to be effective in using this payment method.

**E. Telecommunication Infrastructure Factor**

Telecommunication facilities such as the Internet are a very important factor for the smooth operation of e-wallet business in Indonesia. Based on the results of the questionnaire, it was announced that respondents chose the price indicator (53.6%) with the highest percentage, then reached with an internet connection (23.7%), internet provider (15.9%) and internet speed (6.8%) as important factors according to respondents in the smooth running of e-wallet transactions (see Figure 4). Therefore, telecommunications business companies are expected to develop an effective and efficient system infrastructure to support developers and the potential of e-wallet business in Indonesia and pay attention to the considerations of developers.

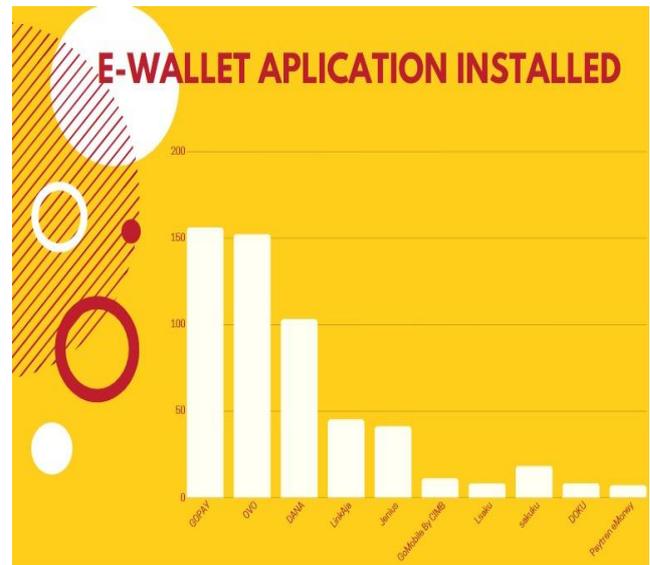


**Fig. 4. The Most Important Factor of Telecommunication.**

**F. E-Wallet Application Installed**

Based on the results of the questionnaire can be seen in Figure 5. Considered the number of e-wallet applications that have been installed on smartphone users namely Gopay (155), OVO (150), DANA (100) and others such as Link Aja, Jenius, Go Mobile, I. e-money pocket, Sakuku, Doku and Paytren are under 50 pairs. The results of this questionnaire place Gopay, OVO and Dana have a greater number of users than approving

the others. This data also explains that Indonesian people have begun to switch and are starting to use e-wallets for their daily payment methods. This is also consistent with the results of research on external value creation factors conducted on e-wallets in Indonesia.



**Fig. 5. E- Wallet Application Installed.**

**V. CONCLUSION**

The results of this study aim to determine respondents' statements about external factors that can be taken into consideration for e-wallet companies in developing and improving their companies, especially in Indonesia. This has provided some evidence for us that external factors have proven that Government policies and laws, telecommunications infrastructure, financial investment and capital, shape the physical environment and create value for the creation of e-wallet companies in Indonesia. . Especially at physical factors because people usually have experience forget to bring their physical money so e-wallet is very useful to be the solution. Beside that legal that cover up the e-wallet is one of the important factor to advanced e-wallet development. The presence of this research expects readers, respondents and e-wallets in Indonesia to know that the factors of external value creation also have an effect and influence to determine the company's strategy when experiencing changes in the environment from the external.

Further research is needed to discuss external factors based on regional or environmental conditions. for researchers, they can use this research as a reference to see how important the role of external factors.

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