

ABSTRACT

As people live in a global era where technology grows rapidly, payment system trend in society changes into noncash payment system which is more safe and efficient. Electronic money (e-money) as a payment system alternative grows fast and follows the success of card payment system. Moreover, the electronic money payment system index in Indonesia recorded the most marked improvement over the period from 2011-2015 and the trend is still increasing. T-Cash, the second biggest electronic money in Indonesia, has been around for seven years but number of registered yet active users is still low.

This study aims to motivate the T-Cash users to use T-Cash by knowing the reasons that drive Telkomsel subscribers registering T-Cash, and factors that driving and inhibiting T-Cash adoption due to the target of Telkomsel with 5 million – 6 million T-Cash active users in the end of 2016, while up to the middle of 2016 the active users number only reaches 300 thousand.

Seven proposed electronic money adoption variables are discussed in the study which are relative advantage, compatibility, complexity, costs, network externalities, perceived security risks, and trust. The research is a qualitative research with correlational type of study. Data were collected through in-depth interviews with 27 respondents from Jabodetabek, Bandung, Surabaya, Yogyakarta, and Semarang with three people for each city. The nine cities are chosen due they are all the original cities of T-Cash existence so that the focus of the author is in Java island. Method triangulation is chosen for the reliability and validity in this research.

The study supports that all the seven proposed variables contribute to the adoption of T-Cash use. Besides, a new variable needs to be added to the model due to its second highest consideration by interviewees namely price promotions. The findings reveal that relative advantage, compatibility, and trust positively contribute to the T-Cash adoption. While complexity, costs, network externalities, and perceived security risks inhibit the adoption of T-Cash.

To be concluded, T-Cash offers a new yet simple convenient way of payment for small value purchases in certain places and the right price promotions strategy offered to the users. The adoption of T-Cash is mostly contributed by other users' influence as well as the very well-known issuer, Telkomsel. Still, T-Cash needs to work hard to reduce the slow adoption of it. The simpler top up process, cheaper top up costs, wider merchants acceptance expansion, more reliable network and devices, and more secured payment system need to be done by T-Cash in order to achieve the target of more active users.

Keywords: Electronic Money, Electronic Money Adoption, Active Users, Micropayment