CHAPTER 1
INTRODUCTION

1.1   Overview of Research Objects

DANA is a startup company that released on December 5, 2018, and was officially introduced as one of Indonesia's digital payment services. Based on the open platform, DANA is expected to be a solution for non-cash digital trading activities both online and offline. DANA participates in the pintech (digital wallet) industry, and DANA's founder and CEO is Vincent Iswara. DANA was also developed by an Indonesian corporation start-up company developed by a young Indonesian programmer. The fund's main investor is PT Elang Sejahtera Mandiri with a 99% stake.

Elang Sejahtera Mandiri is a venture of PT Elang Mahkota Teknologi Tbk (EMTEK). EMTEK has a partnership with Ant Financial, the owner of Alipay. By the help of Emtek and Ant Financial, DANA received technical support from Ant Financial. Alipay's technology has been recognized for its security and reliability in the world of digital trading. According to the company, DANA is a large company that has had a pretty good business development since its launch last year, with PT Espay Debit Indonesia Koe having 15 million users and 1.5 million transactions per day. is there. DANA or Indonesia Digital Wallet is an application-based digital payment service that can be used on the Google Play Store on the Android platform and on the iOS platform via the App Store.

DANA can be used for Bukalapak e-commerce payments, Tix.id ticket purchases, as credit transfers and DANA digital balances through BBM. Users can charge through banks linked with DANA and Alfamart stores to charge their balance. In the near future, DANA aims to attract 40 partners to integrate DANA as part of its payment service. DANA is licensed from Bank Indonesia and complies with the provisions required by BI as an Indonesian financial technology institution. DANA works only with Bank Mandiri, BCA works only with national banks including BRI, CIMB NIAGA, BNI, Panin Bank, Permata Bank, BTN and Bank Sinar Mas. The DANA Digital wallet does not store any money other than the money deposited in your escrow account for your balance.

The systems of DANA was developed into a wallet that stores only a limited amount of funds, based on Bank Indonesia regulations and security standards. DANA

also has a data center (DC) and data recovery center (DRC) in Indonesia, which is one of the most sophisticated and capable DCs and DRCs to handle high transaction scalability DANA is capable of sophisticated risk management to protect users with high technology (www.liputan6.com, accessed on March 21, 2021).

1.1.1 Company Logo

Logo is a symbol made up of text and images that are used to identify a company. The logo of DANA can be seen in the following figure below.

Figure 1.1 DANA Logo

Source: (www.dana.id, accessed on April 8, 2021)

1.1.2 Company Vision & Mission

Vision:

Making every actor of economic activity in this country more productive and highly competitive so that their economy develops significantly.

Mission:

As a platform that is a solution for all non-cash digital transactions, both offline and online.

1.2 Research Background

In this global era, the information technology has been developed significantly, where it influences all of the aspects such as, people lifestyles, market, business, company or organization. Where the information technology is used by many companies to develop many types of services, especially in financial technology. Financial Technology is a combination of financial services and technology that ultimately requires the business model to be settled in cash, a method that had to bring a certain amount of cash in a traditional way. It was possible and it became a long-distance transaction, where it will be created only immediately. Moreover, financial technology gives the benefits for the those who use it such as, get a better service, simplify the transaction, freeze the flow of information, etc (www.bi.go.id, accessed on July, 2021).
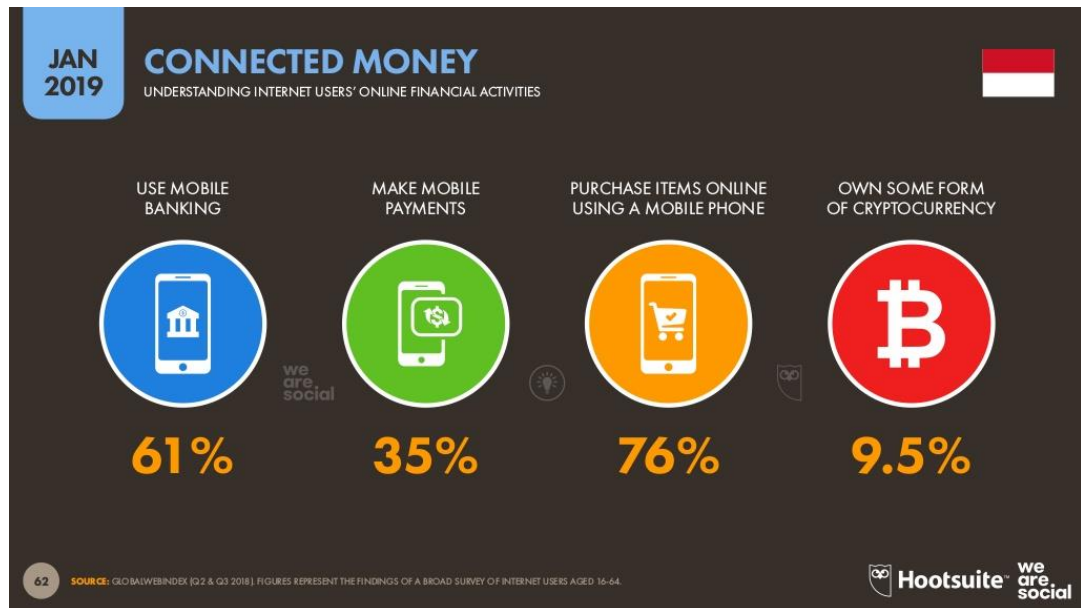
Figure 1.2 The Percentage of Financial Technology in Indonesia, 2019

Source: (www.beritagar.id, accessed on July, 2021)

Based on the figure above, it can be seen that the use of mobile banking is about 61%, while the other users of financial technology make the mobile payments as much 35%. The 76% of financial technology users purchase the items online by using mobile phone. Then, the other fintech users own some form of cryptocurrency of 9.5%. According to the regulation of POJK No.13/POJK.02/2018, the innovation of digital financial services covers the following scopes such as completing transaction, capital accumulation, manage the investment, funds disbursement, insurance, market support, digital finance or other financial service activities.

The applicates of technology information into the development of financial technology not only include mobile banking application, but also other services such as digital wallet or e-wallet that already exists in Indonesia, which used by the peoples who already registered its' account. An e-wallet or digital wallet offers customers' convenience of digitally storing with one or more payment methods. Instead of carrying cash or cards, users store payment information on smart devices such as phones, watches, and tablets, and password-protect it. It can also store other information such as storage loyalty card information and digital coupons. The biggest advantage of e-wallets for the customers and distributors is the ease of payment or transaction, where is made immediately. Additionally, retailers can process orders and ship them quickly. Users are not required to disclose personal

information and bank account information to the circulation. This is because these are already stored only once in the e-wallet. Most of e-wallets are password-protected as well as biometrics, so no one else can use them to pay (www.sociable.co/id, accessed on July, 2021). According to International Trade Marketing, Internet-based enterprise, E-Wallet applications have increased by 50% over the last two years. Electronic money payments and E-Wallets are Indonesia's most popular forms of financial technology services, followed by web-based investment services and pay-later services. In January 2020, the transactions of e-money in Indonesia's retail market increased 173% from a year ago, with non-bank, financial technology dominates the market as Indonesia moves into a cash-free environment. Then, financial transaction has been reached around IDR 15.8 trillion in January this year. It is known the largest digital transactions in Indonesia occurs in retail (28%), online shipping (27%), food orders (20%), e-commerce (15%) and invoice payments (7%).

Many of Internet-based companies offer digital wallet services based on the development of financial technology. One of them is PT Elang Mahkota Teknologi Tbk (EMTEK). Where EMTEK has revolutionized the mobile banking applications in Indonesia. In other words, EMTEK has released a financial application called "DANA" which aims to make the users can easily use financial transactions with existing account without having to go through several steps that would otherwise be required. DANA is a new payment method in the palm of your hand or digital wallet. The products and services provided by DANA developed to make the customers daily life easier in the form of digital wallets. The services provide by DANA application are as follows:

1. Mobile recharge service.
2. Games is a service that use e certain in-game attributes which collaborates with DANA.
3. Provides the electricity in the form of a service using electricity tokens for electricity Cash payment is a transfer service for DANA users.
4. DANA Kaget is a service that can only be used by small groups to distribute money to colleagues (arisan).
5. Water is a service used to pay for water or PDAM.
6. Phone is used for telephone payments or Indihome services.

7. BPJS is a payment service from BPJS Health where DANA itself cooperates with BPJS Health.

8. Voucher code is required to use Google Play voucher.

9. Installment payment is a motorcycle or car loan payment service to finance companies in collaboration with DANA.

10. Internet is Indihome Internet Payment.

11. Insurance is the other insurance payment besides BPJS Health which collaborate with DANA (Bintang Insurance, Jiwasraya and Tokio Marine).

12. Cable TV in line with DANA (Big TV, Indovision, Nexmedia, Okevision, Top TV, Conversion, Yes TV).

13. Postpaid Cellular is once a month unlimited Internet payment service.

14. TIX ID is a service to use movie tickets on TIX ID.

15. Zakat and Donation is a service for donating and receiving zakat complete with DANA.

Among the products and services above, DANA makes the customers' daily transactions easier. Therefore, DANA was awarded at Bank Indonesia Award 2020. In this award event, DANA was presented as a Payment System Service Provider (PJSP) with the best QRIS implementation in the non-bank merchant category. In addition, previously, DANA was commended at the Annual Marketing Awards 2020 in the "Best in Social Marketing" category of the "DANA Sahabatto UMKM" program, and DANA's efforts to realize a cashless society in Indonesia won the following category award "Best Market." Driving Company". Therefore, the number of users that were previously 40 million users later in December 2020 rise into 70 million users, where the number of users increased significantly, and it can be seen in the Table 1.1 and Figure 1.3.

TABLE 1.1

THE INCREASING NUMBERS OF DANA'S USERS

2018		>1.000.000
2019		>30.000.000
2020		40.000.000
2021	March	60.000.000
	June	70.000.000

Source: Data Processed by Author, 2021

Figure 1.3 E-Wallet Data in Indonesia 2020

Source: (www.databoks.katadata.co.id, accessed on July,2021)

Based on the table 1.1, it can be seen that the numbers of DANA'S users have been increased significantly. Likewise, the figure 1.3 shows that from Q3 2018 until Q4 2018, DANA was at the fourth position. Then, started from Q1 2019 until Q2 2019, DANA has been at the third position from 10 e-wallet competitors. This means, the service quality of DANA application can compete with the other 10 e-wallet competitors.

According to Puriwat and Tripopsakul (2017), E-Service Quality is a new version of Internet-based quality of service. The quality of the electronic service is very important in determining success or failure. E-service quality shows how e-commerce websites serve and facilitate online shopping, ordering, and delivery. The quality of electronic services is different from that of traditional service systems, which facilitate access to information between customers and electronic service providers (Laurent, 2016). According to American Society for Quality in Kotler and Keller (2016:156) stated that "Quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs", whereas quality is the key to measuring customer satisfaction. If the service does not meet the

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customer's expectations, the customer will be dissatisfied. If the service is good, the customer will be satisfied.
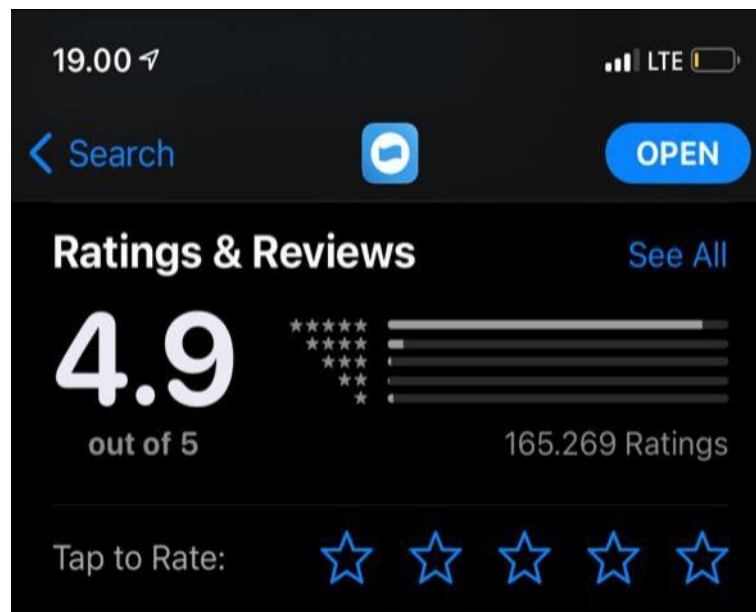

Figure 1.4 Rating of DANA Application in App Store
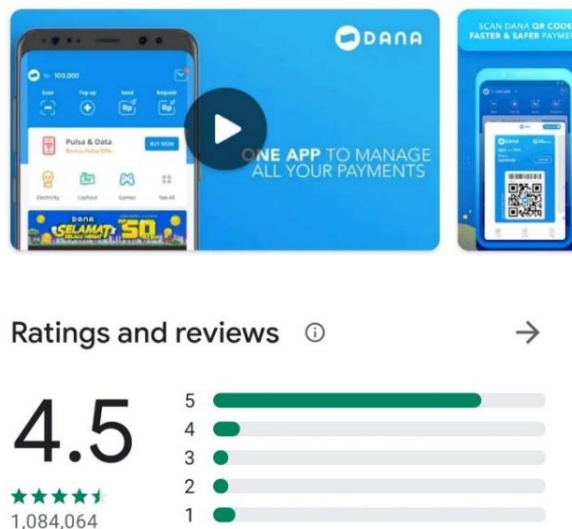
Source: (App Store, accessed on April 12,2021)

Figure 1.5 Rating of DANA Application in Play Store

Source: (Play Store, accessed on April 12,2021)

Based on the figure 1.4, it can be seen that the application rating of DANA in app store is about 4.9 from scale 5.0, which it can be said the quality of services are good. However, there are some of customers give bad rating or reviews about this application, this means the complaint of customers indicate the dissatisfy feeling. While the figure 1.5 shows that the application rating of DANA in play store that is

equal to 4.5 from scale 5 which the rating is lower than app store. Thus, it can be concluded there are some customers feel dissatisfied with the quality of services in its' application. It can be seen not a few of customers give bad reviews, and the volume of 2 stars and 1 star rating is greater than the reviews in app store. It means there are some problems occur in E-Service Quality of DANA. The figure 1.6 and 1.7 below, shows that some customers were complaint about feature bank card, the ease of use, the response of customer service, unsuccessful transaction.
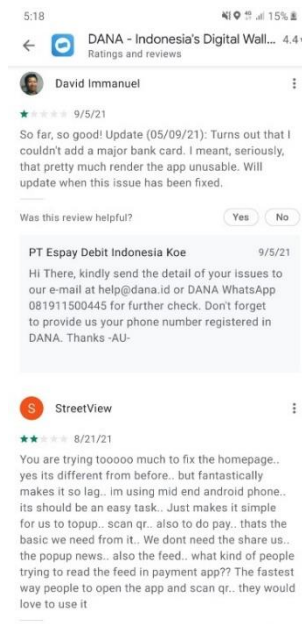

Figure 1.6 DANA's Customers Reviews in Play Store

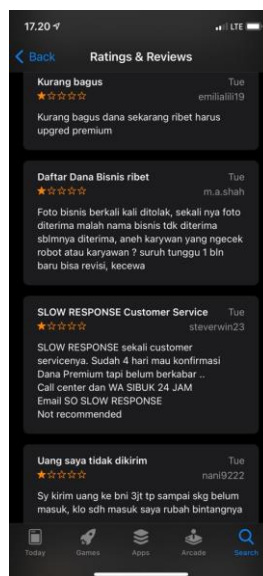Source: (Play Store, accessed on September 10,2021)

Figure 1.7 DANA's Customers Reviews in App Store

Source: (Play Store, accessed on September 10,2021)

According to the descriptions above, it can be known that DANA has aroused the enthusiasm of people in Indonesia. There are some customers very welcome, and the others complaints that caused of some problems occur, such as technical issues, admin responds, features issues, and also they stated if they feel dissapointed. Which means those services provides by DANA should be improved to increase E-Customer Satisfaction. For an overview description of this research, the author has conducted a pre-survey by using Google Forms to distribute a questionnaire amounted to 30 respondents, which included various regions of Indonesia, includes at Sumatera, Java, and Bali to know the customers perceptions about DANA application. The questions of questionnaire are shown in Appendix 1, and the results of the questions are shown in Figure 1.8 below.
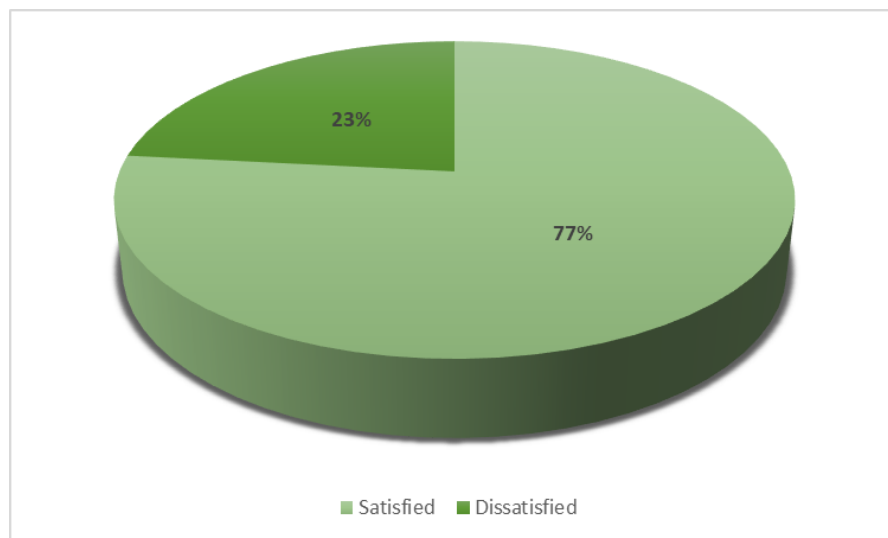

23%

77%

■ Satisfied ■ Dissatisfied

Figure 1.8 Customers' Perceptions of DANA Application

Source: Data Processed by Author, 2021

From figure 1.8 above, which the questionnaire obtained by using google form, 23 from 30 respondents said they satisfied with DANA application. While 7 from 30 respondents fill the negative statements, it means that they are not satisfied with DANA application.

TABLE 1.2

THE RESULT OF PRE-SURVEY

Sub-Variables	Age	
Interface Design	23-28 years old	Agreed that DANA application has an attractive appearance

Sub-Variables	Age	
	17-22 years old	Agreed that DANA as a well-organized appearance
	23-28 years old	Agreed that DANA is quick and easy app to complete a transaction
Reliability	23-28 years old	Agreed that DANA application has no problems with the technical services
	23-28 years old	Agreed that DANA fixes technical issues
	23-28 years old	Disagreed that DANA application has no problems with the technical services
Responsiveness	23-28 years old	Agreed that DANAs' admin provides a fast response
	29-34 years old	Agreed that DANAs' admin simplifies the customers
	17-22 years old	Agreed that DANAs' admin solves customers' problems
	23-28 years old	Disagreed that DANAs' admin provides a fast response
Trust	23-28 years old	Agreed with the statement I believe to use financial application
	23-28 years old	Agreed that DANA reach customers' trust
Personalization	29-34 years old	Disagreed that DANA shares the information to customers through e-mail
	17-22 years old	Disagreed that DANA app application provides features requested by customers

Sub-Variables	Age	
	29-34 years old	Disagreed DANA application provides promos requested by customers
Convenience	>35 years old	Agreed with the statement satisfied with the ease of use of DANAs' features
	>35 years old	Agreed with the statement I feel comfortable while using DANA application
	17-22 years old	Agreed with the statement I feel satisfied with the quality of information shared in DANA application
Merchandising	23-28 years old	Agreed with the statement I feel satisfied with the quantity of information shared in DANA application
	23-28 years old	Agreed with the statement I feeL satisfied with the promos' variation offered by DANA
Site Design	29-34 years old	Agreed with the statement I feel satisfied with the navigation structure of DANA
	17-22 years old	Agreed with the statement I feel satisfied with the application design of DANA
	29-34 years old	Disagreed the statement I feel satisfied with the information updated in DANA application
Security	23-28 years old	Agreed with the statement I feel satisfied because DANA protects the privacy data

(continuance)

Security	23-28 years old	Agreed with the statement I feel satisfied because DANA protects the privacy data
	23-28 years old	I feel satisfied with the security of transactions in DANA application
	17-22 years old	Disagreed with the statement I feel satisfied with the security of transactions in DANA application
Serviceability	17-22 years old	Agreed with the statement feel satisfied with the customer support in DANA Application
	23-28 years old	Agreed with the statement I feel satisfied because DANA has an email confirmation
	23-28 years old	Agreed with the statement I feel satisfied with the purchasing process of DANA application

Source: Processed by the author, 2021

Based on the customers' perception explained above, there are some complaints and opinion about DANA application. This indicates that DANA need to improve the performance of e-services that complained by customers, which are reliability, responsiveness, personalization, site design, and security. The handling of complaints by the company is very important, and improvement measures should be considered and taken, because it is closely related to customer expectation, which will affect e-customer satisfaction.

Satisfaction is the psychological state of customers after making a purchase and then reflects the level of liking or disliking of the services they get (Meesala & Paul, 2016). Then Amin (2016) states, customers will demand to meet or exceed their satisfaction expectations and online banking greatly increases that satisfaction. Therefore, convenience, merchandising, site design, security, and serviceability as the dimensions that can be used to measure E-Customer Satisfaction.

The problem of technical service, admin response, and website in digital wallet is the case that the most often felt by customers. If the number of customer complaints

is very large, it means that bad quality of e-service will affect e-customer satisfaction. To overcome this problem, companies must improve the quality of e-service to meet customers' expectation which will increase e-customer satisfaction. Therefore, the author interested in studying e-customer satisfaction of DANA application.

This research is supported by previous research by Shared (2019) "The Relationship between E-Service Quality and E-Customer Satisfaction: An Empirical Study in Egyptian Banks", shows that there is a large influence between E-Service Quality and E-Customer Satisfaction. Then, the other research of Puriwat and Tripopsakul (2017) entitled "Impact Of E-Service Quality on Customer Satisfaction and Loyalty in Mobile Banking Usage: Case Study Of Thailand" stated that E-Service Quality can have a significant and positive effect on customer satisfaction.

By examine the importance of study to understand the E-Service Quality can affects E-Customer Satisfaction of DANA application. Based on the above background, the authors are interested in conducting research on "**The Effect of E-Service Quality on E-Customer Satisfaction of DANA Application**".

1.3 Problem Statement

Based on the background that has been explained, the formulation of the problem that the author puts forward is as follows:

1. How is the customer's perception of E-Service Quality in DANA application?
2. How is the customer's perception of E-Customer Satisfaction in DANA application?
3. How's the effect of E-Service Quality on E-Customer Satisfaction of DANA application?

1.4 Research Objective

The purpose of this research is to answer the problem formulation that has been described:

1. To determine the customer's perception of E-Service Quality in DANA application.
2. To determine the customer's perception of E-Customer Satisfaction in DANA application.
3. To determine the effect of E-Service Quality on E-Customer Satisfaction of DANA application.

1.5   Research Benefits

The expected benefits of this research are as follows:

1. Practical User

   The practical use of this research is expected to be useful for the company as input in developing applications, especially those related to DANA application and as additional input and information that can be taken into consideration to develop better strategies to improve and maintain the level of quality of electronic services.

2. Theoretical User

   The results of this study can add insight and can be used as a reference for further research, so that the results of this study are expected to be useful for strengthening theories related to the quality of e-service on customer satisfaction.

1.6   Writing Structure

This systematics is made to provide a general overview of research systematics writing as follows:

CHAPTER I INTRODUCTION

Chapter I contains an overview of the research object, research background, problem statement, research objectives, research benefits, and the writing structure of the thesis.

CHAPTER II LITERATURE REVIEW

Chapter II contains the literature review of research, previous research and research framework.

CHAPTER III RESEARCH METHODS

Chapter III contains the types of research, operational variables, stages of research, population and samples, data collection, data analysis techniques, and Hypothesis.

CHAPTER IV RESEARCH RESULTS AND DISCUSSIONS

Chapter IV describes the characteristics of respondents, the results of research and discussion of research.

CHAPTER V CONCLUSSION AND SUGESTION

Chapter V describes the conclusions and suggestions regarding the results of research.