ABSTRACT

The development of digital technology in Industry 4.0 has made all activities of society more convenient. With the internet penetration rate in Indonesia reaching 72.02 percent, it proves that Indonesia has high internet access. BI has introduced the innovation of mobile banking, which is expected to help the public in facilitating every transaction. However, on the other hand, there is a difference in the value of mobile banking transactions compared to conventional bank transactions. In June 2022, the percentage of mobile banking transaction value was only 8.01 percent.

Bali, as one of the regions with rapid economic growth, and Denpasar as the capital city, has the highest internet access compared to other regencies. This leads to the growth of tourism, which necessitates efficient transactions. This is evidenced by the high usage of electronic money (e-money), as indicated by the high percentage of QIRS merchant users in Denpasar, reaching 43 percent, the highest among other regencies. However, on the other hand, the economic development that adopts technology is not accompanied by digital literacy campaigns. The digital literacy score of Bali Province is 47.48 out of 100, ranking 28th out of 38 provinces, which is below the national median of 62.9.

In analyzing the usage of mobile banking in Denpasar, Bali from the perspective of the digital divide, this research implements the PLS-SEM analysis technique, which involves three stages: outer model test, inner model test, and hypothesis test. There are several variables in this study, including motivation, physical and material access, mobile banking skills, and usage. The research sample was selected using non-probability purposive sampling, with 302 respondents. Data were collected through questionnaires and analyzed using WarpPLS 7.0 software.

The research findings indicate that the four variables representing stages in the usage of mobile banking significantly and positively influence the usage of mobile banking in Denpasar, Bali. This indicates the absence of a digital divide in the usage of mobile banking in Denpasar. However, when looking at moderation variables such as education, age, and gender, they have different perspectives on the usage of mobile banking.

It is expected that this research can serve as an evaluation for the government in increasing the dissemination of digital literacy to rural communities regarding the importance of using fintech, and for banks to provide better understanding to their consumers about the advantages of using mobile banking.

***Keywords:** Digital Divide, Mobile banking, SEM-PLS, Digital Literacy, Customer Behavioural*