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The Influence of Financial Technology and Service Features on Consumer Preferences for Choosing a Digital Wallet in Financial Transactions (Study on OVO Application Users of UNISMA FIA Students Class of 2020)

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ABSTRACT

The aim of this research is to investigate the impact of financial technology variables and service features on consumer choices when selecting digital wallets for financial transactions, utilizing a quantitative approach. Data collection was carried out through the use of questionnaires. The research population consisted of FIA students from the class of 2020 at UNISMA who are users of the OVO application. The results of the study reveal that consumer preferences (Y) are affected by financial technology variables (X1) and service features (X2). The F test results support the alternative hypothesis (Ha) and reject the null hypothesis (Ho), indicating that the independent variables have an influence on the dependent variable. The coefficient of determination shows an R square value of 0.299, suggesting that financial technology (X1) and service features (X2) collectively contribute to consumer preferences (Y) by 29.9%. Other variables not examined in this study account for 70.1% of the influence.

Keywords: Digital wallets, Financial technology (fintech), Consumer preferences, Service features

1. Introduction

In the era of increasingly advanced digitalization, digital wallets have emerged as one of the most important financial service innovations in the current era. Fundamental changes in consumers carrying out financial transactions can be seen from the increasing use of payment applications, electronic wallets, and alternative digital payment platform transaction methods. Electronic financial services also known as digital wallets have recently developed and adapted to consumers handling finances and running businesses. A financial digital application referred to as an "e-wallet" allows users to transfer, receive, and store money online using their mobile devices.

Raharjo (2021: 7) claims that the phrase "fintech" which is an acronym for "financial technology" is an innovation that gives rise to a financial system by combining the financial system with technology. According to Schmitt in Aprilia & Dewi (2022), a feature is a product with different characteristics that also has value provided to users. This service feature from fintech is a tool to combine with new financial technology that can influence consumers' desires in selecting digital value in financial payments. According to Peter & Babatunde in Yudha et al. (2020), e-wallet is an electronic or digital wallet service application. The increase in e-wallet applications in Indonesia exposes competitors who offer different services and promotions.

It is known that the millennial generation with a value of 68.8% and generation Z, namely 68.0%, prefer digital wallets as the top ranking compared to other non-cash transactions. This proves that the millennial

generation and generation Z tend to choose to use digital wallets because of the ease, speed and flexibility in transactions. Therefore, the reviewer used students as the group studied because nowadays many students use digital wallets to control their personal finances and make it easier to carry out transactions effectively without having to carry cash. Based on the problems explained, the researcher intends to further explore "The Influence of Financial Technology and Service Features on Consumer Preferences in Choosing Digital Wallets in Financial Transactions (Study of OVO Application Users for FIA UNISMA Students Class of 2020)" by knowing:

a. How does financial technology partially influence consumer preferences in choosing digital wallets to carry out financial transactions?
b. How do partial service features influence consumer preferences in choosing digital wallets to carry out financial transactions?
c. How do financial technology and service features simultaneously influence consumer preferences in choosing digital wallets for carrying out financial transactions?

2. Literature Review

2.1. Technology Acceptance Model(TAM)

Jogiyanto in Erdani, B. & Santi, H., I. (2021: 2), one definition of the use of information technology systems that has a broad influence on the interpretation of individual recognition of the use of information technology systems is TAM.

2.2. Financial Technology

Financial technology, according to Amirullah (2020: 4), is innovation in financial services that utilizes the potential of technology to increase the effectiveness and efficiency of financial transactions.

2.3. Service Features

According to Dewi Niluh et. al. (2023: 250), characteristics that add to the basic functionality of a product are called functionality. According to Kotler & Keller in Karina (2021: 171), service is a performance offered to another party from one party that does not result in ownership and is intangible. Based on the definition above, it can be summarized that service features are included in product characteristics that provide certain benefits and functions.

2.4. Consumer Preferences

According to Tjiptono in Rachmat Zul et. al. (2022: 96), consumer preferences refer to the tendencies, choices or desires claimed by customers towards a commodity or service.

2.5. Digital Payments

According to Kaur and Pathak in Yudha et. al. (2020: 14), digital payments are transaction activities that occur when buying and selling digitally.

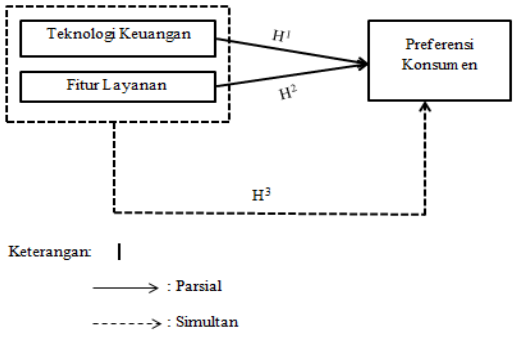

Figure 1. Hypothesıs Framework
Source: Data processed by researchers (2023)

a. H1 = Financial Technology (X1)

a) Ha: Financial technology (X1) partially influences consumer preferences in choosing digital wallets for carrying out financial transactions.
b) Ho: Financial technology (X1) does not partially influence consumer preferences in choosing digital wallets to carry out financial transactions.

b. H2 = Service Features (X2)

a) Ha: Service features (X2) partially influence consumer preferences in choosing digital wallets for carrying out financial transactions.
b) Ho: Service features (X2) do not partially influence consumer preferences in choosing digital wallets for carrying out financial transactions.

c. H3 = Consumer Preference (Y)

a) Ha: Financial technology and service features simultaneously influence consumer preferences in choosing digital wallets for carrying out financial transactions.
b) Ho: Financial technology and service features simultaneously do not influence consumer preferences in choosing digital wallets for carrying out financial transactions.

3. Methodology

Quantitative surveys are surveys that are currently in use. Literature, surveys, and observations serve as sources of research data. The Islamic University of Malang is the research location. The target of this research is FIA UNISMA students class of 2020 who use the OVO application. This survey took a sample of 94 respondents.

3.1. Operational Definition of Variables Financial Technology (X1)

Financial technology is a system that develops new innovations in financial services which aims to provide solutions for managing and accessing new financial services. According to Yohan et. al. (2021: 14) consists of trust, perceived usefulness, and perceived convenience.

3.2. Service Features (X2)

Service features are a variety of different characteristics for the function of a product. According to Andriani et. al. (2022: 42) consisting of ease of use, security, product innovation, feature diversity, and diversification of business transaction services.

3.3. Consumer Preferences (Y)

Consumer preferences include choice tendencies or desires which are the main factors in consumer tastes for a product or service. According to Wahyudi & Hendra Kusuma (2020: 186) it consists of preferences for products, effectiveness and efficiency, service in a product, and safety in using a product.

4. Results and Discussion

4.1. Results

4.1.1. Instrument Test

a. Validity test

If rtable item > is calculated, it is considered valid. If the table rcount is <, it is considered invalid. The findings of this research are:

Table 1. Validity test

Indikator	Nilai r hitung	Nilai r tabel	Keterangan
Teknologi Keuangan (X1)			
X1.1	0,706	0,203	Valid
X1.2	0,641	0,203	Valid
X1.3	0,795	0,203	Valid
X1.4	0,587	0,203	Valid
X1.5	0,742	0,203	Valid
Fitur Layanan (X2)			
X2.1	0,775	0,203	Valid
X2.2	0,689	0,203	Valid
X2.3	0,775	0,203	Valid
X2.4	0,723	0,203	Valid
X2.5	0,712	0,203	Valid
Preferensi Konsumen (Y)			
Y1	0,690	0,203	Valid
Y2	0,762	0,203	Valid
Y3	0,808	0,203	Valid
Y4	0,702	0,203	Valid
Y5	0,763	0,203	Valid

Source: IBM SPSS Statistics v.26 (2024)

From these 15 items it was concluded that the rcount value◎rtable which means that all items are declared correct or valid.

b. Reliability Test

If the Cronbach's alpha element is more than 0.6, the element is considered credible. Dependency findings are:

Table 2. Dependency findings

No	Variabel	Cronbach's Alpha	Keterangan
1.	Teknologi Keuangan	0,733	Reliabel
2	Fitur Layanan	0,787	Reliabel
3.	Preferensi Konsumen	0,798	Reliabel

Source: IBM SPSS Statistics v.26 (2024)

The reviewer verified that all differences were accurate in all three experiments.

4.1.2. Classic assumption test

a. Normality test

The element whose task is to confirm that the assumption of a normal distribution is met by the data used.

Table 3. Normality Test Result

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		94
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	3,18960543
Most Extreme Differences	Absolute	,063
	Positive	,061
	Negative	-,063
Test Statistic		,063
Asymp. Sig. (2-tailed)		,200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Source: IBM SPSS Statistics v.26 (2024)

The standard test findings of the Kolmogorov-Smirnov sample show that the general waste value is Asymp. Sig. 0.200 indicates that the value is more than 0.05, indicating that the research data can be distributed normally.

b. Multicollinearity Test

Research to find examples where independent variables show correlations or connections that approach completeness.

Table 4. Multicollinearity Test

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	9,547	1,615		5,910	,000		
	Teknologi Keuangan	,242	,121	,256	1,997	,049	,470	2,129
	Fitur Layanan	,293	,113	,332	2,595	,011	,470	2,129
Dependent Variable: Preferensi Konsumen								

Source: IBM SPSS Statistics v.26 (2024)

Based on the findings, it can be concluded that there is no indication of multicollinearity because the tolerance value is more than 0.10 and the VIF value for each independent variable is not greater than 10.

c. Heteroscedasticity Test

Checking whether the residual variance in a regression model is inconsistent with respect to all the observed variables in the investigation.

Table 5. Heteroscedasticity Test

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4,936	,948		5,207	,000
	Teknologi Keuangan	-,103	,071	-,214	-1,449	,151
	Fitur Layanan	-,030	,066	-,066	-,448	,655
a. Dependent Variable: RES2						

Source: IBM SPSS Statistics v.26 (2024)

The table shows that there is no indication of heteroscedicity because the significance value of the financial technology variable, 0.151 > 0.05, is more than 0.05, and the significance value of the service function variable, 0.655 > 0.05, is also greater than 0.05.

4.1.3. Multiple Linear Regression Analysis

The purpose of this test is to determine whether the dependent variable and two or more independent variables have a linear connection or not.

Table 5. Heteroscedasticity Test

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9,547	1,615		5,910	,000
	Teknologi Keuangan	,242	,121	,256	1,997	,049
	Fitur Layanan	,293	,113	,332	2,595	,011
a. Dependent Variable: Preferensi Konsumen						

Source: IBM SPSS Statistics v.26 (2024)

It is clear from the table that the numbers of the linear regression equation in column B (coefficients) can be arranged in the following way:

$$Y = 9{,}547\ (a) + 0{,}242\ (X_1) + 0{,}293\ (X_2)$$

This can be depicted as follows using the regression equation shown above:

a. General figures show that the extent to which customer preferences are influenced by changes in financial technology (X1) and service functions (X2) is 9.547.
b. There are 0.242 regression items for fintech change (X1), which means that for every 10% increase in fintech change (X1), user preferences (Y) rise by 0.242%, and vice versa.

c. User preference (Y) increases by 0.293% for every 1% change in service functionality (X2), and vice versa. The number of service specific regression initiators (X2) is 0.293.

4.1.4. Hypothesis testing

a. t Test (Partial)

The purpose of this test is to identify the largest boundary difference variable or component.

Table 6. t Test

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9,547	1,615		5,910	,000
	Teknologi Keuangan	,242	,121	,256	1,997	,049
	Fitur Layanan	,293	,113	,332	2,595	,011
a. Dependent Variable: Preferensi Konsumen						

Source: IBM SPSS Statistics v.26 (2024)

Based on the table above, the significance value of t is less than 0.05 and the t value is 1.661 for t table. All independent factors significantly positively influence the dependent variable, it can be stated.

b. F Test (Simultaneous)

In this research, the dependent variable (Y) is a test to see how much the independent factors (X1, X2) together influence it.

Table 7. F Test (Simultaneous)

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	404,282	2	202,141	19,442	,000[b]
	Residual	946,143	91	10,397		
	Total	1350,426	93			
a. Dependent Variable: Preferensi Konsumen						
b. Predictors: (Constant), Fitur Layanan, Teknologi Keuangan						

Source: IBM SPSS Statistics v.26 (2024)

According to the previous table, the relevant value is 0.000, or 0.000 < 0.05, and the Fcount value>Ftable (19.442 > 3.10) implies that factors in raw materials and finance together are stated to have an impact on consumer preferences.

c. Coefficient of Determination (R2)

The purpose of this test is to determine the relative contribution of the independent and dependent variables. The greater the influence of the independent variable on the dependent variable, the closer the coefficient of determination (R2) is to one.

Table 8. Coefficient of Determination (R2)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,547[a]	,299	,284	3,224
a. Predictors: (Constant), Fitur Layanan, Teknologi Keuangan				

Source: IBM SPSS Statistics v.26 (2024)

The table mentioned above shows that R2 has a value of 0.299. Thus, the variable dependent on customer choice (Y) depends on all independent variables, namely financial technology (X1) and service function (X2), which together contribute 29.9% at the same time. Other factors not included in this study impacted the remaining 70.1%

4.2. Discussion

4.2.1. The Influence of Financial Technology on Consumer Preferences

The test findings for variable As a consequence, the hypothesis developed is in line with the findings of research intended to implement Ha1. This means that consumer tastes among OVO application users are greatly influenced by financial technology.

The findings of this research show how customers' choice of digital cards in financial transactions is influenced by financial technology. In terms of respondent characteristics, seen from age (21 - 25 years), the student population plays an important role in showing how the millennial generation uses the latest financial technology. By using a digital wallet, it is easier for students to make transactions and can have their own savings in a digital wallet.This study supports previous research by Dewi Sandra et. al. (2022) which shows fintech can significantly and profitably influence customer decisions.

4.2.2. The Influence of Service Features on Consumer Preferences

As can be seen from the results of the X2 transition test (service function), the t value (2.595 hours from table 1.661) and the significant level are at 0.011 (0.011 < 0.05). Consequently, this hypothesis is supported by research findings, allowing Ha2 to be implemented. This shows that the service functionality significantly influences the user's choice when it comes to this application. The results of this research show that service features influence consumer preferences in choosing digital wallets in financial transactions. In terms of respondent characteristics, judging from the number of uses of the OVO application, it is clear that students tend to use the OVO digital wallet because of the additional features that make transactions easier. This research supports previous research by Nugroho & Pudjihardjo (2022), which found that users benefit from service features.

4.2.3. The Influence of Financial Technology and Service Features on Consumer Preferences

The magnitude of the influence of financial technology and service features on consumer preferences is 0.299 or 29.9%. The resulting relationship shows a strong and good communication style. According to the above data analysis, R2 is 0.299. Therefore, aspects of financial technology and services can influence 29.9% of consumer choice factors. Other factors not included in this study influence the remaining 100% - 29.9% = 70.1%. Based on research results, this strengthens the theory according to (Tjiptono in Rachmat Zul et al., 2022: 96) which states that consumer preferences are tendencies, choices or desires claimed by customers for an item or service.

5. Conclusion

Conclusions can be drawn based on data analysis and discussion results regarding "The Influence of Financial Technology and Service Features on Consumer Preferences in Choosing Digital Wallets in Financial Transactions (Study of OVO Application Users for FIA UNISMA Students Class of 2020)". This research uses quantitative methodology. Drawing from the description given above, the following conclusions can be made.

Consumer interests are significantly influenced by changes in economic policy, indicating that improvements in economic policies can lead to increased consumer interest. The findings suggest that individuals lean towards the alternative hypothesis (Ha) rather than the null hypothesis (Ho). The t-test results show that user preferences are significantly affected by changes in service features, supporting the acceptance of the alternative hypothesis (Ha) and the rejection of the null hypothesis (Ho). This implies that enhancements in service attributes can boost user preferences. Additionally, the choice of digital wallet in financial transactions is influenced by both financial technology (X1) and service features (X2), as evidenced by the results of the F-test (simultaneous).

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