

# Influence of Determinant Factors on the Adoption of the Shopee Paylater Payment System Against the Promotion of Company Brand Image

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## Abstract

This study seeks to examine the impact of the Shopee paylater payment system's adoption on the company's brand image. Quantitative methods were used for this study. This study's data collection methods involved the distribution of questionnaires and measurement using a Likert scale. This research was undertaken with active Shopee paylater users or those who have utilized this transaction service. SEM-PLS was then utilized to examine the survey results. This study was conducted with 127 samples in the city of Bandung. The results indicated that trust, perceived utility, and comparative advantage are the factors that affect Shopee paylater usage. Thus, according to the findings of this study, the perceived ease of use has no significant effect on the desire to utilize Shopee paylater.

**Keywords:** *Financial Adoption, Shopee, Shopee paylater, Technology Finance, Trust, Relative Advantage, Perceived Ease of Use, Perceived Usefulness, and Brand Image.*

## Abstrak

Penelitian ini bertujuan untuk mengetahui pengaruh determinan faktor dari adopsi sistem pembayaran Shopee paylater terhadap peningkatan brand image perusahaan. Jenis penelitian ini adalah penelitian kuantitatif. Teknik pengumpulan data dalam penelitian dilakukan dengan cara menyebarkan kuesioner dan diukur dengan menggunakan skala likert. Penelitian ini dilakukan pada pengguna aktif atau pun yang pernah menggunakan Shopee paylater sebagai alat transaksi. Hasil Kuesioner kemudian dianalisis dengan menggunakan Teknik Structural Equation Modeling-Partial Least Square (SEM-PLS). Penelitian ini dilakukan di kota Bandung dengan sampel 127. Hasil penelitian menunjukkan bahwa factor yang dapat mempengaruhi seseorang dalam menggunakan Shopee paylater adalah trust, perceived usefulness, dan relative advantage. Dengan begitu, berdasarkan hasil penelitian ini perceived ease of use atau kemudahan tidak berpengaruh signifikan terhadap minat untuk menggunakan Shopee paylater.

**Kata Kunci:** *Finansial Teknologi, Adopsi Finansial, Shopee, Shopee Paylater, Trust, Perceived Ease Of Use, Perceived Usefulness, Relative Advantage, Brand Image*

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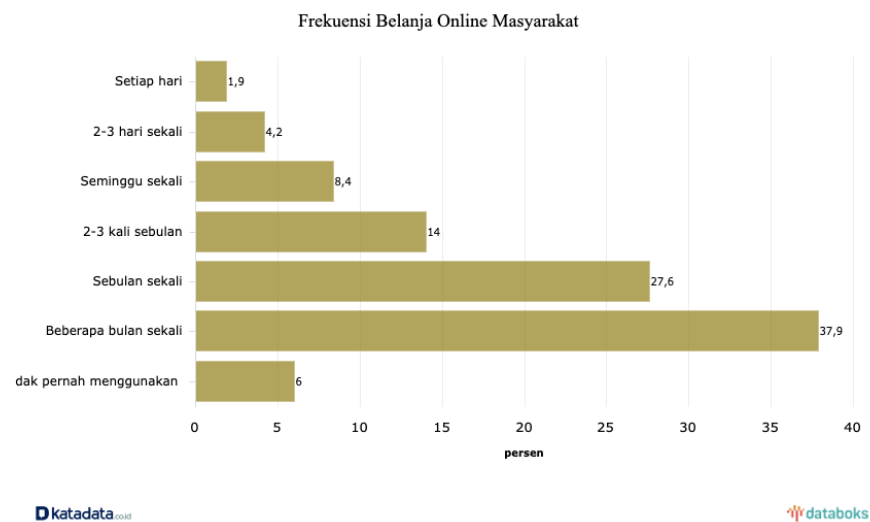
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## INTRODUCTION

Financial technology, or what we commonly refer to as fintech, is expanding at the same rate as technological advancements in Indonesia. Fintech is a new innovation in the financial industry that has supplanted currency and banknotes. As a result of the advancement of financial technology, those who are adept at utilizing it will undoubtedly prosper. If a business is adept at utilizing financial technology, it will undoubtedly reduce production and operational expenses, allowing it to generate substantial profits with minimal expenditures.

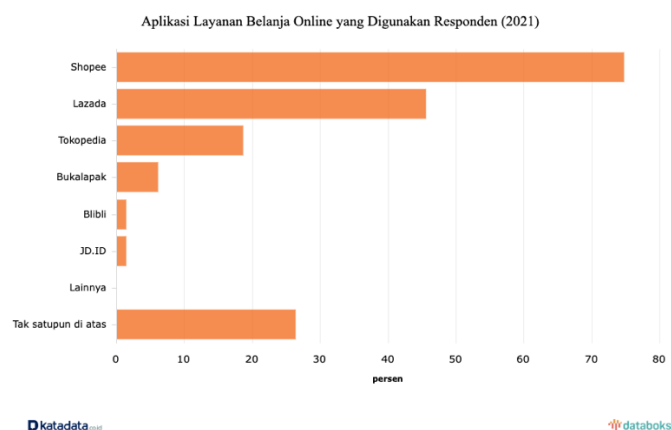
It has become commonplace in the present era for nearly everyone to conduct transactions online. According to the databooks, the majority of Indonesians have utilized online marketplaces for their shopping needs. According to the data, only about six percent of survey respondents indicated that they do not use the marketplace for shopping.



**Figure 1.** Society Online Shopping Frequency

Source: <https://databoks.katadata.co.id/> (retrieved 31 October 2022)

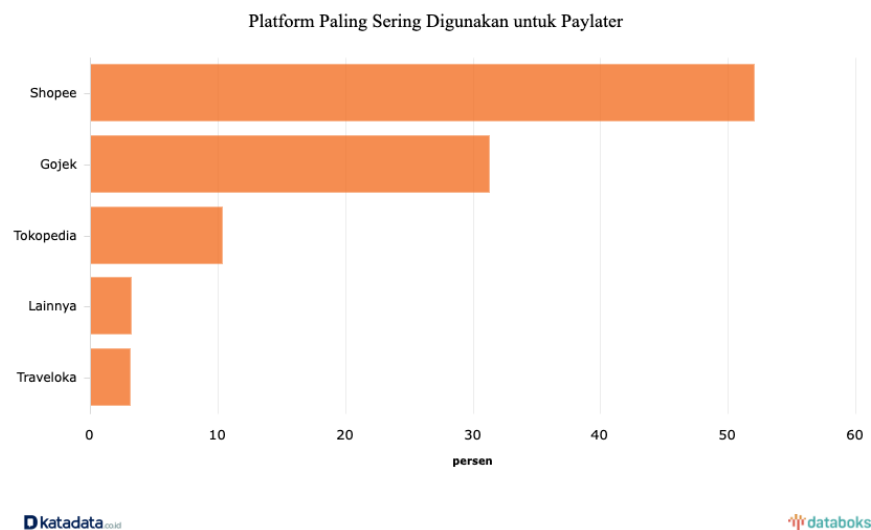
According to the preceding image, only about six individuals have never engaged in online shopping. It's obvious that many people use the marketplace to do their online shopping; this is hardly surprising, given that the marketplace offers literally everything. There are also a number of popular online marketplaces, such as Shopee, Lazada, Tokopedia, etc. According to databooks, the following applications will be the most popular for online shopping in 2021:



**Figure 2.** Popular Online Shopping Service Application  
Source: <https://databoks.katadata.co.id> (accessed 1 November 2022)

As can be seen in the image above, Shopee is by far the most popular online shopping platform. Obviously, there are a variety of reasons why so many individuals utilize the Shopee marketplace to buy and sell. By introducing new innovations such as Paylater, Shopee strives to make transactions for its users as simple as possible.

Shopee Paylater is a new innovation in financial technology; however, it will not be easy for the public to accept the Shopee Paylater payment system. Trust in use, the simplicity and usability of this platform, and the benefits that can be obtained by using the paylater on the Shopee marketplace all influence consumers' decisions to use the paylater payment option.



**Figure 3.** Paylater's most utilized platforms  
Source: <https://databoks.katadata.co.id/> (retrieved on 1 November 2022)

Based on the preceding image, it is evident that Shopee paylater is the paylater that is utilized most frequently for transactions. Certainly, there are factors that can entice consumers to conduct transactions using paylaters on the Shopee marketplace.

With the implementation of paylater, the brand's image will be enhanced. A brand's image is how consumers perceive the brand. As a matter of course, enhancing one's brand image is a high priority for every single company that owns a brand. There are many different kinds of innovations that can be implemented by businesses in order to enhance one's brand image in the eyes of customers. Shopee is one example of such an innovation. The company Shopee implements paylater innovations to support consumer needs, one of which is this innovation, which aims to enhance the brand's reputation in the eyes of consumers.

### Financial Technology

According to Juwita (2018), Financial Technology is a technology-based industry within the financial services sector that creates innovations that can provide the convenience of conventional services, thereby allowing the general public access to financial products when conducting transactions. The National Digital Research Center (NDRC) defines financial technology as "a term used to describe innovation in the field of financial or financial services"; the term is derived from the words "financial" and "technology," and it refers to financial innovation with a touch of modern technology. (Sukma, 2016).

Financial technology, according to Juwita (2018), is an industry that employs technology to support the financial system and deliver financial services effectively and

efficiently. Fundamentally, technology finance consists of technological innovation, process disruption, and service transformation.

### **Trust**

According to Kotler dan Keller (2016) menyebutkan bahwa "Trust is the willingness of a firm to rely on a business partner. It depends on a number of interpersonal and interorganizational factors, such as the firm's perceived competence, integrity, honesty and benevolence". According to Ilmiyah et al (2020) Trust is the belief that the product has the attributes and benefits of the attributes, and also the belief that the exchange relationship will provide what is desired and can be relied upon.

Trust is certainly one of the factors that influence a person's decision to adopt a product; in this case, ease pertains to the adoption of financial paylater. The following is the hypothesis for this study:

H1: Trust influences financial adoption.

### **Perceived Ease of Use**

According to (Wang & Li, 2016), consumers may find it simple to operate or use technology, as measured by factors such as the ease of operating or using the technology itself. Perceived ease of use and perceived ease of use are two cognitive beliefs that postulate system use theory based on individuals' behavioral intentions to use the system (Samuel et al., 2018). The Technology Acceptance Model defines perceived ease of use as the extent to which an individual believes that certain technologies are easy to use and result in perceived benefits. (Patma et al., 2021).

Ease of use is certainly one of the factors that influence a person's decision to adopt a product; in this case, ease pertains to the adoption of financial paylater. The following is the hypothesis for this study:

H2: Perceived Ease of Use influences financial adoption.

### **Perceived Usefulness**

Wang and Li (2016) explain that consumers can benefit from perceived usefulness if the adopted technology can be used anytime and anywhere. According to Devina (2016), perceived usefulness is a method of gauging the degree to which the use of technology can be relied upon to provide advantages to every individual who employs it.

According to Sartika Sari Ayu Tjini and Zaki Baridwan (2013), perceived usefulness is an expression of an individual's belief that certain technologies can enhance the performance of each individual. Utilization will result in the experience of perceived usefulness. Additionally, the following hypotheses apply to this study:

H3: Perceived Usefulness influences financial adoption.

### **Relative Advantage**

According to Noms Mndzebele (2013: 473), relative advantage is the superiority of an innovation over preceding or competing ideas. Eriksson et al. (2008) demonstrated that relative advantage has a significant influence on usage intention. Relative advantage comprises an innovation's inherent strength that distinguishes and differentiates it from prior innovations. Relative advantage can be viewed as a factor that influences consumer adoption of a product or service. Consequently, this study also includes the following hypotheses:

H4: Relative Advantage has an impact on Financial Adoption.

### **Brand Image**

According to Tjiptono (2015: 49), brand image is the description of consumer associations and beliefs regarding specific brands. Brand image consists of the consumer's observations and beliefs, as reflected in their associations and memories. According to Kotler and Armstrong (2018), a brand image is any combination of a name, term, sign, symbol, or design that identifies the manufacturer/seller or product/service.

According to Kotler and Keller (2016), brand image is the customer's perception of a product as the mental association they make with it. Kotler and Keller (2016: 45) state that the

three main dimensions that shape brand image are the intensity, the superiority, and the uniqueness of consumer associations with the brand.

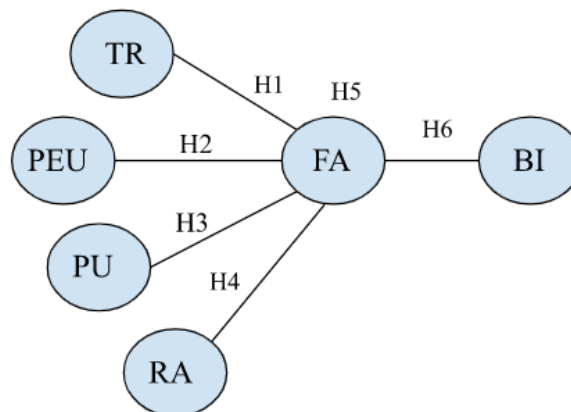
H5: Impact of Financial Adoption on the Brand's Image

H6: How strong is the influence of Trust, Perceived Ease of Use, Perceived Usefulness, and Relative Advantage through Financial Adoption on Brand Image when using the Shopee Paylater payment method simultaneously and partially?

## RESEARCH METHODS

This study utilizes quantitative research as its method of inquiry. According to Sugiyono (2019: 16), the quantitative research method can be understood as a research method based on the philosophy of positivism, used to research specific populations or samples, collect data with research tools, and conduct quantitative/statistical data analysis for the purpose of testing predetermined hypotheses. The quantitative method is known as the traditional method because it has been used for so long that it has become a research method tradition (Sugiyono, 2019: 16).

The technique for collecting data consisted of distributing questionnaires through a Google form; the scale used was a Likert scale with five answer indicators. This study's population consists of all generations who have used or continue to use Shopee paylater as a payment method. 127 respondents were obtained as samples. The technique used for data analysis is Structural Equation Modeling-Partial Least Square (SEM-PLS). Following is the framework for this research, as depicted in the figure below:



**Figure 4.** Framework for Thinking

The premise of this study is that the framework of trust, perceived ease of use, perceived usefulness, and relative advantage as factors in the adoption of the Shopee paylater payment system influence brand image. (corporate image)

In this study, researchers utilized the Partial Least Square (PLS) technique and SmartPLS 3.0 software to analyze and process data. For an interpretation of the PLS model calculation results, the results of the reliability or internal consistency test on variable indicators are indicated; if  $> 0.70$ , the reliability of this research can be assumed. Then, the internal consistency of this research is excellent.

The results of the validity test were determined by examining the outer loading value and the Average Extracted Variable (AVE). If the outer loading value is greater than 0.60 and the AVE value is greater than 0.50, it can be concluded that this study is valid and acceptable.

## RESULT

In the results of the PLS analysis conducted with the SmartPLS software, all variable tests with factor loading indicators produce values greater than 0.70, indicating that all variable items in this study are valid. The Average Variance Extracted (AVE) value produced by all reflection variables is greater than 0.5, meeting the convergent and reliable criteria. In addition, all variables have a good Cronbach's Alpha value, which is greater than 0.70, so it can be said that all variable indicators pass the reliability test. The reliability test based on composite reliability values also yields positive results when all variables are considered and has a value greater than 0.70. The following table provides information regarding the outcomes of the validity and reliability assessments.

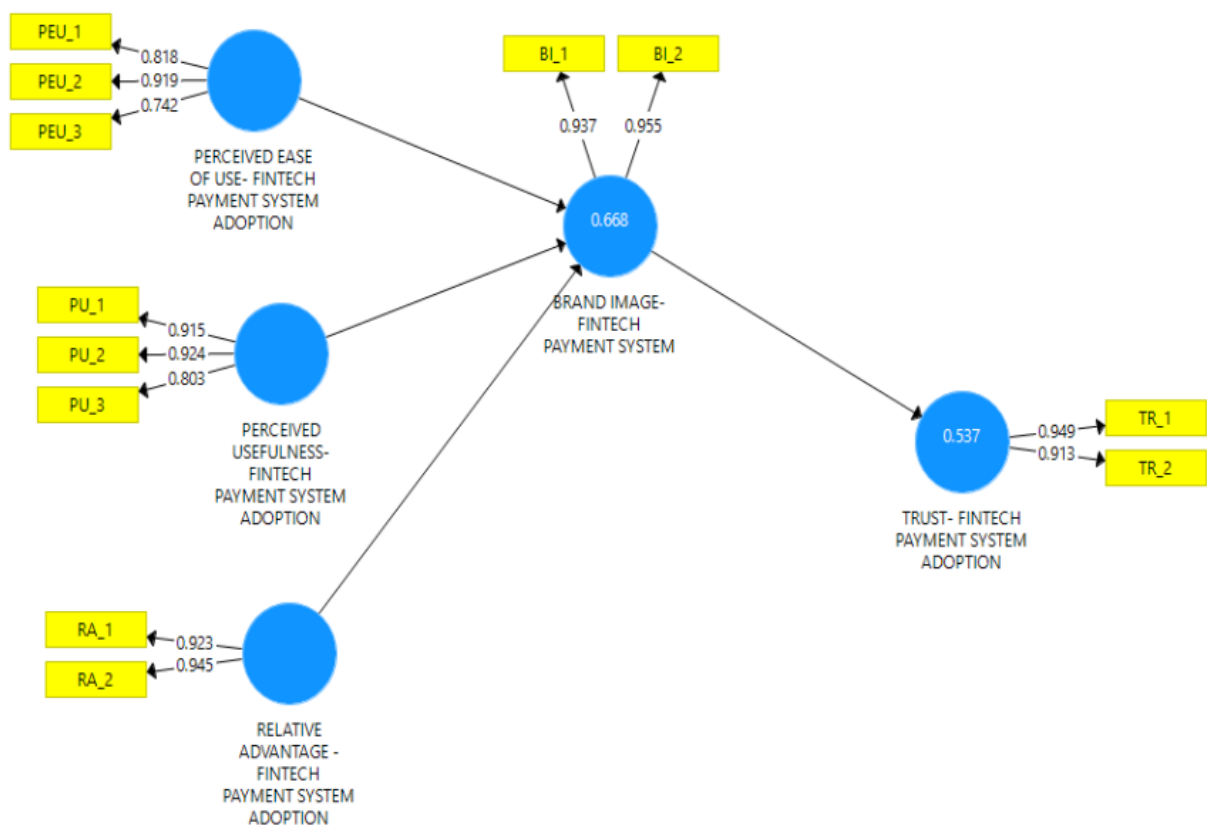


Figure 5. Outer Modes

Table 1. Average Variance Extracted (AVE)

	Average Variance Extracted
Trust	0,867
Perceived Ease of Use	0,688
Perceived Usefulness	0,778
Relative Advantage	0,872
Brand Image	0,895



Several items have been omitted based on the above outer loadings test. A value of >0.7 indicates that the item has significant external loadings. TR1, TR2, PEU4, PU4, RA3, RA4, BI3, BI4, BI5, and BI6 were omitted from the list. The analysis indicates that the AVE value is greater than 0.5. This research can be considered credible.

**Table 2.** Discriminant Variables  
Fornell – Lacker Criterion

	<b>Trust</b>	<b>Perceived Ease of Use</b>	<b>Perceived Usefulness</b>	<b>Relative Advantage</b>	<b>Brand Image</b>
<b>Trust</b>	0,931	0,821	0,661	0,907	0,733
<b>Perceived Ease of Use</b>		0,829			0,705
<b>Perceived Usefulness</b>		0,582	0,882		0,677
<b>Relative Advantage</b>		0,848	0,645	0,934	0,784
<b>Brand Image</b>					0,946

**Tabel 3.** HTMT

	<b>Trust</b>	<b>Perceived Ease of Use</b>	<b>Perceived Usefulness</b>	<b>Relative Advantage</b>	<b>Brand Image</b>
<b>Trust</b>	0,931	0,821	0,773	1,062	0,825
<b>Perceived Ease of Use</b>		0,693			0,841
<b>Perceived Usefulness</b>		1,033			0,746
<b>Relative Advantage</b>		0,991	0,760		0,893
<b>Brand Image</b>					

The results of the discriminant variables indicate that all cross loading values on the indicators of each variable exceed 0.5, indicating that the data in this study are reliable.

**Table 4.** Composite Reliability Coefficient and Cronbach's Alpha

<b>VARIABEL</b>	<b>Cronbach's Alpha</b>	<b>Composite Reliability</b>
<b>Trust</b>	0,849	0,929
<b>Perceived Usefulness</b>	0,860	0,913
<b>Relative Advantage</b>	0,855	0,932
<b>Brand Image</b>	0,883	0,945

According to the results of the analysis, all Cronbach's alpha values for each variable and all Composite Reliability values are greater than 0.7 and 0.6, respectively. Therefore, it can be asserted that the data in this study can be relied upon.

**Table 5.** R Square Value

Variabel	R Square	R Square Adjusted
Brand Image	0,668	0,660
Trust	0,537	0,533

Using the partial least squares (PLS) technique, this study's data were subjected to additional data analysis. Table 4 reveals that the brand image variable has a value of 0.688, while the trust variable has a value of 0.537. This demonstrates that brand image and trust account for 68.8% and 53.7% of the variance in this research model, while the remaining variance is explained by variables from other studies that are not explained in this study.

**Table 6.** Results of Direct Effect Tests

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics ( O/STDEV )	P Values
Brand Image-Fintech Payment System -> Trust-Fintech Payment System Adoption	0,733	0,734	0,050	14,767	0,000
Perceived Ease Of Use-Fintech Payment System Adoption -> Brand Image-Fintech Payment System	0,108	0,133	0,153	0,704	0,481
Perceived Usefulness-Fintech Payment System Adoption -> Brand Image-Fintech Payment System	0,287	0,305	0,090	3,176	0,002
Relative Advantage - Fintech Payment System Adoption -> Brand Image-Fintech Payment System	0,508	0,478	0,173	2,932	0,003

## DISCUSSION

On the basis of data from the questionnaire distributed to all respondents, respondents indicated that there were factors that could affect their use of the Shopee paylater payment system. These factors consist of trust, perceived ease of use, perceived usefulness, and relative advantage. The results of this study indicate that trust, perceived usefulness, and relative



advantage all influence the use of Shopee's paylater service. However, there is one variable that has little impact: the perceived ease of use. This indicates that one of the four hypotheses is false.

The perceived ease of use variable does not have a significant impact on interest in using Shopee paylater, indicating that people are not overly concerned with convenience. However, many individuals place a high value on the benefits, benefits, and trust of Shopee paylater.

## CONCLUSION

On the basis of the discussions that have been held, the adoption of a payment system is not something that is easily accepted by the public at all levels, particularly if the individual has limited knowledge. Numerous factors influence an individual's use of a modern payment system. On the basis of the discussion thus far, it can be concluded that positive factors will encourage individuals to utilize the payment system; this will undoubtedly impact the company's brand image.

According to the findings of the study, there are additional factors that influence a person's interest in using Shopee paylater, including trust, perceived usefulness, and the relative advantage that will be obtained.

## SUGGESTION

For future researchers, it is preferable to be able to add variables or other factors that can increase a user's desire to use Shopee paylater, as this can enhance the company's brand image. In addition, future researchers can develop models pertinent to the conditions to be studied and focus on a more in-depth examination of factors that can improve the brand image of a company in the eyes of consumers. Moreover, future researchers can take a larger sample size.

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