

Effect of Payment Gateways towards Online Shopping Behavior in SME in Indonesia

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Abstract. This study aims to examine the relationship between trust, types of payment methods, perceived usefulness, and convenience to the people's purchase intention and whether that affect people's online shopping behavior in SMEs in Indonesia—types of payment methods. Data were collected from 205 respondents in Indonesia using purposive sampling. Path Analysis was used in this study, and the results showed that Perceived Usefulness has a strong, unidirectional positive influence and significant effects on the Purchase Intention of payment gateway users but is not significant to Online Shopping Behavior. Convenience variables have a strong, unidirectional positive influence and significantly affect Purchase Intention and Online Shopping Behavior of payment gateway users in Indonesia.

1 Introduction

Payment Gateway is a service merchant that is one of the payment methods made available to e-commerce's platform to authorized payments via credit cards or other direct payment processing. A simple way to buy goods online without the payment boundaries.

Indonesia have the highest percentage of e-commerce platform user, with 90% of user from the age of 16-64 says that they have tried buying goods online through and e-commerce platform [1], but not all of the people who purchased the good online uses the same type of payment methods some still prefer manually wiring the money or using an e-wallet which is where you can wire the money to an online wallet then later on pay with that.

All that transactions there is a divided state between e-wallets and payment gateways but considering the number of e-wallets being used, payment gateways are far out of reach and why is that exactly, in our minds we think about how more advanced and approachable a lot of platforms will be if payment gateways become a thing alongside e-wallets and e-moneys, but we also wonder will it cause people to over spend and have an increasing buying behavior in general because more options have been provided equals to new shopping platforms that can be scouted and aside that possibility why haven't payment gateways become the next big thing and evolving like the other payment gateways.

When choosing a payment method, consumers also want to see security in doing transactions not only based on convenience. And when consumers can choose their

own payment methods, it will increase the consumer satisfaction [2].

A couple of things that may have caused that popped up in our heads first is trust, trust can be deemed as an abstract concept, to trust something can be differentiated into a million different ways, the simple theory of "nature versus nurture" that comes with every trust aspects which made them have the decisions they are going to go with, how people will act and behave a certain way or choose a certain option based on who they are as a person, and of course their personality. How trust on the certain aspect regarding the online shopping like payment options, delivery time, page layout, influence how willing is someone to purchase and their buying behavior [3].

Customers experience a sense of familiarity to one or more aspect of the online shopping platform they are exposed to they are more likely to have a certain bond and proceed to buy the item they wanted to buy, and from that we have read, we would like to know does this concept align with how payment gateway is being perceived, does people trust payment gateway less making them avoiding using it and if we could change that does it alter the purchase intention of someone leading to a spiral of their online shopping behavior or does the chance of having only the possibility of using payment gateways as a payment methods decrease the chance of people from buying the things they need and finding other platform options specially in SME. There are a couple perceived aspects that influence how the customer choose whether to buy from that online platform or move on and find another place to buy their wanted things from. The importance of perceived ease

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of use of the platform itself or the payment methods, or other stuff regarding to the purchase, which brings us to wonder, which leads to the theory that the easier executing this kind of transaction is made for consumers, the more transactions will be likely to occur and which eventually makes us think about whether the customer perceived ease of use or perceive usefulness using payment gateways as an alternative payment method is accepted or are they just not exposed to it more enough or do they think that using payment gateways is less convenience than using other payment methods leading to a decrease of usage, especially in SME in Indonesia.

2 Literature Review

Online Shopping is a process whereby consumers directly buy goods or services from a seller without intermediary service over the Internet [4]. If being compared to traditional way of shopping, online shopping have many advantages: it's more convenient and time saving because we can do it anywhere and no need to wait in lines. We can also do online shopping anytime because it's usually accessible anytime and anywhere. Online shopping offering fast payments and almost unlimited possibilities of return[5].

The nature of the consumer's daily activities has changed since most offline activities have simply shift and migrated towards online activities. There will be a growth in ecommerce's transaction apart from their traditional internet technologies and the authors state that trust or clearly and essential part in relationship improvements which the process of trust, and trust being the main construct of this research shows that trust goes both ways and has become a partial mediation between both parties [6]. H1 : There is a significant effect of Trust on Purchase Intention.

Online retail stores are a new booming phenomenon, there's a significant increase in the number of online stores launched for different kinds of products and services and the Internet has become a marketing channel with huge purchasing power supported by the increased Internet flexibility and decreased cost [3]. It is still a growing business and not fully developed and a lot of payment options may be opted and haven't been fully maximized and the research shows that types of payment methods can be seen that the highest mean for intention to purchase online [7]. H2 : There's is a significant effect of Payment Method on Purchase Intention.

Based on certain beliefs, people frame an attitude or will act to a specific object and a specific way, on the premise of which he/she shapes an intention to behave with respect to that object. Therefore, the intention to behave is the major element of the actual behavior Purchase intention process starts with the product evaluation. To do the evaluation individuals use their current knowledge, experience, and external information [1]. Hence, external factors also play a major role in purchase intention process by influencing on consumers attitudes and there is a correlation between perceived usefulness and purchase intention

[6]. H3 : There is a significant effect of Perceived Usefulness on Purchase Intention.

Convenience means the degree that browsing or searching information at online shopping is easier than that of the traditional off-line shopping. On online shopping, consumers can easily search product catalog or in short convenience offers the ability to find things faster and easier and is a common key characteristic in online shopping terms so when users can and able easily scroll, search, and perform at information-related actions, they would like to buy at that product they have been wanting. In addition, the service affects perceived value and customer loyalty [8] shows that there is a correlation between convenience to purchase intention. H4 : There is a significant effect of Convenience on Purchase Intention.

Internet shopping is a phenomenon that is growing rapidly nowadays, with that comes a lot of speculations and rooms for reaction towards the topic. The connection between purchase intention and online shopping behavior showed the strongest relationship, the second higher was between subjective norm and purchase intention with positive and significant result. There's insignificant result between subjective norm and online shopping behavior. Perceived usefulness and online shopping behavior have weak positive relationship. The conclusion can be depicted that subjective norm and perceived usefulness significant positively influence online purchase intention [9]. H5 : There is a significant effect of Purchase Intention on Online Shopping Behavior.

Online shopping allows the consumer to buy directly from the seller without any third person on an Internet browser. Different factors affect online shopping behavior, and these factors include perceived risks and benefits. This makes our life simpler; we can do a quick search for our desired product within seconds and therefore can buy anything easily. Consumers do not need to go to the market and do not need to leave their home and with globalization, they are not bound at home by time constraints, and they can buy anything any time because online shopping provides 24 hours service [10]. Previous studies have shown a positive relationship between convenience and online shopping behavior [11]. [12] shows that there is a correlation between convenience and online shopping behavior. H6 : There is a significant effect of Convenience on Online Shopping Behavior.

Online purchasing of goods play a significant role in the last two decades and more than 1.6 billion people all over the world are considering this method to purchase goods online, with every willingness to purchase comes the behavior of people to accept or not which comes trust, and indicator that play and important part in online shopping behavior, trust is a major indicator that has a significant influence on online shopping behavior of consumers and there is a correlation between trust and online shopping behavior [12]. H7 : There is a significant effect of Trust on Online Shopping Behavior.

Internet shopping is a phenomenon that is growing rapidly nowadays, with that comes a lot of speculations and rooms for reaction towards the topic. Intentions are presumed to be an indicator of to what extent people

willing to approach certain behavior and how many attempts they are trying in order to perform certain behavior. The conclusion can be depicted that subjective norm and perceived usefulness significantly positively influence online purchase intention but subjective norm insignificantly influence shopping behavior and there is a correlation between perceived usefulness and online shopping behavior [9]. H8 : There is a significant effect of Perceived Usefulness on Online Shopping Behavior.

The Internet has become a marketing platform with huge purchasing power supported by the increased whole Internet flexibility and decreased cost [3]. However, online shopping is still a growing and is not a fully developed business in the Arab world, where consumers are moving slowly towards trying and adopting it. However, much factors goes into what affect the whole scheme and how does the people perceived it like trust, Trust proved to be a important and harsh construct that influences human behavior. It is a complicated construct that integrates its influence from the image of service provider (seller of a product) and the technology used (in e-commerce environment) and it is true that not all types of payment methods have been fully utilized therefore depicting the people's trust on they chosen payment methods which leads to conclusion [7] shows that payment methods influence was affected by trust. H9 : There is a significant effect of Trust and Payment Method.

Trust moderation for the relationships, perceived ease of use and payment methods influence was affected by trust levels. Trust has medium means in general, but the highest mean is for shopping sites reputation increases in shopping online, indicating that consumers care mostly about shopping site reputation in particular, which influences their trust in the site [7] H10 : There is a significant effect of Trust and Perceived Usefulness

3 Research Method

The sampling technique used in this study is a type of Non Probability Sampling-Purposive Sampling. This technique is used so that in selecting samples based on certain considerations and criteria that have been determined based on the objectives or research problems, namely Payment Gateway User in Indonesia. Based on the data acquired with the total respondent of 205 people. Analysis method is a method for processing the results of a study conducted to get a conclusion. This study used the Path Analysis Method with data analysis and data processing using software IBM SPSS program 25.0 for Windows.

4 Result and Discussion

Based on the data acquired with the total respondent of 205 people, 5,9% of the respondents uses payment gateway less than one time per month, next followed by 75,6% of the respondents uses payment gateways one to five times a month, next comes 14,1% of the respondents uses payment gateway six to twenty times per month or 14 people, last there are 4,4% of the respondents which uses payment gateways more than

twenty times per month or 4 people. After check validity and reliability and all variables valid and reliable, next continue with normality test.

In sub-structure 1, the test is carried out to determine the effects substructure variable 1, namely Trust (X1), Payment Method (X2), Perceived Usefulness (X3) and Convenience (X4) on Purchase Intention (Y) and the result in sub-structure 1, there is a significant effect of Trust, Payment Method, Perceived Usefulness, and Convenience on Purchase Intention.

Based on the results of the significance test between variable Trust (X1), Perceived Usefulness (X3), Convenience (X4) and Purchase Intention (Y) on Online Shopping Behavior (Z) there is a significant effect between these 5 variables. And the variable path coefficient of Trust (X1), Payment Method (X2), Perceived Usefulness (X3), Convenience (X4) and Purchase Intention (Y) is 0,5431.

The conclusion of the equation obtained from sub-structure 1 and sub-structure 2 is :

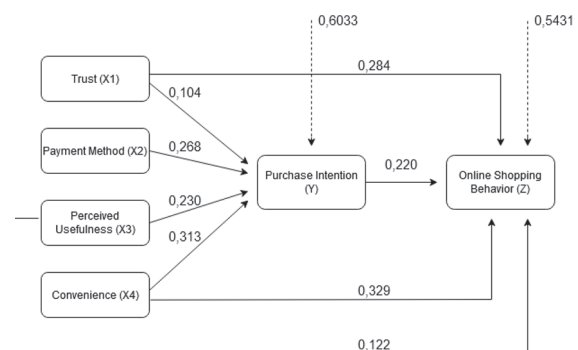


Fig. 1. Result of Sub-structure 1 and Sub-structure 2

Source: Processed by Researchers (2023)

Based on all path coefficients of the existing causality relationship, it can be seen that the direct influence and the indirect influence of each variable studied. Hypothesis from sub-structure 1, the results show that simultaneously (overall) variables Trust, Payment Method, Perceived Usefulness, and Convenience doesn't contribute significantly to Purchase Intention variable. However, individually the contribution of the Trust is declared not significant towards the Purchase Intention, and the contribution of Payment Method, Perceived Usefulness, and Convenience is significant towards Purchase Intention.

Hypothesis from sub-structure 2, the results show that simultaneously (overall) variables Trust, Perceived Usefulness, Convenience and Purchase Intention contribute significantly to Online Shopping Behavior. However, individually the contribution of the Trust is significant towards Online Shopping Behavior in SME in Indonesia, Perceived Usefulness is not significant towards Online Shopping Behavior, Convenience is significant towards Online Shopping Behavior and Purchase Intention is significant towards Online Shopping Behavior.

In this digital era, all activities can be done online, including shopping. However, because online, it means

the customers can't see the product directly. So, there are many factors that influence customers to buy, such as trust in the seller, how to pay, ease of use, also convenience. These factors need to be considered by the seller / company in order to be successful in their product marketing strategy.

Based on the results of this research, it is proven that from 10 proposed hypotheses, 8 hypotheses were accepted and 2 hypotheses were rejected. Trust variable has a strong and unidirectional positive influence but not significant to purchase intention of payment gateway users in Indonesia. These results are not in line with research conducted by [6] which found that trust has a direct effect and a critical factor affecting purchase intention. It can happen because the previous research uses only undergraduate and/ or MBA students as samples while we use all Payment Gateway users in Indonesia as a samples so we have a wider scopes with different ages and occupations. Although Trust has an insignificant result on Purchase Intention, Trust has a significant effect on Online Shopping Behavior that in line with the previous [9] that found Trust is an important factor that contribute to the positive Online Shopping Behavior of consumers in Northern Malaysia.

Trust variable is also proven to have a significant effect on Payment Method and Perceived Usefulness. These results are in line with research [6] that found Trust has an affect on Perceived Usefulness and research conducted by [7] that found Payment Methods influence was affected by Trust.

Meanwhile, the Payment Method variable has a strong and unidirectional positive influence also significant on the Purchase Intention of payment gateway users in Indonesia. These result is in line with research conducted by [6]. Also, the Perceived Usefulness has a strong and unidirectional positive influence also significant on the Purchase Intention of payment gateway users in Jakarta and Tangerang. These result is in line with research [6] which found that Perceived Usefulness has a direct effect on Purchase Intention. But Perceived Usefulness is not have a significant effect on Online Shopping Behavior. These result is in line with research conducted [9] that found that perceived usefulness have weak positive relationship on Online Shopping Behavior which mean it has insignificant effect.

Convenience variable is proven have strong and unidirectional positive influence and affect significantly on Purchase Intention and Online Shopping Behavior of payment gateway users in Jakarta and Tangerang. These result is in line with research [8] that found Convenience has a significant effect on Purchase Intention and research [12] that found Convenience has a significant and increasing influence on Online Shopping Behavior.

And last, Purchase Intention variable is proven to have a significant effect on online shopping behavior. This result is in line with research [9] that found the connection between Purchase Intention and Online Shopping Behavior showed the strongest relationship which mean it has a significant effect.

5 Conclusion

The Payment Gateways services and or Services should update the indicators and variables that are used in the payment gateway system. For example in choosing payment methods people have a lot of factors that are being considered as per why they want to use the payment method that they chose. This is because payment technology has developed rapidly in the world and in Indonesian SME certainly payment gateways must develop and remain competitive with the world in the payment sector. This will open up a whole new perspective and creating a new path in using the payment gateway in a whole new way.

The implication for the users is that the users should be more open to changes and innovations and should be more open to using other typed of payment methods. It could bring a whole new light and may be a huge help if the users are in need and it can help to maximize the users' productivity and give the best outcome.

Future researchers should include and conduct the study with a different sampling pool and should include other additional variable so that the research chain would be more sturdy and valid, a different type of research could be looked and considered upon like qualitative research so that a more diverse conclusion and result can be found.

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