

The Analysis of Banking Consumers' Attitude toward Non-Cash Transactions Through the Theory of Planned Behavior

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Abstract

This study is based on the phenomenon that non-cash transactions in Indonesia are still very low compared with other countries in the world, especially in ASEAN, whereas non-cash transactions are more profitable for economic system of a society. In explaining the phenomenon, the researchers used the Theory of Planned Behavior⁴ and non-cash payment instruments² as the basis for an analysis of consumer behavior in non-cash transactions. The sample of this study is 350 bank customers in Bandung, who own and use non-cash payment instruments, especially in the form of cards, including the debit cards, credit cards, ATM cards, and smart cards or e-money. The statistical analysis used is correlation, while the data collection is conducted through verifying the validity and reliability using confirmatory factor analysis. The result is that the attitude towards technology, safety, and comfort are the three variables that can predict consumers' intention to undertake non-cash transactions. Researchers also discussed several recommendations and further researches related to non-cash transactions in Indonesia.

Keywords: Non-cash transactions, theory of planned behavior, banking consumers, attitude, Indonesia

1. INTRODUCTION

The Cashless Journey Study' released by Mastercard Advisors in September 2013 revealed the results of their exploratory research on 33 countries in five regions of the world that represent 85% of World GNP. The study found that Indonesia is in the category inception (beginning) in the case of payments in non-cash transactions, the pace of change (trajectory), as well as readiness to turn to the non-cash (cashless), while cash has the characteristics: time-consuming to obtain it, more risky to carry around, and the cost of the cash use is estimated to be equivalent to 1.5% of GNP. On the contrary, electronic payments (non-cash) is proven to increase economic growth.¹

It is recorded that in the year of 2013, the volume of transactions using non-cash in Indonesia is only 31%, and this value is below the two neighbouring countries, Malaysia (45%) and Singapore (69%). This value will provide an even smaller percentage when the research is conducted not on the volume of transactions but on the amount of the payment transaction occurs.¹

In an effort to increase the use of non-cash transactions, on August 14, 2014 Central Bank of Indonesia launched the National Movement of Non-Cash (GNNT). In so doing, it is expected to to raise awareness of the public, businesses and government agencies to use the means of non-cash payments in conducting financial transactions that offer convenience, security and efficiency. Such benefits will stimulate society in using non-cash instruments so as to become Less Cash Society (LCS). The success of GNNT absolutely requires the support of many parties such as central and local governments, banks, non-banks financial institutions, businesses, and the most important thing is the support of the community.

Public awareness of the importance of non-cash transactions will encourage an increase in transactions in non-cash and will be a catalyst for other parties such as banks, and Central Bank of Indonesia to work together to create the means of payment supporting non-cash transactions that meet the needs of the community in a reliable payment system. The public must be convinced that the use of non-cash transaction will provide many advantages such as transaction security and security of personal data relating to consumer protection, usability and practicality, broad access, low transaction costs and uninterrupted system reliability. Therefore, it is essential to investigate the matters related to people's behavior as consumers in the transaction as well as the expectations of the public on a non-cash payment system that will determine the success in moving towards cashless society.

The research model, as shown in Figure 1, primarily made on the basis of the use of non-cash payment instruments, namely security, usability, convenience and cost,² Servqual concept³, and the theory of planned behavior⁴. The four factors² are adopted by using servqual³ approach and theory of planned behavior⁴. The relationships among the variables in the model are further described in literature review section.

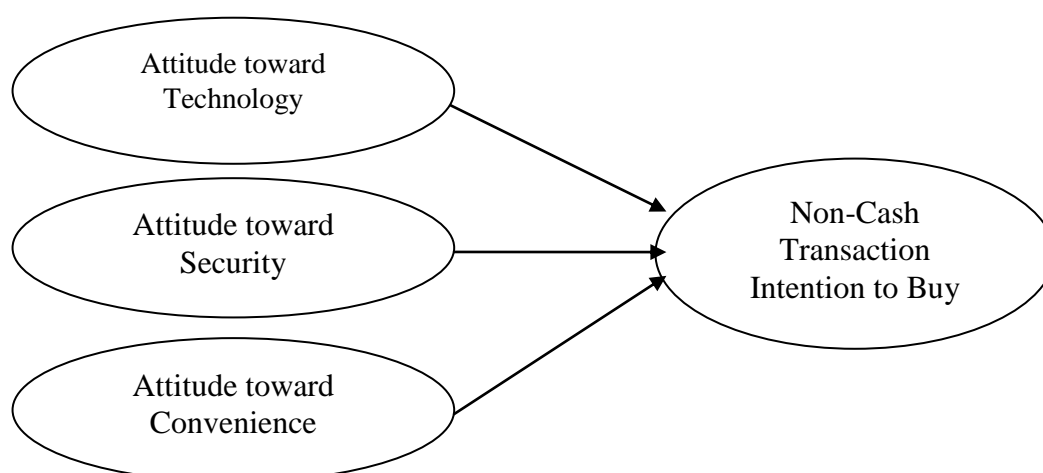


Figure 1. Research Model

The purposes of this research: 1) to find out how the expectations and the readiness of the Indonesian people associated with a non-cash payment which will be the basis for preparing a plan or strategy outline for the banking authorities, both Central Bank of Indonesia as the supreme authority and commercial banks, and payment-service providers who offer tools of non-cash transactions for their customers or clients, 2) to measure the readiness of the community in a non-cash transactions related to the understanding of the extent to which people know the National Movement of Non-Cash (GNNT) that has been declared by Central Bank of Indonesia since August 14, 2014.

2. LITERATURE REVIEW

Several related studies using theory of planned behavior⁵ (TPB) to predict the behavior include predicting lose weight⁶; the behavior of family⁷; predicting and understanding the behavior of voters in the general election in the United States⁸; understanding alcohol addiction behavior⁹, and understanding tendency of women's work orientation.¹⁰

Several other studies did not use TPB and TRA in full, but adopt it in accordance with the objectives and needs of the research, including the study of the intentions of consumers consuming services kosher restaurant in Malaysia¹¹; Examines the attitudes and behavioral intentions toward paying workers' zakat¹²; and examines the behavior of adopting internet banking in Jordan¹³, which found that attitudes, subjective norms, and perceived behavioral control has a positive and significant correlation with the behavior of internet banking service adoption (ISBA); and research on consumer banking in Malaysia revealed that the relative advantage, compliance (compatibility), and ease of trying (trialability) have a significant relationship to the attitude, and the attitude has a significant relationship with the intention of using internet banking¹⁴.

Referring to some of the above research, particularly research of the behavior of adopting internet banking in Jordan¹³, this study also adopts TPB and TRA in predicting the behavior of Indonesia Banking consumer readiness to perform non-cash transactions. While the intention antecedents was adopted from service quality (servqual)³. The servqual concept used in this study considers that banking products are services.

Referring to previous research that the influence of service quality on the intention to use mobile banking¹⁵, The opinions regarding the attitudes and behavior of consumers of banking services^{2, 16}, the authors noticed that the problem of non-cash transactions occurred in Indonesia can be analyzed through the research model by adopting three of the five dimensions of service quality concept³.

The three dimensions of the five service quality are adopted as independent variables in this study, namely Technology as a proxy of the tangibility, security as a proxy to assurance, convenience as a proxy to the reliability and responsiveness. Unlike the two dimensions, the intention is derived from dependent variables of non-cash transactions adopted from the theory of planned behavior. So the research hypothesis are:

H1: there is a positive relationship between attitudes toward technology with the intention of carrying out a non-cash transaction

H2: There is a positive relationship between attitudes toward safety (security) with the intention of carrying out a non-cash transaction

H3: There is a positive relationship between attitudes toward comfort (convenience) with the intention of carrying out a non-cash transaction

3. RESEARCH DESIGN

The variables studied in this research is the technology as a proxy for tangibilities, as a proxy for collateral security, and convenience as proxy for reliability and responsiveness. The population of this study is bank customers in Bandung, who own and use non-cash payment instruments, especially in the form of cards, including the debit cards, credit cards, ATM cards, and smart cards or e-money

From the 350 self-administered questionnaires distributed to respondents, 320 respondents sent the questionnaires back. The statistical analysis used is correlation, while the data collection is conducted through verifying the validity and reliability using confirmatory factor analysis.

Each variable is operationalized in the questionnaires into five questions (variable indicators). Technological variables are operationalized into question 1 through 5, security variables are operationalized into question 6 through 10, the convenience variables are operationalized into question 11 through 15, while the intention variables are operationalized into a separate subsection in the questionnaire. All indicator variables use a Likert scale as the measurement.

4. RESULTS AND CONCLUSIONS

Table 1. Correlations

		SECURITY	CONVENIENCE	INTENTION	TECHNOLOGY
SECURITY	Pearson Correlation	1	.352**	.550**	.375**
	Sig. (2-tailed)		.000	.000	.000
	N	320	320	320	320
CONVENIENCE	Pearson Correlation	.352**	1	.539**	.360**
	Sig. (2-tailed)	.000		.000	.000
	N	320	320	320	320
INTENTION	Pearson Correlation	.550**	.539**	1	.427**
	Sig. (2-tailed)	.000	.000		.000
	N	320	320	320	320
TECHNOLOGY	Pearson Correlation	.375**	.360**	.427**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	320	320	320	320

** . Correlation is significant at the 0.01 level (2-tailed).

Tabel 1. shows that all of the three hypothesis are supported. The correlation between attitude toward security and Intention to carry out non-cash transaction is 0.550 and significant at 0.000 level; the correlation between convenience and intention to carry out non-cash transaction is 0.539 and significant at 0.000 level; and the correlation between attitude toward technology and intention to carry out non-cash transaction is 0.427 and significant at 0.000 level. All of the correlations are moderate.

The support for hypothesis 1 shows that the public perception of convenience will affect the intention to conduct non-cash transaction significantly. In general, comfort can be understood as the ease of use and practicality. Changes in the behavior of a cash transaction into a non-cash will be followed by an accompanying instrument, and the convenience of non-cash instruments will greatly affect the intention of the consumer to use a non-cash transaction. This study indicates that in Indonesia, comfort does not become a problematic issue, but the suggestion proposed in that study in order to get less cash society, comfortable non-cash instruments should be provided.

In this research, the safety factor becomes the absolute one for a non-cash payment instrument, and this is supported by the results of the data processing showing that the public perception of safety (security) will affect the public intention to perform non-cash transactions. Security can be connected with the security at the time of the transaction and customer data protection. Attitude toward technology also affects the intention of society in using non-cash transactions significantly. This shows that the technological capability is quite important in influencing public intention to conduct non-cash transactions. This study shows that the technology for a non-cash transaction is reasonably believed (by the Indonesian people) to be able to influence the intention to perform non-cash transactions.

5. AWARENESS OF NON-CASH TRANSACTION

The Awareness of the National Movement of Non-Cash (GNNT), launched by Central Bank of Indonesia conducted in this study, indicates the results as shown in Table 2.

Table 2 Percentage of Respondents who are aware of the GNNT

Medical Doctors	60.00%
Cooperation Employees	50.00%
Private Employees	42.45%
Nurses	37.50%
Entrepreneurs	30.61%
Students	29.41%
Lecturers	20.00%
Local Government-Owned Companies	20.00%
Government Officials	18.60%

The overall percentage of the respondents being aware of GNNT is 34.69% of all respondents. The profession of doctor shows the highest percentage (60%), while employees for private companies and entrepreneurs that are aware of GNNT are 42.45% and 30.61% respectively.

6. RECOMMENDATIONS

First, Attitudes towards technology, security, and convenience of the respondents of a non-cash transaction instrument affects the intention to make non-cash payments. This indicates that the three factors need to be considered by the card-issuing banks of non-cash transactions, especially Central Bank of Indonesia that regulates the Indonesian community banking.

Second, During this time, technology and security are considered to be the inhibiting factors for the clients in performing non-cash transactions. This study shows that one of the strategies of Bank Indonesia in marketing or disseminating the National Movement of Non-Cash is conducting the socialization to the community focusing on the three factors: technology factor, safety, and comfort. In sodoing, the society is expected to perform non-cash transactions more.

Third, Positioning is technically implemented through the marketing mix¹⁷. Therefore, the marketing mix (product, price, place, and promotion) can be made based on the three factors: technology, safety, and comfort. For example, socialization relating to the price is carried out through explaining the current banking technology that enables customers to do non-cash transactions more cheaply, more conveniently, and more safely than cash transactions.

Fourth, Central Bank of Indonesia may adopt the best practice of mobile-technology-based payment system carried out in Bangladesh, namely Bkash payment system. The adoption of Bkash system is very possible to be implemented in Indonesia. In addition to the payment system similar to the Bkash system, the transaction rates which have been imposed by banks for a transaction, especially for cross-bank transactions can be reduced since the competition with this system appeared outside the banking system.

Fifth, Since the awareness of GNNT (a national non-cash movements) is still relatively low, Central Bank of Indonesia should seek the effective methods of socialization in order to

maximize the use of non-cash transactions. This efforts needs the support from wide-range parties such as banks, providers for payment banks, financial services authority (synergizing with financial inclusion programs) and even providers of telecommunications services. Besides, the utilization of social media and local newspapers can massively be done to increase public awareness.

7. LIMITATIONS AND FURTHER RESEARCH

First, this study does not separate the debit and credit cards holders, yet debit cards and credit cards are the two different tools of non-cash transactions, e.g., debit cards do not require fee in the transaction, but credit cards do, that is to say the interest to be paid by the credit card holder after the transaction. Therefore, it needs to be reviewed on the status of non-cash transactions, for example the status of the card used as moderating variables in the relationship between the three factors and the intention of doing a non-cash transaction.

Second, This study use of theory of planned behavior (TPB) as the tool for analysis; however, there are some criticisms to the theory that should be taken into account, for examples:

- a. TPB emphasizes more on the cognitive-rational side, rather than considering the conditions or the relationship between the consumer rational and emotional. (see Ajzen, 2011)
- b. The dependent variables predicted in this model are the intentions, whereas TPB models do not predict people's intentions, but predicting behavior more. Therefore, it is important for manufacturers to consider behavior (of consumers) because it is more actual than the intention which is still unrevealed.
- c. Further studies to be taken into account are emotional factors or processes related to cognitive and affective aspects of consumers before intending to purchase.
- d. Further research is needed in order to predict the relationship between the intentions and consumers' behavior related to non-cash transactions.
- e. Of the 320 respondents, only 34.69% have been aware of the National Movement of Non-Cash launched by Bank Indonesia. This number is still very low since GNNT been announced since August 14, 2015. Effective dissemination and promotion should be conducted by Bank Indonesia to raise awareness in the community. Central Bank of Indonesia can employ this research results particularly in terms of the respondents' demographic profile. For examples, this study revealed that facebook, path and twitter are social media that are mostly used by respondents. In addition, *Detik.com* online news media became the most accessible of respondents besides *Kompas Online*, and local printed media that are mostly read by bankers is *Pikiran Rakyat*. It is obvious from the number of the respondents reading *Pikiran Rakyat* and *Tribune Jabar* daily papers.

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