The Effect of Transaction Experience Using Digital Wallets on User Satisfaction in Millennial Generation

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Abstract

The purpose of this study to determine the effect after transaction failure and after failure recovery on the transaction experience, the effect after transaction failure and recovery from transaction failure using digital wallets on user satisfaction, especially in the millennial generation. The population of this study is all digital wallet users in the DKI Jakarta province with a total sample of 94 digital wallet users. The sampling method uses purposive sampling with the criteria of digital wallet users who have made transactions for at least 1 year, this is intended so that these respondents already have transaction experience and are at least 17 years old. Meanwhile, the data processing used Structural Equation Modeling analysis software Lisrel. The results showed: (1) Transaction failure affects the transaction experience of digital wallet users; (2) Transaction failure recovery will affect the transaction experience of digital wallet users; (3) Transaction experience affects the satisfaction of digital wallet users; (4) Transaction failure has no effect on digital wallet user satisfaction; (5) Transaction failure recovery affects the satisfaction of digital wallet users. The novelty of this research is transaction failure has no effect on digital wallet user satisfaction. In addition, the benefits that are felt are far greater than the failures that are experienced, especially when recovery from failure is carried out quickly and precisely.

Keywords: Service failure, Online Transaction Experience, Service Restoration, Satisfaction

1. Introduction

In today's society, the need to use digital wallets is quite high, especially the millennial generation. In this case, the type of retail transaction that is very often used by people who use electronic money in digital wallets. In addition, users also take advantage of online transportation orders (27 percent) and online food ordering (20 percent). The rest, for e-commerce transactions (15 percent) and bill payments (7 percent). It was also revealed that the results of research by 58 percent of respondents used the OVO brand as their favorite digital payment application. Other application-based digital wallets, such as Go-Pay (23 percent), DANA (6 percent), and LinkAja (1 percent), are considered by consumers to be merely a means of financing. The data shows that electronic money for daily transactions such as fast food delivery, transportation and shopping is increasingly popular among Indonesian consumers [1]. Consumers enjoy a more practical, fast, safe, and hassle-free transaction experience waiting for change.

In the online transportation ordering and online food delivery transaction segments, Snapcart's research data shows that the position of the OVO digital wallet as a Grab service (for online transportation) and GrabFood (for online food delivery), shows that 71 percent of respondents use OVO for this transaction segment, while 29 percent of respondents choose to use GoPay for transactions at Gojek and GoFood. Snapcart research data shows 70 percent of respondents use OVO for e-commerce transaction payments, while 11 percent use DANA, and 18 percent use GoPay. OVO is accepted in e-commerce, such as Tokopedia, Ruparupa and

Sociolla, and GoPay is accepted, among others, at JD.id and Sayurbox, while DANA can be used at Bukalapak. Not only online retail and service transactions, digital payment application users often make transactions on various routine billing accounts, such as taxes, electricity, water, insurance and so on [2]. The use of electronic money makes paying various bills easier, safer and faster. Research data shows 67 percent of respondents use OVO based on this transaction segment, followed by GoPay (22 percent), DANA (10 percent), and LinkAja (2 percent).

A big influence on the survival of the company is the need to create customer satisfaction with digital wallets as a payment service provider [3]. Without customer satisfaction with services in the form of goods or services, the expectations of a company to grow and develop will be very difficult to achieve [4]. Today's consumers have better education, knowledge and information, they have various ways and facilities that make it easier for them to verify claims for service providers as well as to find alternative services that are better than before [5]. Quality and customer satisfaction have a very crucial role for a company to be successful and survive [6]. Quality and customer satisfaction are closely related to market share and customer retention. Increasing customer retention implies a greater distribution of positive information by word of mouth, decreasing price sensitivity, which in turn results in better business performance [7].

Based on this explanation, the aim of the research is to find out how the experience of transacting using a digital wallet on user satisfaction, especially among the millennial generation [8][9].

1.2. Literature Review
Service Failure
Service failure is a significant determinant based on perceived customer dissatisfaction [10]. Service failures arise when customers experience perceived service dissatisfaction. It is important to remember, service failure is determined by the customer and not by the service organization [11]. Service failure can be defined as the customer's perception of one particular aspect, in this case the use of the service is not fulfilling the perceived expectations. When experiencing a service failure, there are many choices of actions that the customer may take. Furthermore, the measurement of service failure can be seen based on the user's perception of the difference between the predictions that users have of the performance of the digital wallet on the performance of the product or service after using the product or service when the condition has occurred *transaction failure* [12].

Online Transaction Experience
Customer experience as a subjective and internal response when the company interacts either directly or indirectly [13]. That future behavior is determined by previous experiences. Therefore, previous experience has a major influence on the buyer's decision to transact online [14]. Furthermore, the measurement of the online transaction experience takes into account important considerations from consumer perceptions when shopping based on their expectations of vendor services.

Service Restoration
Service recovery is an integrative action that companies need to rebuild customer satisfaction and loyalty after a service failure occurs and it can be ascertained that service failure will drive the recovery process in handling complaints [15]. Service restoration is not limited to customers who express their dissatisfaction [16]. Furthermore, the purpose of service recovery is to repair service failures characterized by customer complaints [17]. Meanwhile, to measure service recovery, it is seen based on users' perceptions of the recovery performance carried out by vendors in order to overcome service failures [18].

Satisfaction
Satisfaction is a person's feeling of happiness or disappointment that arises after comparing perceptions of the performance of a product or service with the perceived expectations [19]. Satisfied consumers certainly tend to convey positive things about the product concerned to other people and this is what the company expects [20]. Companies that adopt a customer-oriented basis are more likely to provide quality, contribute to customer satisfaction and maintain organizational goals effectively and efficiently when compared to other competitors. Meanwhile,

the measurement of customer satisfaction is by looking at evaluations and impressions from customers on the performance of products and services [21].

Digital Wallets
        An electronic wallet or e-wallet is a means of electronic payment that can be used online through a mobile application [22]. Bank of Indonesia regulations regarding the implementation of financial technology, digital wallets are included in the payment gateway category. In Indonesia, the most popular e-wallet applications include Gojek (GoPay), LinkAja, OVO, and DANA. In 2018, Bank of Indonesia reported that e-wallet transactions reached almost IDR 21 trillion and is predicted to increase 17 times in 2023. The use of e-wallets allows easy non-cash transactions for its users, because they only need to use a smartphone that is used on a daily basis [23]. Digital wallets can be accessed by using a cell phone. Examples of companies that offer Mobile Money in Indonesia include e-toll from Mandiri Bank, OVO from Nobu Bank, T-CASH from the Telkomsel company, and so on.

Millennial Generation
        Generation is a group of individuals who identify their group based on the similarity in birth year, age, location, and events in the life of that individual group that have a significant influence in the growth phase [24]. Millennials or generation Y were born in the period 1980-1994. The members of generation Y today are certainly no longer teenagers, some are working and even have become parents. Generation Y was born and grew when technological developments began to improve, during the Y generation, many of the computer market had started to sell. Mobile phones began to be widely used in society, especially in the 2000s. Generation Y teenagers have started exchanging messages with short message services (SMS) and the trend of correspondence has been replaced by the trend of sending email.

1.3. Research Framework and Hypotheses
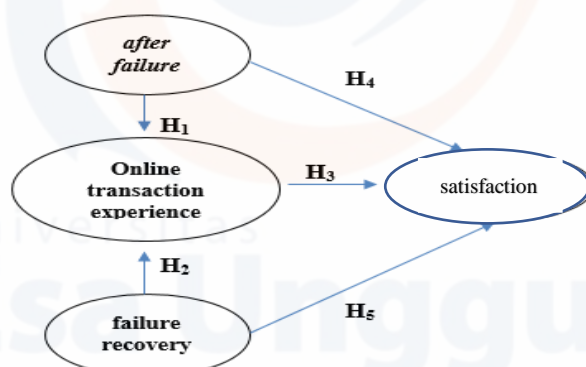From the description above, the following research framework can be described:

Figure 1. Research Framework

This study has the following hypothesis:
H$_1$: There is an effect after a transaction failure on the digital wallet user experience
H$_2$: There is an effect of transaction failure recovery on the user experience of digital wallets
H$_3$: There is an effect of the transaction experience on digital wallet user satisfaction
H$_4$: There is an effect after a transaction failure on digital wallet user satisfaction
H$_5$: There is an effect after a transaction failure on digital wallet user satisfaction

2. Research Method
        The population of this research is all digital wallet users in the province of DKI Jakarta. Furthermore, sampling will be carried out, namely the number of samples = the number of questionnaires x 5, because each question in the questionnaire is an unobserved variable, with the number of research questionnaires a total of 17 items, then 17 statements are observed. Thus, the required sample size is 5 x 17 = 85 respondents. However, to anticipate missing data and drop out questionnaires, 10% of the total sample was added (Hair et al., 2014). Therefore,

the number of samples in this study is the number of samples = the number of questionnaires x 5 + 10% = 17 x 5 + 10% = 94 samples. Sampling using purposive sampling method, with the criteria of respondents: (1) Digital wallet users who have made transactions for at least 1 year, this is intended so that the respondent already has transaction experience, (2) At least 17 years old.

        Quantitative methods will be used in this study, with after failure and failure as exogenous variables including online transaction experience and satisfaction as endogenous variables. Furthermore, the SEM analysis method will be used to see the effect between variables.

3. Results and Analysis

        Based on the SEM method, the results of data processing by involving 100 respondents as samples, can be seen based on the suitability test of all models. Almost all tests show a good fit based on the suitability test analysis of all models from group 1 to group 7 including: Chi Square, ECVI, AIC and CAIC, Fit Index and Goodness of fit show good fit. RMSEA close fit and Critical N indicate marginal fit. From the analysis, it can be concluded that the suitability of all models still meets the requirements because of the 7 groups, 5 groups are still good fit. Furthermore, this research produces the following path diagram:

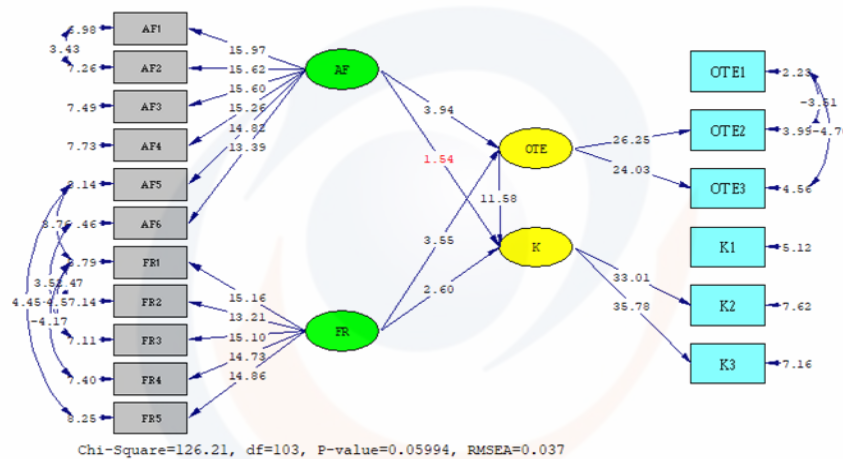Chi-Square=126.21, df=103, P-value=0.05994, RMSEA=0.037

Figure 2. Path Diagram T-Value

Based on Figure 2 the T-Value Path Diagram, the hypotheses in this study are presented in the following table:

Table 1. Hypothesis Test for the Research Model

Hipotesis	Hypothesis statement	T-Value (>1,96)	Information
H₁	*After failure* effect on *online transaction experience* digital wallet users	3,94	The data support the hypothesis
H₂	*Failure recovery* effect on *online transaction experience* digital wallet users	3,55	The data support the hypothesis
H₃	*Online transaction ecperience* affect the satisfaction of digital wallet users	11,58	The data support the hypothesis
H₄	*After failure* has no effect on digital wallet user satisfaction	1,54	The data do not support the hypothesis
H₅	*Failure recovery* affect the satisfaction of digital wallet users	2,60	The data support the hypothesis

Source: SEM Lisrel data processing results

3.1. Discussion

The results of testing the first hypothesis (H1) show *after failure* effect on *online transaction experience* digital wallet users. The digital wallet user experience includes the entire interaction between users and businesses, products or services from online transactions [25]. Through online transactions, service providers do not need to come face to face with digital wallet users, but interactions with digital wallet users can occur through online software such as websites, applications via mobile phones and so on. Here digital wallet users are directly involved in the cognitive and affective processes of the arrival of information from the digital wallet application, the ease of use of the digital wallet and whether or not the network system is smooth [26]. The age of respondents, namely the millennial generation, also affects the experience of digital wallet users, this generation is very dependent on technology, so that when they experience transaction failures, they can understand and also know what next steps should be taken to recover from these failures [27]. Then, the result that will be obtained by digital wallet users is an impression formation in the memory that will form a good or bad experience with the digital wallet application. Two psychological variables, cognition and affect, were consistently identified as important components of consumer behavior and customer experience [28]. Therefore, the quality of digital wallets in online software of products / services at digital wallet providers is very important to improve because it has an impact on the good / bad experience of digital wallet users transacting online.

The results of testing the second hypothesis (H2) show *failure recovery* effect on *online transaction experience* digital wallet users. This means that the better the recovery of digital wallet failures, the better the customer experience in online transactions and vice versa. The results of this study support previous researchers, finding that there are different experiences after and before experiencing failure in online transactions [29]. Then when the company has taken recovery actions, this will create a different experience from the experience when a failure occurred. Failure recovery measures are efforts that every company must make to gain the trust back of its customers. It can be said that failure does not always have a negative effect, if recovery action is carried out quickly and appropriately it will have an effect on high satisfaction and have an indirect impact on promotion, in the form of word of mouth activities to the surrounding community.

The results of testing the third hypothesis (H3) show *online transaction experience* affect the satisfaction of digital wallet users. The results of this study are appropriate, that the online transaction experience affects the satisfaction of independent transaction services. [30]. Digital wallet application makers have to think about hundreds or even thousands of possibilities that will happen when users perform self-service activities. The factors of convenience, speed and accuracy of service when making online transactions need to be considered, to minimize failures for digital wallet users. If digital wallet users feel that they always have problems with every transaction with a digital wallet, it can create a negative impression on the products and services of the digital wallet. Currently the use of digital wallets is the main choice for most people, because online transactions with digital wallets are very easy and efficient, can be done anywhere and anytime, making it easier for digital wallet users to meet their needs.

The results of testing the fourth hypothesis (H4) show *after failure* has no effect on digital wallet user satisfaction. This contradicts the theory and previous studies. According to researchers, these findings contradict the theory due to two things, the first is the influence of the respondent's gender. When viewed from the majority of user respondents are women as much as 60%. This is related to the use of the digital wallet itself. Application-based research institutes such as Snapcart, conducting research on consumer behavior in transacting with digital payment applications show that the majority for retail transactions are 28%. Women have a tendency to like shopping, this opinion is supported by research that, there is a big difference between men and women in terms of their responses to shopping, where if some men do not like shopping, most women say they like the shopping experience, and although most women feel shopping is a fun thing, most men don't have the same response . Furthermore, women tend not to really like things that smell of technology. The Commission on the Status of Women and 20 years of Beijing Platform for Action recommending the government and stakeholders to advocate for the low level of women and girls in ICT (Information Communication and Technology) and STI (science, technology and innovation). So that when they experience failure in transacting with digital wallets, they can accept it as a learning process and are willing to remain as users. There is a

different effect of service failure on online customers and offline customers, where online customers tend to blame themselves so that they expect less service failure recovery services when compared to offline customers. In addition, the benefits that are felt are far greater than the failures that are experienced, especially when recovery from failures is carried out quickly and precisely. The technological advancement of this payment instrument is very beneficial for the community. With the presence of a digital wallet, it provides convenience and security in shopping and other payments. Customers don't have to bother carrying cash, just use the help of a cellphone or computer so customers can get the desired item.

The results of the liman hypothesis testing (H5) show *failure recovery* affect the satisfaction of digital wallet users. Failures that may occur in the use of digital wallets are incorrectly entering the nominal money when transferring, or wrong account number when transferring, which most often is entering the wrong amount when topping up, the amount transferred is mostly one zero, or it can even be reduced to one zero. However, this can be reported to the digital wallet customer service provider and will be responded to as soon as possible. Speed in responding to customer complaints is a must for digital wallet providers because of the high competition among providers [31]. In addition, the needs and benefits obtained due to the use of this digital wallet are quite satisfying to users rather than a perceived failure [32]. Especially in this cashless era and it is also effective and efficient by using a digital wallet. So that recovery after failure greatly affects the increase in digital wallet user satisfaction [33].

4. Conclusion

Based on the problems and objectives proposed in this study, the results of this study can be concluded: When viewed from the largest number of respondents based on gender, 60% were women, 65% respondents' age ranged from 18-40 years, with 64% unmarried status and the number of monthly transactions above 1 million is 46%. When viewed based on income, the largest digital wallet users, namely 63%, earn between Rp. 4 million - Rp. 6 million. This research also shows that the most famous and desirable brands are OVO (35.5%), GoPay (29.6%) and finally DANA with 20.1%.

Meanwhile, the conclusions based on the results of the questionnaire data processing are: (1) After failure has an effect on the online transaction experience of digital wallet users; (2) Failure recovery has an impact on the online transaction experience of digital wallet users; (3) Online transaction experience has an influence on digital wallet user satisfaction; (4) After failure has no effect on digital wallet user satisfaction; (5) Failure recovery has an effect on digital wallet user satisfaction.

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