

The Impact of Financial Resources, Risk Acceptance, Customer Pressure on Financial Technology

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ABSTRACT

The study aims to identify the impact of financial resources, risk acceptance, and customer pressure on the adoption of financial technology on bank employees in Jakarta. The research uses a quantitative approach with survey methods and questionnaires as data collection tools. The sample consisted of 75 bank employees randomly selected from several banks in Jakarta. The data collected will be analyzed using the Structural Equation Model (SEM) to test the research hypothesis. The results of this research can provide an area on the factors that influence the adoption of Financial technology by banking employees, and provide recommendations for increasing the acceptance and use of this technology in the banking industry.

INTRODUCTION

The increasingly evolving era of technology creates a society increasingly dependent on the use of technology. Social, economic, and cultural elements are not independent of the impact of technology. The development of highly advanced technologies in various fields, including financial, is also triggered to develop in a more efficient and modern direction. Technology and finance are closely related. Nowadays there is one of the technological developments in the financial field with the touch of the latest technology that brings convenience to its customers and customers. Effective and efficient technology innovation in financial services is called Financial Technology (FinTech).

The development of Fintech has brought significant changes to the banking industry in Indonesia. Financial technology can help banks improve operational efficiency, provide banking services that are more accessible to the public, and open up new business opportunities for banks. However, the adoption of financial technology among bank employees remains relatively low. Some factors such as limited financial resources, risk acceptance, and customer pressure can affect the adoption of financial technology by banking employees.

The FinTech industry is one of the methods of financial services that began to be popular in the digital age. Technology-based payment systems have become one of the most developed sectors in the FinTech industry in Indonesia. This is the sector that governments and the public are most expected as users to encourage increased access to financial services. FinTech continues to grow rapidly resulting in competition in increasingly competitive markets, banking needs to have solutions to be more innovative. FinTech also has the potential to benefit various parties in the financial industry as FinTech will bring more practical, secure and modern financial transaction processes (Mawarni, 2017)

As a city that is the center of the banking industry in Indonesia, Jakarta has become a relevant location for conducting research on the influence of these factors on the adoption of financial technology by banking employees. Therefore, the research was conducted to provide a better understanding of the factors that influence the adoption of financial technology by banking employees in Jakarta. By understanding these factors, bank management can design more effective strategies to increase the acceptance and use of financial technology in the working environment. In addition, the research can also contribute to the further development of research in this field and can help improve the understanding of the factors that influence the adoption of financial technology in Indonesia.

In recent years, the banking industry in Indonesia has undergone significant changes with the presence of financial technology innovations. Financial technology has had a positive impact on the banking industry, such as improving operational efficiency, improving public access to banking services, and opening up new business opportunities for banks. However, although financial technology has been available and is growing, the rate of adoption of financial technology among banking employees remains low.

Resources are the primary determinants of the adoption of technological innovation within an organization. The availability of resources, including adequate financial capital and human resources, and the ability to meet the demands formed according to the resources are of paramount importance. The importance of having financial resources because financial resources are central to technology adoption decisions (Kim & Garrison, 2010). Financial resources are needed to initiate and finance the costs of adopting ongoing technological innovations. Having sufficient capital is crucial because it allows organizations to minimize financial disruption during adoption and implementation of technological innovations (Sila, 2013)

Perceived Risk is a customer perception of uncertainty and unwanted consequences in conducting activities (Dowling & Staelin, 1994). According to Featherman (2003), risk perception is a perception of uncertainty and unwanted consequences of using a product or service. In addition to perceived risk, customer pressure is also a concern in the adoption of technology. In addition to trust and dependence, there are some characteristics of inter-organizational relationships, such as commitment, incentive, compulsion which comes from customers. Some of these characteristics are identified to play an important role in the adoption of technology by a company or organization (RUI, 2007). Organizations will adopt and use information technology innovations because they believe that their customers expect them to do so (Maduku et al., 2016)

THEORETICAL REVIEW

Financial Technology

FinTech is a financial technology that refers to new solutions that demonstrate innovation in the development of applications, products, or business models in the financial services industry that use technology (Lee & Low, 2018). Adoption of technology in all fields is a duty, including banking. FinTech industry consists of companies that use technology to make financial systems and the provision of financial services more efficient (Djamaluddin et al., 2016). Banks that do not adopt technology or switch to digital slowly will be replaced and one of the industries that can replace the role of banks is Financial Technology.

Financial Resources

One of the basic problems associated with the organizational factor is the availability of funding, it will be difficult to adopt or build a better system if a company does not have sufficient financial availabilities. Langley (1994) emphasize that fund ownership is a key factor when companies introduce technology. Toufaily (2009) show that adoption of technology requires high costs and serious financial compensation. Financial resources are used not only to introduce new technologies, but also to learn that management, the implementation of new procedures and the training of existing staff members.

Acceptance of Risk

Risk is one of the basic barriers that companies experience when adopting technological innovation. Previous research suggested that one of the

obstacles to the adoption of electronic banking technology is the fear of security risks (Sohail & Shanmugham, 2003). Risk becomes considerable because when the company and in this context is the banking industry, one of its risks is the refusal of customers to use the innovative services of banks. This has a significant impact on the development of technological innovations in banks (Zhao et al., 2008). Employment has always been a primary concern when dealing with technology especially online transactions (Chang et al., 2007). Due to some of these factors, risk perceptions about FinTech are expected to affect the adoption and further development of FinTech.

Customer Pressure

In addition to trust and dependence, there are some characteristics of inter-organizational relationships, such as commitment, incentive, compulsion which comes from customers. Some of these characteristics are identified to play an important role in the adoption of technology by a company or organization (RUI, 2007). Meeting the needs and expectations of customers through the use of electronic services that facilitate better communication with customers is a major driver of the adoption of information technology innovation in business. Organizations will adopt and use information technology innovations because they believe their customers expect them to do so (Maduku et al., 2016).

METHODOLOGY

This research uses a type of quantitative research. The population in this study are employees who work in the banking services company of the Jakarta region. The data collection method is done by spreading a questionnaire through Google Forms. In this study, the sampling technique used is purposive sampling. In this study, the authors set criteria for the sample, namely employees of Bank Mandiri, BRI, BNI, and BCA banks located in Jakarta. The number of representative samples depends on the number of indicators from 5 to 10. (Hair et al., 2017). The minimum number of samples for this study is 75. The data in this study was measured using the likert scale with a 5-point scale.

RESULTS

Test Structural Model (Inner Model)

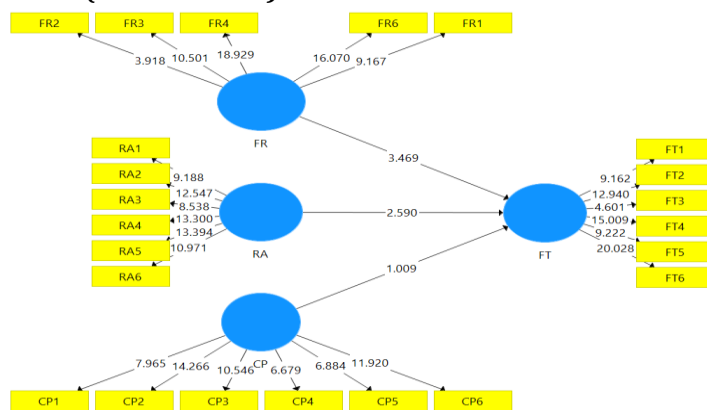


Figure 1. Inner Model
Source: Researcher (2023)

Test this is testing to a structural model with seeing score *R-square* which is the results of the *goodness of fit model test*, the relationship between construct and value significant from the model used in a study.

Structural Model Test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
CP -> FT	0,146	0,164	0,144	1,009	0,313
FR -> FT	0,411	0,405	0,119	3,469	0,001
RA -> FT	0,396	0,383	0,153	2,590	0,010

Table 1. Path Coefficient
 Source : PLS (2023)

DISCUSSION

The impact of Financial Resources on Financial Technology

Research results show that financial resources have a significant influence on the adoption of financial technology by banking employees in Jakarta. The results of this study are consistent with research from Toufaily (2009) that adoption of technology requires costs that and organizations with large financial resources will be more likely to use new technologies. This suggests that bank employees who have greater access to financial resources are more likely to adopt financial technology. This explanation can be found in the theory of technology acceptance, where access to resources and the ability to buy technology are important factors in the acceptance and adoption of technology. Banking employees who have sufficient financial resources can more easily purchase the hardware or software needed to use financial technology, and they may be more able to acquire the training and skills needed to utilize it. Instead, bank employees who lack financial resources may face difficulties in adopting financial technology due to their financial constraints. These results could have implications for bank management to increase the adoption of financial technology among banking employees by providing easier access to financial resources, such as training funds or financial assistance to purchase necessary hardware and software. In addition, bank management can also design effective and efficient skills training and development programs to enhance employees' ability to adopt financial technology.

The Impact of Risk Acceptance on Financial Technology

Research results show that risk acceptance has a significant influence on the adoption of financial technology by banking employees in Jakarta. The findings also support by Rui (2007) that suggests that a person's intention in adopting a new technology (Mobile Banking) is significantly negatively influenced by risk. This suggests that more risk-taking bank employees are more likely to adopt financial technology. This explanation can be found in the theory of technology acceptance, where risk acceptance is an important factor in the acceptance and adoption of technology. Banking employees who accept more risks are more open to trying out new financial technologies, although

they are aware that the use of such technologies can carry certain risks. On the other hand, bank employees who are less likely to take risks may be reluctant to try out new financial technologies for fear of the risks associated with their use. These results can have implications for bank management to increase the adoption of financial technology among banking employees by providing effective and efficient training and skills development programs, those related to risk-taking. Bank management can provide clear and structured information on the benefits and risks of using financial technology, as well as provide a supportive environment for banking employees to gain hands-on experience with financial technology. In addition, bank management can also design incentive programs to encourage less-risk bank employees to try out financial technology.

The impact of customer pressure on financial technology

The results show that customer pressure has no significant impact on the adoption of financial technology by banking employees in Jakarta. The results of this study are inconsistent with previous research by Rui (2007) showed that meeting the needs and expectations of customers through the use of electronic services that facilitate better communication with customers is a major driver of the adoption of information technology innovation in business. This explanation can be found in the theory of technology acceptance, where social pressure can affect the acceptance and adoption of technology. However, in the context of this study, customer pressure was not too influential as bank employees in Jakarta felt confident enough in determining whether financial technology is suitable for banking needs or not. However, the result must also be seen from the other side. Customer pressure remains a significant influence on the adoption of financial technology by banks, although it does not directly affect adoption by bank employees. Customer pressure can affect the policies and strategies implemented by bank management in encouraging the use of financial technology, such as developing technology-based banking applications or providing online services that are more easily accessible to customers. These results could have implications for bank management to increase the adoption of financial technology among banking employees by developing programs that educate employees about the benefits of financial technologies to customers and banking organizations. In addition, bank management can design more effective strategies to promote the adoption of financial technologies, including strengthening customer support in terms of the use of financial technology and raising awareness about financial technologies through marketing and promotion.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the research, it can be concluded that financial resources and risk acceptance have a significant impact on the adoption of financial technology by banking employees in Jakarta, while customer pressure has no significant impact. Financial resources play an important role in influencing the adoption of financial technology by bank employees. Banking employees who have sufficient financial resources are easier to purchase the

hardware and software needed to adopt financial technologies, and may be more able to acquire the training and development skills needed to use them. Therefore, bank management can increase the adoption of financial technology among banking employees by providing easier access to financial resources. In addition, risk acceptance also has a significant influence on the adoption of financial technology. Bank employees who have sufficient financial resources are easier to trying out new financial technologies, although they are aware that the use of such technologies can carry certain risks. Bank management can enhance the adoption of financial technology among banking employees by providing effective and efficient skills training and development programs, those related to risk acceptance. However, customer pressure has no significant impact on the adoption of financial technology by banking employees in Jakarta. This suggests that bank employees in Jakarta may feel confident enough in determining whether financial technology is suitable for banking needs or not. Overall, the results of this study can provide insight into the factors that influence the adoption of financial technology by banking employees in Jakarta, and provide recommendations for bank management to increase the acceptance and use of financial technologies in the workplace.

FURTHER STUDY

Further research could explore how financial resources, such as funding from investors, impact the development and growth of fintech ventures. Additionally, studies could examine how the allocation of financial resources within fintech ventures affects their ability to innovate and meet customer needs.

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