

# The Effect of Moderation on Satisfaction with Switching Payment Method Choices in Generation Z Users of Application-Based Transportation Services in Jakarta

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**Submission date:** 07-Apr-2023 09:55AM (UTC+0700)

**Submission ID:** 2058085355

**File name:** 125982412.pdf (643.3K)

**Word count:** 2319

**Character count:** 13104



# The Effect of Moderation on Satisfaction with Switching Payment Method Choices in Generation Z Users of Application-Based Transportation Services in Jakarta

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## ABSTRACT

Generation Z is close to information technology trends and have the behavior of easily switching to the use of a product/service. The research problem is whether the satisfaction of switching the use of payment methods to application-based transportation in Jakarta is formed by switching costs, intentions, or user behavior. This study aims to measure the satisfaction of switching payment method choices in generation Z users of application-based transportation services in Jakarta. This research uses Partial Least Square - Structural Equation Modeling and survey-questionnaire. The sample size was 250 who were Generation Z users of application-based transportation services in Jakarta. This study explains that switching costs affect switching intention. In the moderating effect, **the relationship between switching costs and switching intention is moderated by** behavior in price promotions. Switching intention also mediates switching costs on satisfaction. Meanwhile, switching satisfaction is influenced by switching intention and behavior in price promotions. This research has practical implications for the strategy for companies to make periodic promotions on application-based transportation to attract user intentions while maximizing the use of cashless payment methods to achieve company goals in circulating user funds for strategic business interests.

**Keywords:** *Payment; Generation Z; Transportation*

## 1. INTRODUCTION

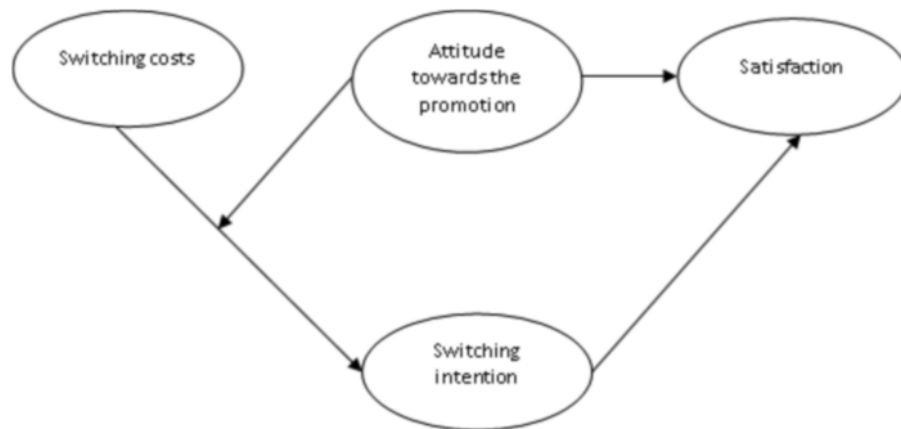
Based on the business aspect, companies will be increasingly challenged to continue to provide and adjust forms of price promotions on online transportation applications. Therefore, on the other hand, the company must be able to compete with relatively cheap final prices. The perception of price wars on online transportation services is even more unavoidable. But for users, especially Generation Z, this provides lasting benefits. Applications that offer more attractive price promotions will dominantly determine the user's decision to choose an application. The choices that have been made are not necessarily loyal. This is as explained above, competitors will constantly provide attractive

promotional offers which at one point can influence users in this generation.

The State of The Art (SOTA) in this study describes the existing studies that still partially use switching intention-forming variables. Furthermore, most of these studies do not use the relationship between switching costs and behavior in price promotions to measure switching intention and user satisfaction in doing the switching intention. Therefore, as a form of originality (novelty), this study aims to fill and complete the existing gaps. The previous research can be seen in Table 1. Furthermore, the research framework used in this study can be seen in Figure 1.

**Table 1** Previous Research

Title	Author	Methods	Comparison
An Empirical Examination of Users' Switch from Online Payment to Mobile Payment	[1]	Structural Equation Modeling (SEM)	Users who are interested in online payments, cannot easily switch to mobile payments due to high switching costs. This can affect the adoption and use of mobile payments.
<i>Why do people switch mobile payment service platforms? An empirical study in Taiwan</i>	[2]	Structural Equation Modeling (SEM)	Unsatisfactory experiences and attractiveness of alternative promotional options can easily influence an individual's decision to switch to another service.
<i>Why individuals switch to using mobile payment: A migration-theoretic, empirical study</i>	[3]	Structural Equation Modeling (SEM)	The form of dissatisfaction with the previously used payment method affects the intention to switch to mobile payments compared to other factors such as the benefits or attractiveness of alternatives. In addition, switching costs have a negative effect on the intention to switch to another payment method.
<i>The push, pull and mooring effects in virtual migration for social networking sites</i>	[4]	Structural Equation Modeling (SEM)	The factors of dissatisfaction, regret, and attractiveness of alternative payment method choices play an important role in shaping the Action to switch to a particular payment method. Switching costs in this case have a moderating effect,
<i>Antecedents of the adoption of the new mobile payment systems: The moderating effect of age</i>	[5]	Structural Equation Modeling (SEM)	User age plays an important role in shaping behavior that comes from the results of perceptions on the ease of use of the payment system, perceived trust in the system and ease of use. This in turn affects the desire to use a payment method

**Figure 1** Framework

## 2. METHOD

This research is quantitative research. The population in this study is Generation Z as users of application-based transportation services in Jakarta. To determine the number of samples, this study uses a Multi-Stage Random Sampling approach with a total of 250 samples (n unknown population) with the provisions of 2 criteria (table 2), namely generation Z as users of application-based transportation services in Jakarta (criterion 1), before During the COVID-19 pandemic, they used cash and cashless payment methods for application- and

gender-based transportation services (criterion 2). The number of samples is also in accordance with approach [6] where for an unknown population, the number of samples can be determined from the number of indicators multiplied by 5 to 10. Field data collection was carried out using a questionnaire instrument compiled with a Likert scale of 1-5 (Very Disagree – Strongly Agree).

This research also briefly explains the use of operationalization of the variables shown in the table. Structural Equation Modeling with measuring tools using SMART PLS 3.0. The analysis that will be carried out on the results of this study is testing the validity and

reliability, testing the hypothesis, and looking for the coefficient of determination.

### 3. RESULT AND DISCUSSION

The results of this study are shown in Figure 1 and the following is also shown in Table 2.

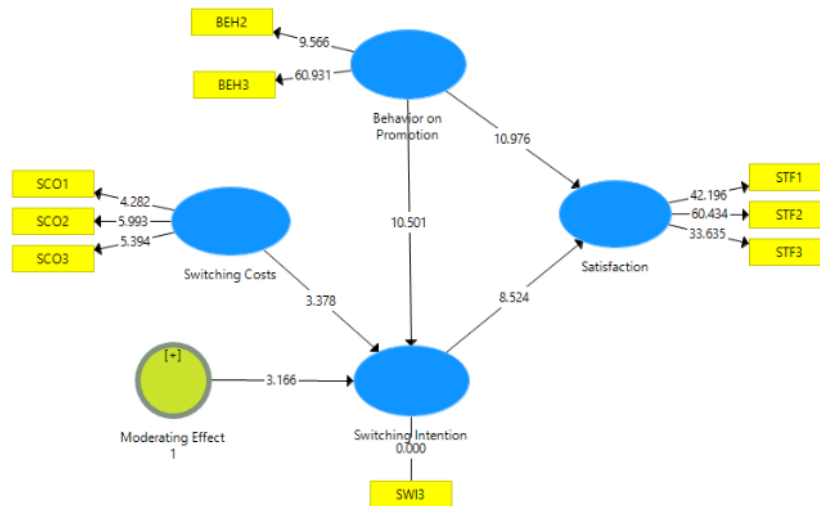


Figure 2 Bootstrapping Output

Table 2 Hypothesis Testing

Path	P Value
Behavior on promotion → Satisfaction	0.000
Behavior on promotion → Switching Intention	0.000
Moderating effect 1 → Switching Intention	0.002
Switching cots → Switching Intention	0.001
Switching Intention → Satisfaction	0.000

This study explains that switching costs affect switching intention. In the moderating effect, the relationship between switching costs and switching intention is moderated by behavior in price promotions. Switching intention also mediates switching costs on satisfaction. Meanwhile, switching satisfaction is influenced by switching intention and behavior in price promotions. This research has practical implications for the strategy for companies to make periodic promotions on application-based transportation to attract user intentions while maximizing the use of cashless payment methods to achieve company goals in circulating user funds for strategic business interests.

[3] explains that switching costs in digital payments refers to any tradeoffs resulting from switching to a payment method. These forms of sacrifice not only explain the economic costs, but other sacrifices such as psychological, physical and emotional can be very related. It was further explained that the transitional action could be due to the form of dissatisfaction with the

use of the previously used payment method. So that from the process it can be explained that there are options or alternatives to a payment method [5]. Likewise with [7] based on the results of his research explaining that switching costs can be one of the causes of switching intention. But on the other hand, [8] through the results of his research explains that switching costs are negatively related to switching intention.

Switching Intention is a form of consequence to switch to another service or method taken by the user [9]. [10] adds that this act of switching is a contradictory form of loyalty, however, it is not always negative in terms of attracting more users to a particular method. Various previous studies have attempted to explain the relationship between switching intent and satisfaction, such as [11] which states that the form of individual satisfaction will be related to behavior to switch to using certain methods related to Information and Communication Technology (ICT). Likewise with [12] which also explains the existence of a relationship

between satisfied or dissatisfied usage motives with switching actions. Specifically [13] explains that several factors that can cause dissatisfaction with the use of a system or method are related to the quality of the system itself, the quality of information or the quality of the services provided.

Price promotions on certain products or services can shape certain behaviors in individuals. [14] explains that an individual's response to a form of promotion can be considered as an entertainment or as an act to take advantage. In the aspect of perceived entertainment, individuals feel a form of pleasure or happiness in getting a certain price promotion. Meanwhile, the form of action to take advantage explains that the individual really aims to get as much profit as possible from the promotion given. From this explanation, it is emphasized that it is very possible for an individual to move or switch from one method to another because of the attractiveness of price promotions given to users or consumers. In relation to digital payment methods, [1] use the term flow or flow. This term explains that there is a stream of perceptions that arise in individuals when the price promotion is offered to users or consumers. This flow can explain the form of attitude felt by users or consumers.

#### 4. CONCLUSION

Based on the results explained above, it can be concluded that switching costs affect switching intention. In the moderating effect, the relationship between switching costs and switching intention is moderated by behavior in price promotions. Switching intention also mediates switching costs on satisfaction. Meanwhile, switching satisfaction is influenced by switching intention and behavior in price promotions. This research has practical implications for the strategy for companies to make periodic promotions on application-based transportation to attract user intentions while maximizing the use of cashless payment methods to achieve company goals in circulating user funds for strategic business interests.

#### ACKNOWLEDGMENT

This research was funded by Trisakti University through an internal grant program of a research scheme.

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