

MULTIGROUP ANALYSIS : EASTERN INDONESIAN MILLENNIAL BEHAVIOR IN USING DIGITAL BANKS

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Article

Abstract

Information

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Transaction value at digital banks grew by around 50.3 percent to 34.3 trillion rupiahS when compared to April 2021, digital banks increased deposit interest rates to 7%. This figure is higher than commercial banks which are only 0-4%. This study examines more deeply whether East Indonesian millennials consider LPS Lebel in using and saving at digital banks. East Indonesia was chosen because the number of financial literacy is quite low. The data analysis method uses SEM-PLS and uses a gender and regional/ domicile multigroup test, a useful analysis of 125 respondents spread across 12 provinces in Eastern Indonesia. The results of the analysis explain that the LPS label variable (LL) and the deposit interest rate (TB) have a positive effect on the interest of Eastern Indonesian millennials in saving at digital banks. However, 88% of Eastern Indonesian millennials do not know exactly what percentage of interest is guaranteed by LPS. In addition, the multigroup analysis explains that gender is not influence on the interest of East Indonesian millennials in saving at digital banks. Meanwhile, the domicile or place of residence between respondents on the island of Sulawesi and outside the island of Sulawesi also does not have a difference.

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1. Introduction

Financial and digital economic transactions continue to increase, along with the preferences and acceptance of the public in shopping for their needs online, as well as the ease of payment, and acceleration becoming the driver of the increase in the value of digital bank transactions in Indonesia. Data from Bank Indonesia explains that the value of transactions on digital banks increased and grew by around 50.3 percent to 34.3 trillion rupiahs compared to April 2021 (Rahman, 2022).

In a survey conducted by *dailysocial.id*, there are several reasons why Indonesian society chooses and is interested in using digital banks. Firstly, digital banks have a high level of ease and speed in opening accounts. Then, it is easy to access banking services, and the most important reason is the increasingly competitive interest rates, which are even categorized as high (CNBC, 2022).

Even the financial services authority or OJK highlights the management of digital banks that increase deposit interest rates up to 7 percent. This figure is higher than conventional banks, which only offer interest rates of 0 to 4 percent (Fitriyani, 2022).

Based on new regulations, the guaranteed interest rate for deposits in conventional banks in Indonesian rupiah is 3.5 percent, while for deposits in foreign currency, it is 0.25 percent. Meanwhile, for Regional Development Banks or BPR, the interest rate is 6 percent. Nevertheless, the Deposit Insurance Agency (LPS) supports the process of bank transparency to protect its customers, especially digital banks that offer deposit interest rates above the LPS guarantee (liputan6, 2022).

Based on the above explanation, this study delves deeper into whether East Indonesian millennials consider the LPS label in using and saving in digital banks. The choice of millennials is based on the Kompas survey which shows that the millennial generation is productive and dominates the use of digital banks (Lavenia, 2022). The Eastern Indonesia region was chosen because the financial literacy rate in that area is very low (Eka Wahyu Pramita, 2018).

The value and novelty of this study lie in the fact that, throughout the researcher's exploration, there has been no research that discusses the relationship between the LPS label and the deposit interest rate with the use of digital banks, especially in Eastern Indonesia. This study has value regarding knowledge that explains whether regions with low financial literacy still consider LPS when saving in digital banks.

2. Methods

Financial transactions and the digital economy continue to increase, along with the preference and acceptance of the community to shop online and the ease of payment, becoming the driving force behind the increase in the value of digital bank transactions in Indonesia. Data from Bank Indonesia explains that the value of transactions in digital banks has increased and grown by around 50.3% to 34.3 trillion rupiahs compared to April 2021 (Rahman, 2022).

In a survey conducted by *dailysocial.id*, there are several reasons why Indonesian society chooses and is interested in using digital banks. Firstly, digital banks have a high level of ease and speed in opening accounts. Secondly, they are easy to access bank services, and the most important reason is the increasingly competitive interest rates, which are even categorized as high (CNBC, 2022).

Even the Financial Services Authority (OJK) highlighted the management of digital banks that have increased deposit interest rates by up to 7%. This figure is higher than conventional banks, which only offer interest rates of 0 to 4% (Fitriyani, 2022).

Based on new regulations, the Deposit Insurance Interest Rate (TBP) for savings accounts in rupiah at conventional banks is 3.5%, while deposits in foreign currency have an interest rate of 0.25%. Meanwhile, at the People's Credit Banks (BPR), the interest rate is 6%. However, the Deposit Insurance Corporation (LPS) supports the transparency process of banks to protect their customers, especially digital banks that offer interest rates above the LPS insurance rate (liputan6, 2022).

Based on the above information, this study examines whether East Indonesian millennials consider the LPS level when using and saving money in digital banks. Millennials were chosen based on a survey by Kompas that stated that millennials are a productive age group and dominate the use of digital banks (Lavenia, 2022). The East Indonesian region was chosen because financial literacy in this area is very low (Eka Wahyu Pramita, 2018).

This research is quantitative. The questionnaire technique was used to obtain data from millennial respondents in 12 provinces in the East Indonesian region. The sampling technique used was probability sampling because the total population to be studied is not known for certain. This means that the researcher gave an equal chance randomly to all millennials in the East Indonesian region, which consists of 12 provinces: Central Sulawesi, West Sulawesi, East Sulawesi, South Sulawesi, Gorontalo, Southeast Sulawesi, Maluku, North Maluku, East Nusa Tenggara, West Nusa Tenggara, West Papua, and Papua provinces. The sample size was determined using the variable of <5, and a total of 125 respondents were used (Bawono, 2021). Respondents filled out a questionnaire distributed through Google Forms for 10 days.

The analysis technique used in this study is path analysis determine the relationship/influence between variables. The independent variables are the LPS level (LL) and deposit interest rates (TB), while the dependent variable is the interest in saving money in digital banks (BD). Statistical analysis uses the Structural Equation Modeling (SEM) method with the SEM-PLS tool. The statistical testing process used is divided into three stages: the outer model test, the inner model test, and the multigroup analysis test. The outer model test uses three stages in testing: Construct Reliability, Average Variance Extracted (AVE), and Discriminant Validity. The inner model test uses three stages in testing: Path Value, R-Square, and T-test. Meanwhile, to conduct multigroup analysis testing.

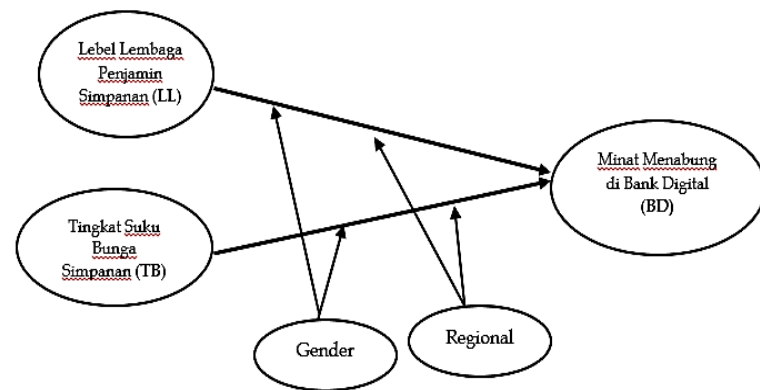


Fig. 1. Research Model

3. Results and Discussion

Respondent Demographics

In this section, the demographic characteristics of the respondents obtained through the distribution of a Google approximately ten days are described. A total of 125 respondents were obtained, spread across 12 provinces in Eastern Indonesia. The number of female respondents was 53.6%, while male respondents accounted for 46.4%. The collected data were dominated by respondents aged 25 years, accounting for 28%. Meanwhile, the age group of 24 years accounted for 23.2% and the age group of 26 years accounted for 15.2%.

In terms of the distribution of respondents by province, the respondents were dominated by those living in Central Sulawesi Province with a total percentage of 24%, followed by North Sulawesi Province with 17.6%. The respondents' occupations were dominated by employees and civil servants, accounting for 20.8% and 18.4%, respectively. The majority of the respondents (16.9%) reported using the digital banking services offered by BCA's "Blu" platform, followed by Bank Jago (12.9%). These findings may have important implications for the study's results and conclusions.

Table 1. Test the author's model

Characteristics	Quantity	Precentage (%)
<i>Gender</i>		
Man	58	46.4
Woman	67	53.6
<i>Work</i>		
Lecturer	21	16.8
Teacher	10	8
Employee	23	18.4
Employee	26	20.8
Businessman	11	8.8
IRT	20	16
Other	14	11.2
<i>Provincial</i>		
Sulawesi Utara	22	17,6
Sulawesi Tengah	30	24,0
Sulawesi Tenggara	3	2,4
Sulawesi Barat	4	3,2
Sulawesi Selatan	6	4,8
Gorontalo	18	14,4
Maluku	8	6,4
Maluku Utara	3	2,4
Nusa Tenggara Barat	8	6,4
Nusa Tenggara Timur	12	9,6
Papua Barat	7	5,6
Papua	4	3,2
<i>Millennial Age (24-39)</i>		
Age 24	29	23,2
Age 25	35	28,0
Age 26	19	15,2
Age 27	12	9,6
Age 28	5	4,0
Age 29	5	4,0
Age 30	4	3,2
Age 31	6	4,8
Age 32	1	0,8
Age 33	3	2,4
Age 34	1	0,8
Age 35	0	0,0
Age 36	3	2,4
Age 37	0	0,0
Age 38	0	0,0
Age 39	2	1,6
<i>Digital Banks</i>		
Banks Jago	16	12,8
Banks BTPN (Jenius)	7	5,6
Banks Neo Commerce	15	12
Banks UOB Indonesia (TMRW)	1	0,8
DBS Indonesia (Digibank)	4	3,2
SeaBank	15	12
Banks BCA (Blu)	21	16,8
Other Banks	46	36,8

Outoer Model Test

In conducting the outoer model test, three test systems are used, namely 1) convergent validity by using the loading factor as well as AVE as an assessment, then 2) discriminant validity by looking at the AVE square root value and the correlation between latent constructs, and finally 3) reliability test by looking at the composite value reliability and Cronbach's alpha. Discriminant validity is measured by calculating the square root of AVE while AVE and loading factor are used to measure convergent validity (Rifadli D. Kadir & Juniaty Ismail, 2022).

Reliability can be an indicator of convergent validity. This is because it can be measured using the sum of the squared calculations of the factor loads for each construct and the sum of the error variance terms for a construct (Hair et al., 2014). As shown in Table 2, all items have a loading factor greater than 0.70 with an AVE score > 0.50. These results indicate that these items are free from convergence validity problems. In addition, the composite reliability (CR) score is > 0.70, indicating that all constructs are consistent or reliable (Hair et al., 2014).

Table 2. Uji author model

Variabel	Kode	Loadings	Cronbach's alpha	CR	AVE
LPS label (LL)	LL.1	0.931	0.922	0.940	0.797
	LL.2	0.957			
	LL.3	0.917			
	LL.4	0.753			
Saving Interest Rate (TB)	TB.1	0.819	0.830	0.898	0.747
	TB.2	0.903			
	TB.3	0.868			
Interest in Saving at Digital Bank (BD)	BD.1	0.862	0.856	0.896	0.684
	BD.2	0.878			
	BD.3	0.822			
	BD.4	0.740			

Table 2 above provides information that the square root AVE score in each structure of the diagonal section has a higher number than the correlation with other constructs. This means that discriminant validity is strongly supported (Hair et al., 2014).

Inner Model or Model Structural Test

Test the Inner model on SEM-PL using the bootstrapping procedure where the t-value is 1.96 at the 5% level of significance. This test is to see the significance level of the model. The results of the inner model test can be seen in Table 4.

Tabel 3. Diskriminan Validity

Variabel	LL	BD	TB
LL	0.893		
BD	0.230	0.827	
TB	-0.134	0.633	0.864

Tabel 4. Uji Struktural Model

Path	T Statistics	P Values	Hipotesis
TB - > BD	15.260	0.000	Diterima
LL - > BD	3.625	0.000	Diterima

From the data table 4. it can be explained if the variable deposit interest rate (TB) (t-statistic 15,260 > 1.96 and p-values 0,000 < 0.05) then the hypothesis is accepted and the variable label of the deposit insurance institution (LL) (t-statistic 3,625 > 1.96 and p-values 0.000 < 0.05) then the hypothesis can be accepted.

Multigroup Analisis (MGA)

Tabel 5. Uji multigrup analisis

Path	P-Value Gender	P-Value Domisili
LL -> B]	0.915	0.149
TB -> B]	0.650	0.664

Multi-sample analysis or MGA is intended to be able to compare data analysis that refers to the characteristics of the samples used in one set or more than that. The multi-sample analysis or MGA used in this research study is a gender or sex-based sample (male and female) as well as a sample based on domicile or place of residence (provinces on the island of Sulawesi and provinces outside the island of Sulawesi). In carrying out the MGA, a Z-test or Z-score is used so that you can see the differences in the sample groups (Ghozali, 2021). In table 5. It can be explained if there is no difference between sex/gender in the interest in saving at digital banks (all p-values > 0.05). As for the domicile or millennial sample in provinces on the island of Sulawesi and provinces outside Sulawesi, there is also no difference in the interest in saving at digital banks (all p-values > 0.05).

Discussion

In the analysis of this study, testing variables that influence the intention to save in digital banks use two variables, namely the LPS label (LL) and the interest rate on deposits offered (TB). Variables LL and TB influence Eastern Indonesia's millennial interest in saving in digital banks.

The results of testing the hypothesis explain that the LPS label variable (LL) influences Eastern Indonesia's millennial interest in saving in digital banks. The results of this study reinforce

previous research by Juwanita E (2015) and Lubis I L, (2019) which stated that customers' perceptions of LPS affect their intention to save.

The meaning of the LPS label is that a bank that has been registered with the LPS, is certain that the bank will use this label as a reinforcement and guarantee for its deposit products. The deposit insurance program is implemented by LPS. Five products are underwritten, namely 1) Deposits, 2) Savings, 3) Demand Deposits, 4) Certificates of Deposit, and 5) Other forms or equivalent (Jayadi & Adolf 2018). Thus, Eastern Indonesian millennials consider the LPS label with the belief that their savings/savings are safe or guaranteed at digital banks.

While the results of testing the hypothesis of the deposit interest rate variable (TB) have a positive effect on Eastern Indonesia's millennial interest in saving at Digital Banks. The results of this study reinforce the results of previous research by Sambo, (2018) and Juwanita, (2020) who agree that deposit rates at a bank affect customers' interest in saving. Interest can also be interpreted as the price that must be paid by banks to customers who have deposits (OJK - Respond to Your Money, 2018). That way Eastern Indonesia millennials also consider deposit interest rates when saving at digital banks. However, in a stand-alone question without being tied to a variable in the questionnaire that was distributed containing the question of whether millennials know the deposit interest rate guaranteed by LPS, the answer that came in was 88% did not know what the guaranteed interest rate was. This means that millennials assess the interest rates that are on sale by digital banks, all of which are guaranteed by LPS. Even though based on the new regulation, the TBP or guarantee interest rate in commercial banks for rupiah deposits is 3.5 percent, foreign currency deposits is 0.25 percent, while the level of rural banks or rural credit banks is 6 percent (Sampanan, 2004). Meanwhile, interest rates on deposits offered by digital banks are quite high, 5% to 7%.

This research is strengthened by multigroup analysis. Where gender is not a moderating variable for variables that influence Eastern

Indonesia's millennial interest in saving in digital banks. The meaning of either male or female does not have a significant difference. Multigroup analysis based on domicile or place of residence also has no differences between millennials living on Sulawesi Island and millennials living outside Sulawesi Island. This means that there is no difference in the level of millennial interest in saving at digital banks by respondents on Sulawesi Island and outside Sulawesi Island, which is still in the Eastern Indonesia region.

4. Conclusion

From the discussion described above, it can be concluded that the LPS label variable (LL) and deposit interest rate (TB) effect Eastern Indonesia's millennial interest in saving at digital banks. However, in another question that was asked by researchers regarding the amount of deposit interest provisions guaranteed by the LPS, 88% of Eastern Indonesian millennials did not know exactly how much interest was guaranteed.

In addition, the multigroup analysis explains that gender does not influence Eastern Indonesia's millennial interest in saving in digital banks. Meanwhile, the domicile or place of residence between respondents on Sulawesi Island and outside Sulawesi Island also did not have a difference.

There are limitations in this study because it only uses two variables in predicting the millennial minimum saving in digital banks. Subsequent research can be added with other variables or other theories. Furthermore, this research is also limited to Eastern Indonesian millennials, so it necessary to expand the search for respondents.

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