

CHAPTER 1

INTRODUCTION

1.1 Introduction

Business that opened up new opportunities in the financial sector have been impacted by technological advancements. One innovation that combines financial and technological elements to offer services to consumers is known as fintech. Along with lifestyle changes that are now all online, a number of fintech product and service ventures arose.

Paylater is among the best-known services. Paylater is a service that offers monthly payments for items bought through online stores without using a credit card. The use of e-wallets in e-commerce transactions has so evolved, as demonstrated by this. With the introduction of numerous new features to enable e-wallet and e-commerce, including the paylater system, creativity in the development of payment instruments is continuing to rise.

Paylater is a fintech innovation and financial service provided by e-commerce that offers advantages to the user. Paylater makes transactions simple by enabling individuals to pay for goods and services over time without using a credit card. The term Buy Now, Pay Later (BNPL), is used frequently to describe this payment option. Paylater, a convenient financial management tool is growing in popularity as a means of payment.

The creation of Paylater is thought to be a solution to the credit card penetration gap in Indonesia. As is well known, only 0.07 percent of people worldwide use credit cards, which means there is a significant untapped market. Due to this gap, e-commerce and e-wallets are encouraged to offer the Paylater function to consumers who have credit cards but require credit for transactions.

1.2 Background of Study

E-commerce is a platform for online interaction between businesses and their clients (Whiteley, 2000). E-commerce offers a variety of services, including online banking, online shopping, and e-enterprise, all of which are themselves new trends. One of the most popular e-commerce services is online shopping, which enables customers to view, order, and pay for goods and services using their device from anywhere (Dennis et al. 2004; McCormick, 2009).

Based on the reality that the globe is connected through the internet and that the younger generation prefers to use technology over human labour (taking the physical retail route). Businesses take advantage of the ease with which consumers can shop online in order to satisfy them. The existing payment system is one of several elements that must be understood in accordance with the definition of e-commerce. A payment

system is made up of a variety of tools, banking practises, and frequently interbank money transfer mechanisms that guarantee the flow of cash. It is usually recognised as the method used by system participants to move payments.

In both domestic and foreign transactions, payment systems are employed instead of actual cash tender. This is a key financial service. offered by banks and other entities. Negotiable instruments like draughts (like checks) and documented credits like letters of credit are used in traditional payment systems. There are now a wide variety of alternative electronic payment systems thanks to the development of computers and electronic communications. A payment transferred from one bank account to another through electronic means without the direct involvement of bank workers is referred to as a "electronic payment." Electronic payments can be generically categorised as any form of electronic cash transmission, or specifically as payments for purchasing and selling products and services through the Internet.

All occupations are now easier thanks to the quick advancement of technology, including those in the business sector. Trading has become much simpler thanks to technology. Payments can now be made with a cell phone rather than with cash anymore. Additionally, credit and loan applications can be submitted online instead of going through a bank. People who previously made their purchases offline are now spoilt with a

variety of online purchasing conveniences, such as the rise of e-commerce.

In 2018, the community was exposed to a new payment option called pay later. Pay later serves the same purpose as a credit card, but it has one benefit over credit cards: it's easier to register with this technology. Similar to credit cards, pay later can make it simpler for customers to fulfil all of their needs, from shopping for essentials to splurging on amusement like plane tickets, hotels, and other items, and users can pay the bill at each scheduled due date. Among consumers who frequently shop online, the phrase "paylater" is growing in popularity. Paylater is a service that is starting to displace credit cards as it is thought to be more useful. When purchasing something through the platform, Paylater is a technique of deferring or installment payments. Most startups and digital businesses provide paylaters as an alternate payment method. platforms offering the pay-later application capabilities listed below.

1.3 Current Situation of Study

Electronic commerce includes the payment system as a component. There are numerous payment methods enabled by E-Commerce that customers can use to pay their invoices. One of the available payment options on well-known e-commerce sites like Shopee, Tokopedia, and Lazada is "Buy Now, Pay Later." Additionally, client requests suggest a rising demand for alternative payment methods underpinning the growth of E-Commerce sales (Kemppainen in Pratika et al., 2021). Credit cards and Buy Now, Pay Later are frequently contrasted.

With this payment option, customers have the opportunity to pay off their debt in full at the end of the repayment period. Numerous payment options enable users to access the website. (2012) Pratika and associates. According to a recent Backman (2021) study, 62% of Buy Now Pay Later consumers in the US think the service would someday replace credit cards.

1.4 Problem Statement

The usage of a paylater makes payment transactions or product purchases on the online market easier and faster, which is the problem in this study based on the backdrop given above. Consumers are frequently unable to resist the urge to purchase goods they find fascinating due to the growing popularity of paylater technologies (Widawati, 2011). Due to this, customers feel more pressured to make spontaneous purchases of products that were not originally planned.

This situation is referred to as impulse buying; the operating principle of this behaviour is different from the typical model of incremental purchasing decisions since an impulse buyer may not even be aware of the justification for the purchase (Widawati, 2011). The user's own encouragement as well as outside influences might lead to impulse purchases (Harmon and Novia, 2016).

1.5 Research Question

The research conducted within this paper aims to solve the following research questions:

RQ1 : What is the impact of impulsive buying on e-commerce ?

RQ2 : What is the impact of consumptive behaviour on
e-commerce?

1.6 Research Objective

The following are the objectives of the research presented in this paper:

1. To examine the impact of impulsive buying toward the use of paylater payment on e-commerce.
2. To examine the impact of consumptive behaviour toward the use of paylater payment on e-commerce.

1.7 Significance of the Study

The goal of this study was to determine the impact of using paylater payment this because as is well known as technology has advanced, there have been a number of innovation in the field e-commerce. The scope chosen by researchers in this study is the Indonesian people. This research carried out to know how people in Indonesia perceive this phenomenaas a positive impact or negative impact.

1.8 Limitation of Study

The limitations in this study are the lack of time to collect data because the data used in this research is in the form of a questionnaire and also the limitations of respondents to answer existing questions.

1.9 Definition of the Key Terms

1.9.1 Payment

Authorization, clearing, final settlement, and payment execution are all included in the payment system. The usage of blockchain technology or distributed ledgers for cash transfers, electronic money, and mobile payments are all examples of financial management technology that falls under the payment system category.

1.9.2 Paylater Payment

Online installment payment service Paylater uses a cardless credit system. Online shopping, reservations for flights and accommodations are just a few of the transactions that may be completed with the paylater payment system. Many e-commerce and other online platforms in Indonesia, like Traveloka, Ovo, Tokopedia, Gojek, Shopee, and others, already accept paylater payments (Sari, 2021).

and internet development. In 1979, Michael Aldrich transformed their television and connected it to real-time, multi-user telephone transactions, establishing the first online store (Miva.com, 2011). These developments herald the start of e-commerce, which simplifies our daily life.

B2B (business to business), B2C (business to consumer), and C2C (consumer to consumer) are three different types of electronic commerce (Khurana, 2019). E-commerce's growth is adequately encouraging. The digital archipelago analysis by McKinsey & Company predicts that between 2017 and 2022, the internet commerce industry would grow by

about eightfold.

1.10 Conclusion

The introduction provides information about the research topic and the importance of research. The research background provides an overview of the research topic and an introduction to the ideas used in the research. This includes the research area, period of research, the problem of research and accompanying research to support the research.