ABSTRACT

Financial Technology (FinTech), which is part of the technological revolution in the financial sector, plays an important role in the micro and macro finance sector. Massive investment is driving the development of the FinTech industry globally. The mobile money and transfer sector grew the fastest by 75% in 2019. With a total of 203 million users and a transaction value of US$ 99.1 billion in 2022, Indonesia has become one of the epicenters of digital economic development. This phenomenon is supported by the achievement of internet penetration in Indonesia which has reached 77% and mobile connections between Indonesian people which has reached 157%. However, this positive trend has yet to have a significant impact on the Indonesian economy. The level of financial inclusion in Indonesia is still one of the lowest compared to other countries in ASEAN. This study aims to investigate the factors of use of FinTech in Indonesia and their implications for financial inclusion.

This study uses a quantitative analysis approach with the Structural Equation Modeling-Partial Least Square (SEM-PLS) analysis method. In collecting data, researchers used research instruments in the form of questionnaires which were distributed online using the Google form platform. A total of 369 respondents' answers were used in examining the relationship between exogenous variables which included Digital Literacy (DL), Financial Literacy (FL), Technology Acceptance Model (TAM), Use of Technology (UT), Intention to Use (IN), Exploitative Use (ETU), and Explorative Use (ERU). While the endogenous variables in this study are Intention to Use (IN), Exploitative Use (ETU), and Explorative Use (ERU) and Financial Inclusion (FI). Analysis tools Statistical Package for the Social Sciences (SPSS) version 26 and SmartPLS v.3.2.9 were used in the process of instrument testing and data analysis.

The results of this study reveal the four latent variables (digital literacy, financial literacy, acceptance model and use of technology) positively and significantly influence the intention to use FinTech payments. The acceptance model variable (AM) is the variable with the most significant and positive influence on Intention to Use FinTech payments in Indonesia. Intention to use has also been proven to positively encourage Exploitative Use (ETU) and Explorative Use (ERU) behavior by FinTech payment users in Indonesia. In the end, the use of exploitative and explorative FinTech payments has been proven statistically to increase financial inclusion in Indonesia.

keywords: *technology adoption, behavioral intention, financial technology, financial inclusion*