

# The Effect of Interactive Social Media Marketing and Online Consumer Reviews on Digital Trust and Interest in Using e-Wallets in Indonesia

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**Abstract-** The purpose of this study is to explore the interest in using e-Wallets in Indonesia. Researchers hypothesize that the high use of e-Wallets in Indonesia is due to high digital trust so that users feel close and believe that e-Wallets are a solution to facilitate their transactions. This digital trust is hypothesized by researchers to mostly come from aggressive interactive social media marketing from vendors and the influence of online consumer reviews of netizens who report a lot of information related to the use of e-wallets. This type of research is explanatory research, with a population of e-Wallet users in Indonesia and a sample of 100 respondents. The analytical tool used is SEM-PLS to be able to measure complex causal relationships between the variables studied.

**Keywords-** digital marketing, e-Wallet, Social media marketing, Online review

## I. INTRODUCTION

The development of fintech (financial) technology, one of which can be seen with the presence of digital wallets (E-wallets) which are very popular in today's millennial society. E-wallet is a service that is electronic and serves to store data and payment instruments. Digital wallet as a means of payment for online transactions that spoil consumers or users because it can be done anywhere, anytime without having to queue in front of the cashier. Because of its functions and uses that can simplify and speed up the transaction process, both in a transaction to purchase goods, services, and others.

Observations from the Sensum Survey, digital wallets (E-wallets) are currently the most popular digital payment platform in 2023. Of the more than 150 million digital transactions processed by Sensum Survey, 74 percent of financial transactions use E-wallets. That number increased from 60 percent in 2022 and followed by cash payments which initially in 2022 were around 70 percent in 2023 which decreased to 60 percent in 2023, besides that it was also followed by virtual accounts in third position, credit cards in fourth position and debit in fifth position which increased 10% from the previous year and only cash payments decreased 10% from the previous year.

Indonesia is one of the many countries that have a sizable population using digital wallets. This is due to the increase in

E-wallet users in connection with online shopping in the marketplace because people's interest in buying needs has increased during the COVID-19 pandemic making E-wallet users make it a solution in making transactions on various platforms providing needs, services or others. Until 2023, digital wallet or E-wallet users in Indonesia are increasing as a result of the decline in credit card users. E-wallets are used for as much as 29% of e-commerce transactions in Indonesia, according to RedSeer data. This percentage is the highest in Southeast Asia. Singapore and the Philippines are the second most digital wallet-using countries, with 20% of all e-commerce transactions. In Thailand, E-Wallets are used 19% of all transactions. This is a higher figure than Malaysia (14%) and Vietnam (13%). Indonesia, Philippines, and Vietnam have 5-10% credit cards. However, Vietnam uses e-wallets not so much. Due to the large unbanked or underbanked population, the low credit card usage in ASEAN countries is expected to continue as the creation of a digital wallet account in Vietnam requires proof of bank account, unlike other countries where only a mobile number is required. The existence of E-wallets makes payments easier without having a bank account. Indonesia to become the highest E-wallet user in ASEAN in e-commerce by 2020

The five most popular services in the Indonesian market are Gopay, DANA, OVO, Shopee pay, and Linkaja. Digital cashless payments have become the standard in the country to support digital services such as e-commerce, ride-hailing, and food delivery by working with offline retailers. Based on the Populix Survey, Gopay is the most widely used digital wallet app, with 88 percent of respondents admitting to using it. Followed by Dana, which is used by 83% of respondents, ranked second, with OVO used by 79% of respondents in third place. Shopeepay is ranked fourth, with 76% of respondents using it, and Linkaja is used by 30% of respondents. In 2022, the number of e-wallet users in Indonesia reached 62.1 million people, and is projected to increase to 100 million people by 2025. This growth is driven by various factors, such as increasing internet penetration, ease of use, and transaction security.

One of the factors that can influence interest in using e-wallets is digital trust. Digital trust is the consumer's

perception of the security and reliability of a digital service or product. Consumers who have high digital trust in an e-wallet will be more likely to use the e-wallet. Social media is a means of online communication and collaboration carried out by individuals, communities, and organizations through networks that are interrelated and dependent and strengthened by technological capabilities and mobility. Social media is also defined as a set of communication tools that allow communication between individuals. The rapid development of social media has a big impact on marketing activities. Social media marketing is a method used by companies to introduce products to their consumers, build a brand image that aims to reach a wider market through social media. Online consumer review is a form of word of mouth communication in the online sales system. Online consumer reviews are intended as a means for consumers to find out information from other consumers who have benefited from the products they have purchased or used. Online reviews usually contain positive and negative opinions about the products of a company made by consumers of the product itself. It can be hypothesized that Social media marketing and online consumer reviews are two marketing strategies that can be used to increase digital trust and interest in using E-wallets.

Based on this background, researchers are interested in connecting the causality between interactive social media marketing which is currently developing and online consumer reviews which are a reference for certain niche audiences to digital trust and interest in using e-wallets in Indonesia, so that later a new model for developing e-wallet financial technology product marketing that is more effective in an increasingly digitally literate Indonesian society will be found.

## II. LITERATURE REVIEW

### A. Interactive Social Media Marketing

Social media has now become a very important part of marketing. Marketing is significantly affected by the rapid development of social media. Social media marketing is a strategy used by companies to introduce goods and services to their customers by creating a brand image with the aim of reaching a wider market through the use of social media [1]

By using social media to conduct marketing activities, companies can produce engaging content, such as videos containing information about products that can be found online. This is due to several advantages of social media marketing, one of which is the ability to enable two-way communication between businesses and customers [2]

In addition, social media marketing content is critical to the success of marketing communications; previous research shows that the use of emotions in social media messaging significantly influences consumer behavior [3]. Marketers should utilize social media messaging features to encourage customers to purchase marketed goods. According to Solis [4] There are several indicators for social media marketing:

1. Context: How the company can convey the message to the public in a way that attracts attention, information, promotion, and other factors.
2. Communication: This indicator covers how the process of delivering information can provide public knowledge and understanding, and how the public

can respond to it. So, there is two-way communication between the business and the customer.

3. Collaboration: The company has the ability to establish good relationships and provide comfort in existing relationships.
4. Connection: Companies can increase public contributions and feedback through social media, which will make the marketing process more efficient and effective.

### B. Online Consumer review

Consumers who buy products online rely heavily on reviews from other customers to judge the quality of the product. This is different from the traditional system where customers can see the product in person; online channels provide customers with information about the product through two ways: information described by the seller (such as size, pictures, and materials) and online reviews provided by consumers themselves [5]

Online Consumer Review is a type of word-of-mouth communication in online sales systems. The purpose of online consumer reviews is to give consumers the opportunity to find out information about other people who have benefited from the goods or services they buy or use. Consumers usually give positive and negative opinions about company products in online reviews [6].

Online Consumer Reviews are becoming a powerful tool for marketing activities. One way to determine the popularity of a product is to see how many online reviews are considered to describe its performance. The number of online customer reviews consists of customers who have already purchased or used the item they are criticizing [7]. According to Park [6] The indicators to measure the liveliness of online reviews are as follows:

1. Source credibility: Relates to the message recipient's perception of whether the source of the message is trustworthy or not [8]. Source credibility can be defined as the extent to which the source of information is seen as competent, reliable and trusted by the recipient of the information. Consumers generally trust credible opinions from other experienced consumers [9].
2. Review quality: Relates to reviews that are objective and easy to understand and have relevant information about related products and services [10]. Objective and clear reviews have a greater influence on consumers and are more reliable than subjective and emotional opinions [9].
3. Review quantity: contains how many reviews are seen by consumers to find out the quality of the product and whether the product is popular or not [11]. The number of reviews can fulfill consumers' information needs to strengthen certainty and can reduce doubts about risks when buying products online [9].
4. Review valence: Relates to the way online reviews are viewed, either negatively or positively [8]. When the content of the review recommends

a product, this can be defined as a positive review. Conversely, when consumers recommend another product, this can be defined as a negative review [12]

### C. Digital Trust

According to Lau and Lee [13], Trust or trust is a person's willingness to submit himself to another party with certain risks. Digital Trust is important regarding online transaction issues. Trust can not only be recognized by other parties or business partners, but also needs to be built from scratch and can be proven. Trust is very important for Information Technology users if they want to improve their performance at work [13]

Chellappa and Pavlou [13] state that technology users must believe that transactions go according to their expectations, and that unauthorized parties should not access all of their transaction data.

Trust is described by Morgan and Hunt [13] as a situation where a person who believes in the integrity of his partner and believes that his partner is reliable. According to Mayer, Davis, and Schoorman[14], trust is included in the following 5 indicators:

1. Integrity, the belief that the other party will act honestly and fairly.
2. Benevolence, the belief that the other party has good intentions and will not do harm.
3. Performance, the belief that the other party will fulfill their commitments
4. Honesty, the belief that the other party will convey true and accurate information.
5. Security, the belief that personal data and information will be safe from misuse.

The greater the trust felt by users, the greater the interest in reuse. The emergence of trust is because users feel that payments using E-wallets can be trusted so that users have the intention to continue using E-Wallet...

### D. User Interests

According to Sheppar [13] states Behavioral intention to use is defined as the level of one's intention to perform certain behaviors or actions. Someone will do something if they want or have the intention to do so. The behavioral intention to use construct serves as a representation of consumer acceptance. This is because behavioral intention to use is a precise predictor of subsequent use. According to Venkatesh [13] the constructs as direct determinants of behavioral intention to use are as follows:

1. Performance expectancy, the degree to which a person believes that using the system will help him to achieve gains in job performance.
2. Effort expectancy, the level of ease associated with using the system.
3. Social Influence, the level at which a person feels that he must use a new system.

4. Facilitating conditions, the extent to which a person believes that organizational and technical infrastructure exists to support the use of the system.

## III. METHOD

### A. Type of Research

This type of research is explanatory research. Explanatory research is a research method that can be used to determine causal between variables through hypothesis testing [15]. The research method used in this research is quantitative through surveys, the research variables consist of two exogenous variables, namely Interactive social media marketing (X1) and online consumer reviews (X2), as well as two endogenous variables, namely Digital Trust (Y) and usage interest (Z). This research is called quantitative because the research data used is related to numbers and statistical tests can present the significance of the relationship being sought. So that the direction of the relationship obtained depends on the hypothesis and statistical test results, not scientific logic [16].

### B. Population

Population is a generalized area of objects or subjects that have certain characteristics and quantities and are determined by researchers who can then be studied and conclusions drawn [15] The purpose of the population is to make it easier to determine the size of the sample that can be taken and limit the application of the sample generalization area [16]. The population of this study are Indonesian citizens who use E-wallet application services who register and transact in the E-Wallet application, namely 128,400,000 users.

### C. Sample

The sample is part of the population members taken using certain techniques, where the sample must be able to describe the conditions of the population, which means that the conclusions from the sample research results must be part of the conclusions on the population [16]. The sampling technique used in this study was purposive sampling with the Slovin formula. The sample criteria used in this study are: (1) Indonesian citizens, (2) Have an e-Wallet account, (3) Have had min 1 transaction. The technique of determining the number of samples used the Slovin method with a margin of error of 10% with the number of samples to be studied is a minimum of 100 respondents.

Each respondent has different characteristics. For this reason, it is necessary to group certain characteristics. The characteristics used in sampling include, gender with a choice of female or male, in terms of age <18 years, 18-25 years, 25- 40 years, >40 years. Characteristics of the last education with the categories of high school, diploma, bachelor's degree, and master's degree. Then in terms of job characteristics including students, private employees, self-employed, housewives, and civil servants.

### D. Research Instrument

The data collection instrument used by the research is a questionnaire instrument. The questionnaire is used to measure the effect of Social Media Marketing, Online Consumer Review, and Digital trust on E-Wallet user interest in Indonesia. In this case the author uses a Likert Scale in the

questionnaire with a scale range of 1-5 ranging from strongly disagree to strongly agree.

#### E. Data Analysis

Hypothesis testing in this study was carried out using a Structural Equation Modeling (SEM) approach based on Partial least Square (PLS). PLS is a structural equation model based on components or variants, which is one of the fields of statistical studies to test a series of relatively complex causality relationships simultaneously. SEM is a multivariate analysis technique that is a combination of factor analysis and regression analysis which aims to test the relationship between variables in a model, be it between indicators and their constructs, or the relationship between constructs. SEM-PLS itself is an alternative approach that shifts from a covariance-based SEM approach to a variant-based one. Covariance-based SEM generally tests causality or theory. While SEM-PLS is more predictive model. The analysis technique using the SEM-PLS technique is carried out in two stages, namely:

1. The first stage is the measurement model test, which tests the construct validity and reliability of each indicator.
2. The second stage is a structural test which aims to determine whether there is an influence between variables / correlation between the constructs measured using the t test from PLS itself.

#### IV. DISCUSSION

The purpose of this study is to find out what variables are able to influence users in using e-wallet financial technology products in Indonesia. Researchers hypothesize that interactive social media marketing and online consumer reviews have a strong influence in the formation of digital trust so that later it will increase user interest in using e-Wallet transactions.

Interactive social media marketing is a marketing strategy that uses social media platforms to reach target audiences. Social media marketing can be used to increase brand awareness, build relationships with customers, and drive conversions. This hypothesis is supported by previous studies, such as research

conducted by [17] who found that social media marketing can increase consumer confidence in a product or service. Furthermore, [18] who found that social media marketing can increase consumer confidence in the security and reliability of an e-wallet. Because a hypothesis can be formed:

**H1: Interactive social media marketing has a positive and significant influence on E-Wallet digital trust in Indonesia.**

Online consumer reviews are reviews written by consumers about a product or service. Online consumer reviews can be a valuable source of information for consumers in making purchasing decisions. This hypothesis is supported by previous studies, such as research conducted by [19] which found that online consumer reviews can increase consumer confidence in a product or service. This research is also supported by research conducted by [20] which found that online consumer reviews can increase consumer confidence in the security and reliability of an e-wallet. Therefore, researchers have confidence that:

**H2 : Online consumer reviews have a positive and significant influence on E-Wallet digital trust in Indonesia.**

Digital trust has a positive influence on interest in using e- wallets because consumers who have high digital trust in an e- wallet will be more likely to use the e-wallet. This hypothesis is supported by previous studies, such as research conducted by [21] which found that digital trust has a positive and significant effect on interest in using e-wallets. This research is also supported by research conducted by [22] which found that digital trust has a positive and significant effect on interest in using E-Wallet. Therefore, researchers argue that:

**H3 : Digital trust has a positive and significant influence on interest in using E-Wallets in Indonesia.**

Schematically, the hypotheses prepared by the researcher can be drawn in a theoretical framework as follows:

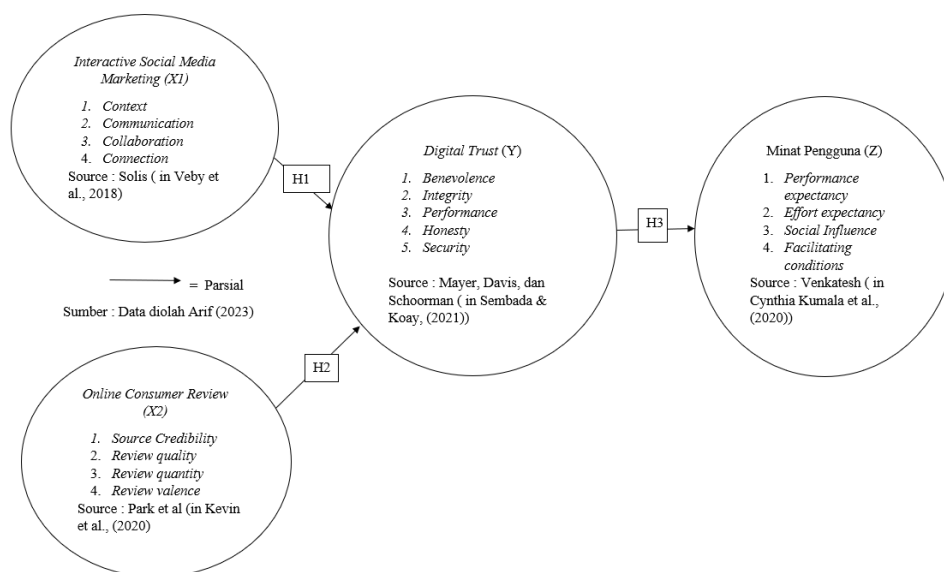


Figure 1. Theoretical framework of research

## V. IMPLICATION & PLANNED RESEARCH

### A. Implication

The implication of this research is the development of additional products and services, particularly in relation to digital marketing of digital financial products. Fintech providers can use the insights from this research to develop additional products and services that are relevant to users' interests. This can expand the customer base and increase revenue through optimizing the use of interactive social media marketing and creating honest online reviews from various users.

### B. Planned Research

This research is planned to be held in mid-November and ends in January to prove the theoretical framework model that has been hypothesized by researchers. The presentation of the results can be done in February so that it will be able to immediately become a reference for Indonesian e-Wallet stakeholders.

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