

Analysis of Pay Later Payment System on Online Shopping in Indonesia

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ABSTRACT

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Due to the technology development, the digital payment is becoming more attractive to consumers. This type of payments provides an easy way for consumers to meet their needs. Pay later is currently one of the most attractive digital payments in Indonesia. This system, which is similar to credit card, allows consumers to buy products or services with the possibility to pay them later. This study aims to examine the pay later system and the consequences of applying it in Indonesian market. This study used a qualitative approach using online news content analysis to understand the issue of pay later. The software used in this study is Nvivo plus 12 by utilizing the word similarity, cluster analysis and matrix coding functions. The results show that pay later has a correlation with credit due to the system allows consumers to pay in installments. In addition, this pay later provides a possibility of impulsive buying for consumers. However, this study is limited to analysis based on online news data. It suggests that future studies combine online news with interviews or observation or many others documents to get a more comprehensive result.

ABSTRAK

Karena perkembangan teknologi, pembayaran digital makin menarik bagi konsumen. Jenis pembayaran ini memberikan kemudahan bagi konsumen dalam memenuhi kebutuhannya. Pay later saat ini menjadi salah satu pembayaran digital paling menarik di Indonesia. Sistem yang mirip dengan kartu kredit ini memberi kemudahan bagi konsumen untuk membeli produk atau layanan dengan kemungkinan pembayaran dilakukan kemudian hari. Penelitian ini bertujuan untuk mengetahui fokus dari penggunaan pay later dan konsekuensi dari penerapan sistem pembayaran ini di pasar Indonesia. Pendekatan kualitatif dengan menggunakan analisis konten berita online digunakan dalam penelitian ini untuk memahami pay later. Perangkat lunak yang digunakan dalam penelitian ini adalah Nvivo plus 12 dengan memanfaatkan kesamaan kata, analisis cluster dan fungsi pengkodean matriks. Hasil penelitian menunjukkan bahwa pay later memiliki korelasi dengan kredit karena sistem memungkinkan konsumen untuk membayar dengan cara mencicil. Selain itu, pay later ini memberikan kemungkinan adanya pembelian impulsif pada konsumen. Namun, penelitian ini terbatas pada analisis berdasarkan data berita online. Penelitian selanjutnya disarankan untuk mengkombinasikan dengan wawancara dan observasi untuk memperoleh hasil yang komprehensif.

1. INTRODUCTION

The development of Information and Communication Technology (ICT) has changed many business processes (Gu, Jiang, & Tan, 2016; Kemppainen, 2017). Although the presence of this digital services disrupts traditional business models (Frost & Sullivan, 2018), the appearance of technology also provides opportunities to the market. A report compiled by Frost and Sullivan (2018) mentioned that most digital services that

interrupts traditional market were coming from e-commerce, digital finance, and cloud services. Several studies also mentioned that business processes like supply chain, logistics and transportation implement the Internet of Things (IoT) and cloud computing because of the effectiveness and efficiency (Liu et al., 2016; Fang et al., 2014). The studies show that IoT can help businesses to improve their productivity. Therefore, it is equitable that this phenomenon occurs in almost

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all over the world.

The use of the IoT also occurs in Indonesia. According to the Indonesian Ministry of Communication and Information, in 2018 the growth of e-commerce value in Indonesia was recorded as the highest in the world by reaching 78% (Zuraya, 2019). Thus, the emergence of various e-commerce is one of the most visible changes as the result of ICT advancement. However, the risk of credit, security and fraud remain the same as the obstacles of e-commerce (Cheng, Phou, & Phuong, 2018). In this case, the emergence of internet Third-Party Payment (TPP), as a neutral payment platform by non-financial institution, becomes a solution for this problem (Cheng et al., 2018; Yao et al., 2018). As an attractive solution in the digital era, payment mechanisms, known as digital payment in e-commerce, are also flourishing to fulfill the market needs.

Although e-commerce, digital finance, and cloud services create disruption in the market that is due to the advance of technology, Yao et al. (2018) underlined that digital payment system is one of the innovative products. Some types of digital payment systems that facilitate them an easy transaction when dealing with online shopping offer consumers. For example, advance payment system provides consumers to pay transaction based on their preference (Kustono, Nanggala, & Mas'ud, 2020; Schulz et al., 2015). The 2018 survey conducted by McKinsey provides information that in 2017 Indonesian consumers spent around US\$8 billion in online shopping (Bansal et al., 2018). This amount is predicted to continue to surge in the following years. This means that the needs of digital payments will increase along with the increasing of consumer spending on e-commerce.

According to the Payment Methods Report conducted by the Payers, alternative payments that limited to credit and debit card are currently being formed in online banking, e-wallet, mobile wallet, P2P payments (Duke, Andy, & Andrew, 2019). This report also mentioned that the current alternative in payment mechanism is pay later system. It has a common system with credit card that offer consumers through installment options (Duke et al., 2019). Some previous studies revealed that credit card can drive to the impulsive buying (Arslan, 2015; Chauhan & Shingari, 2017). With the payment system that is quiet similar to credit card, several studies have also found that pay later can encourage impulsive behavior in consumers (Chatterjee & Rose, 2012; Braga, Isabella, & Mazzon, 2013).

A research related to pay later scheme in

Australia also shows the same result that this payment method drives impulsive purchase of young Australian because there is no examination related to their credit capabilities (McGowan, 2017; Mitchell & Qadar, 2019). Although previous research revealed similar result, there are not many previous studies analyzing the phenomenon of pay later system in online shopping in Indonesia. A research provided by JPMorgan (2019) mentioned that Indonesia emerges as a major e-commerce growth market. This shows that e-commerce market in Indonesia needs to be taken into account because of the enormous opportunity. The fact that e-commerce market equipped with pay later system is increasing in Indonesia, it is necessary to carry out further research on this issue to see how it works in Indonesia.

Although limited studies conducted in this issue, they mostly based their research on quantitative analysis. In this case, this study also needs a qualitative analysis to confirm and elaborate the most prominent issues for consumer using pay later. The reason why it is needed and offered by most of e-commerce companies in Indonesia is that it cannot be attained through quantitative method. Therefore, the study needs to see from other perspective such as online news content. It is important to understand whether pay later system is often associated with consumer behavior in online purchasing. Thus, the purposes of this study is to answer (what the focus of pay later system in Indonesia is and what the consequence of pay later system in online shopping in Indonesia is. This study uses qualitative analysis by using software namely Nvivo 12 plus. The study uses this software to get the data based on online media that can answer the research questions as mentioned.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

The development of e-commerce boosting digital payment

The research provided by the JP Morgan (2019) related to e-commerce payments trends in Indonesia revealed that the increasing of internet penetration is the result of impressive annual growth of online shopping. As the increasing of travel demand, most people in Indonesia tend to buy online for their traveling needs by taking 58.9 percent of total online sales. Local sites such as Traveloka and Tiket.com are the main travel platforms in Indonesia that offer various travel purposes (flight tickets, hotels, attractions, etc). In early 2019, Traveloka recorded an increase in revenue that was dominated by airline

ticket purchase (Asikin, 2019). In addition, the second most popular online shopping category is clothing and apparel by taking 14.6 percent of total market (JP Morgan, 2019). As e-commerce sales have increased, the demand of payment alternatives has also increased according to consumer needs (Kemppainen, 2017). Gulati, Nadeau and Rajgopal (2015) mentioned digital payments offers a convenience payment for consumers on online shopping that deliver significant customer value.

For further explanation, Palm (2018) considered that the history of telephone interface is one of factors, boosting the digital payment system. It transforms how touch-tone keypad on mobile phone is designed in any way to alter the everyday activities such as buying or paying (Palm, 2018). It's obviously that digitalization also provides a different type of payment approach on tourism industry such as booking flights ticket or hotel room (Kemppainen, 2017). The development of financial technology (FinTech) shows that mobile wallet platform is the basic idea for many other FinTech applications (Shahid and Razaq, 2017). However, Kemppainen (2017) underlined that although numerous new digital payment applications have emerged, they still refer to traditional payment instruments that deal to pay the bill. Ng and Kong (2018) claimed that the journey of cashless society through digital payment requires many considerations, including government intervention.

Not only does the financial industry offer digital payment, but the non-financial industry also do the same. Nowadays, many non-financial companies also provide alternative digital payments such as PayPal that can be used worldwide (Braga et al., 2013; Shahid & Razaq, 2017). Kemppainen (2017) stated that the advance of FinTech startups has proposed a new era of digital financial services through digital payment in order to make existing services more efficient (Shahid & Razaq, 2017). Consumers pay the bills based on their personal preferences (Stavins, 2017). Ng and Kong (2018) revealed that the advertising and promotional programs need to support new payment methods by advertising and promotional programs like discount or loyalty points. In consumer behavior perspective, these programs create motivation to adopt digital payment (Gharaibeh, Arshad, & Gharaibh, 2018).

Pay later as the new credit payment system

As a human being, people have their needs and wants that they intent to fulfill. They can accomplish it by buying and paying activities. Braga et al. (2013) conveyed that buying is a common habit of every-

day life and paying is a consequence of that habit. Meanwhile, the development of technology creates various alternative purchases and payments on e-commerce market (Junadi & Sfenrianto, 2015). As mentioned earlier, digital payment is a significant aspect that cannot be ignored in digital business processes (Bezhovski, 2016).

Although Indonesia has applied digital payments in many ways, pay later system is still quite new. To discuss the pay later issue, this study firstly tries to address this system. Basically, pay later system has similar functions credit card that allows consumers to obtain product or service without directly pay for it (Duke et al. 2019). However, the significant difference between credit card and pay later is its form. They design Pay later not in the form of a card like credit card, but they dhape it in a feature in digital processes both on applications or websites. Actually, the mechanism of pay later has been popping up for years in western countries, such as Australia and European countries (ASIC, 2018; Duke et al., 2019). After Pay, an Australian company, has been offers this payment service since 2015. Although many arguments and studies requested to recon-sider this payment system because of its ignorance of consumers' financial capacity (McGowan, 2017; Mitchell & Qadar, 2019). In fact many similar companies still exists today and even continue to grow.

The phenomenon of pay later payment in Indonesia was firstly introduced by Traveloka, a famous start-up company that engaged in online travel agent (Jamaluddin, 2018). Currently, this system is widely followed by other start-ups companies such as OVO, Gojek, Shopee, etc. Similar to credit card that gives a less pain to consumer because they can pay in installment, this system is considered as the right solution for them (Duke et al., 2019). Pay later offered by e-commerce companies do not involve banking companies which means that consumers still have a chance to utilize this payment system even when they are financially not ready to take credit (Shahid and Razaq, 2017). Thus, the pay later becomes a new credit payment system in Indonesian current market.

Pay later as credit mechanism creates consumer behavior

Shahid and Razaq (2017) mentioned that the adoption of innovation requires behavioral change. It also claimed that there should be a justification to change consumers' behavior. Therefore, the study must analyze the payment method from a consumer viewpoint. Basically, previous research indicated

that people are motivated to use or accept a new technology if they have a perception that this technology is useful for their life (Alalwan, Dwivedi, & Rana, 2017; Venkatesh, Thong, & Xu, 2016). Consumers need a reason to ensure that initiating digital payment instrument can have a positive impact on their perceived utility (Shahid & Razaq, 2017). It is obvious that consumers expect something once intending to use digital payment (Gharaibeh et al., 2018; Macedo, 2017).

Conceptual Framework of Pay later in Indonesia

The presence of technology provides a great opportunity in the current development of e-commerce with its transformation. The consequences of e-commerce have also created new trends in payment system to accommodate the payment needs in online shopping transaction. The digital payment system that is originally limited to transfer between accounts being transformed into various ways. Known as financial technology (FinTech), banking industry is no longer dominating digital payment systems. Various start-up companies come up with fresh ideas and take this opportunity to comply consumer needs.

One of the interesting ideas of FinTech is the implementation of pay later system. This system has been widely implemented in various countries, including Indonesia. This alternative allows consumers to own products or services right away with the ability to pay them later. Relatively similar to credit card, this payment can also be repaid several times according to the condition of consumers. In other words, this method offers an opportunity for consumers to make purchases as soon as possible without worrying about the obligation to pay it in cash, for both products or services that are urgent or not.

As the function of credit card, the existence of this pay later encourages changes in consumer behavior in purchase decision making, especially on online shopping. Pay later provides a more attractive alternative to pay the bills compared to credit cards that involve banks in the process. The most likely change in consumer behavior is the desire to make impulsive purchases because there is

no need to pay for what they buy immediately. For that reason, this study focuses on the consequence of the implementation of pay later system in online shopping in Indonesia.

3. RESEARCH METHOD

Content analysis is a scientific technique to interpret text or content. Krippendorff (2004) defines content analysis as a research technique for inferring the meaning of texts through a procedure that can be trusted, applied and valid. A qualitative content analysis enables researchers to understand text through grouping words that have the same meaning into categories which will form a conceptual model (Elo & Kyngäs, 2008). This study uses a qualitative approach to analyze online media content. News content is used as the main data source because it is considered more objective in conveying information than social media.

The data in this study were mainly taken from trusted and credible online media in Indonesia, namely kompas.com, thejakartapost.com, bisnis.com, and liputan6.com (Table 1). These four media are popular, trusted and they have influenced online media that have high attention on business and technology issues (Belarminus, 2018). They used the news on the online media to underline the explanation of pay later system on online shopping transaction in Indonesia. This study used 20 online news contents published between February 2019 and January 2020. The data in this study could be limited due to the relatively new implementation of pay later in Indonesia. In addition, some media also report similar content, such as the reasons or risks of using pay later, so researchers need to conduct preliminary analysis by selecting the online news content. As underlined above, the media used in this study are trusted and credible so that although the data used are limited, they are still reliable. Data collected from news can describe and analyze the current condition of the use of pay later system in Indonesia. The analysis was done by using Nvivo 12 plus software that has ability to seize online media content in accordance with the object of this study analysis.

Table 1. Media online sites

No.	Media Name	Site Address
1.	Kompas	www.kompas.com
2.	The Jakarta Post	www.thejakartapost.com
3.	Bisnis	www.bisnis.com
4.	Liputan 6	www.liputan6.com

The data were analyzed using the software through the following steps: (1) collecting data from online news and import them to the folder needed, (2) mapping data based on online media content by auto-code system so an automatic node needed will be created, (3) interpreting the formed content, and (4) analyzing data by using cluster analysis, matrix coding and word frequency features. These analysis features can provide a clear picture of online news contents.

4. DATA ANALYSIS AND DISCUSSION

Pay later system in Indonesia

Based on the results of analysis using word frequency, the reseachers found several dominant words in online news content. Figure 1 provides the illustration about this. This figure indicates the online media often used a number of words when delivering information related to pay later. Online media mainly focus on term of pay later that literally

means consumer can buy today and pay it later. Although this word is adopted from other language, it shows that consumer in Indonesia becomes familiar with this term. Online media also captures that Traveloka, which is one of the famous start-up companies in Indonesia, is the company that has significant connection to pay later system. This result is unsurprising due to the implementation of pay later in Indonesia that Traveloka has pioneered. As a start-up company that focuses on online travel agent, Traveloka realizes that the market opportunity in travel and tourism industry becomes wider. However, not all of their target consumers have sufficient funds to buy flight tickets or other offered products. It drives this company to apply pay later payment system since 2018 as the solution for their consumers. Currently, other companies' like Gojek, OVO and Shopee also offers the same system.



Figure 1. Word Used by Online Media in Pay later System in Indonesia
Source: trusted online media's cloud content with Nvivo 12 plus analysis

On online media, it also illustrates three other words related to the issue of this study such as feature, card and credit. As mentioned in earlier, pay later has a concept which is almost similar to credit card (Duke et al., 2019) that provides consumers to buy product or service now and pay it later. Different from credit card provided by banking companies, which shape pay later in a feature within website or application that the e-commerce owns. Research conducted by Badgaiyan and Verma (2014) states that website feature can encourage consumer to make purchases. Moreover, hedonic and utilitarian features are often regarded as factors that influence

consumers' desire to use technology (Macedo, 2017; Duarte & Pinho, 2019) and motivate them to buy impulsively (Amos, Holmes, & Keneson, 2014; Eren, Eroğlu, & Hacıoglu, 2012; Merima, Kasim, & Srdjan, 2011).

In addition, the result based on this word cloud analysis seizes that users of pay later utilize this system to make payment transaction that fit on their needs and wants. Akram et al. (2018) mentioned that the existence of credit card and digital payment has created online shopping more attractive. The payment method provided by pay later system makes users easier to own product or service directly

although their current financial condition is not possible. A credit system that allows consumer to pay in installment is usually only offered by financial companies. However, by using pay later system, consumers can easily access installment system without any complicated processes through banking companies.

The relationship concept of paylater implementation

Based on cluster analysis of online media, this study revealed the relationship among captured concepts based on Pearson correlation coefficient online media content as mentioned on Table 2 and illustrated on Figure 2. The finding shows that the highest relationship was between product and pay later by the value of 0.720. Product means any kind of products offered by e-commerce company, such as flight ticket, hotel room, clothing, food, etc. When shopping online, most Indonesian consumers spend it on traveling needs (JPMorgan, 2019). It confirms that when buying product consumers have an interest to utilize pay later feature. As the new payment system in Indonesia, pay later tempts consumers' intention. Companies are required to understand consumers' needs and wants in order to win the market (Kotler & Keller, 2016).

Table 2. The relationship among constructs within pay later issue in Indonesia

Concept A	Concept B	Pearson Correlation Coefficient
Product	Pay later	0.720442
Pay later	Installment	0.574095
Transaction	Installment	0.570497
Product	Instalment	0.533971
User	Pay later	0.461407
User	Installment	0.454287

Source: the result of cluster analysis with Nvivo 12 plus

The finding claims that consumers have an interest to pay it in installment. It is caused by paying installments can drive consumers to make purchase easier. Previous researches suggested that installments can encourage consumers to purchase impulsively (Badgaiyan & Verma, 2014). Besides, transactions made in installments are seen as having hedonic and utilitarian factors (Akram et al., 2018). Hedonic

Thus, when offering products or services the company also has to provide an easy and attractive payment alternative for consumers, such as pay later system.

Based on the function, pay later makes consumers easy to have access to credit without going through the banking process. It means that consumers can pay their bills in installment. The result shows that the value of word similarity of pay later and installments is 0.574. It points out that pay later and installment have relationship because by using pay later consumers have an opportunity to construct installments. This finding is in line with the research conducted by Duke et al. (2019) that addressed pay later offers credit to consumers by utilizing digital payment process. It means that consumers can pay the bills through installments. Furthermore, transaction and installment generate the relationship by the value of 0.570. Transaction in this concept refers to a transaction process that occurs in online shopping. Online transaction process is defined as a class of program that facilitates and manages transaction oriented applications, typically for data entry and retrieval transactions in a number of industries, including banking, airlines, and manufactures (Vishvalingam & Sandanayake, 2017).

factors lead transaction carried out by installment can lighten the burden on consumers because they are happy to buy goods as soon as possible even though it is not urgent. Yet, utilitarian refers to the benefits of making payments in installments. Pay later can help consumers to meet their immediate needs when their financial condition is not possible.

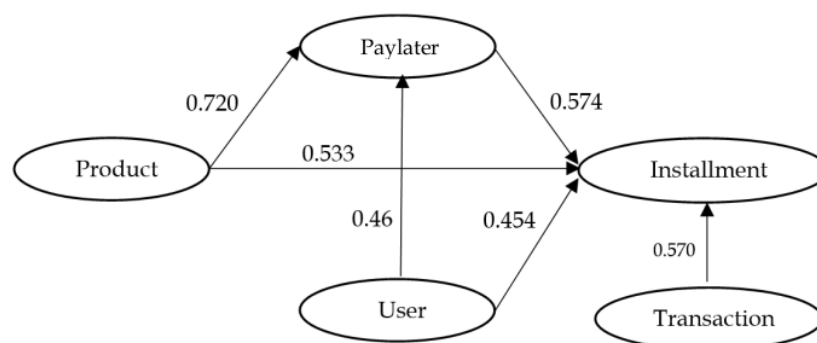


Figure 2. The relationship among concept within pay later issue in Indonesia
Source: trusted online media's word similarity with Nvivo 12 plus analysis

Moreover, the result of Pearson correlation coefficient underlines the relationship between product and installment by the value of 0.533. The result underlines that product purchase is the main reason consumers buy in installment. As previous statement that Traveloka, a travel agent company, is the first company offered pay later system in Indonesia, it points out that consumers have a tendency to buy products such as flight tickets, hotels, attractions, etc. A study stated that the demand of travelling in Indonesia is significantly increasing (Pratomo, 2017). Thus, this demand can be fulfilled through pay later installment system and it becomes the best solution for their needs or wants (Kempainen, 2017). Finally, users have no significant relationship with pay later and installments because the analysis result shows the

value is below 0.5. User is as a customer of e-commerce who knows about pay later system. It addresses that although users have understanding that pay later is a digital payment with an installment system, they still have no trust to use it. Many studies agreed that trust is one of triggers to adopt a new technology (Patel & Patel, 2018). As mentioned above, the pay later system is still a new thing in Indonesia, so consumers also have doubts in adopting it.

The linkage among key indicators in Indonesian pay later issues

The last analysis used in this study is by using matrix coding. Matrix coding shows the intersection among key indicators in this issue. The results of the matrix coding are shown in Table 3 with the illustration in Figure3.

Table 3. The result of matrix coding (%)

	Application	Installment	Pay later	Payment	User	Product	Transaction
Application	76.87	0.00	0.00	0.00	0.00	23.13	0.00
Installment	0.00	50.12	10.45	0.00	10.45	12.59	16.39
Pay later	0.00	11.46	52.34	0.00	11.46	24.74	0.00
Payment	0.00	0.00	0.00	100	0.00	0.00	0.00
User	0.00	26.83	26.83	0.00	46.34	0.00	0.00
Product	7.52	12.86	23.06	0.00	0.00	56.55	0.00
Transaction	0.00	41.32	0.00	0.00	0.00	0.00	58.68

Source: the result of matrix coding with Nvivo 12 plus

The result describes that transaction has the highest intersection to installment with the value of 41.32%. It emphasizes that the engagement of consumers to purchase is higher once installments are applied. Agrawal (2018) stated that transaction carried out in credit or installment will ease the burden on

consumers. Although the total transaction that they should pay is higher than in cash, installment makes it easier for consumers to pay it gradually that can reduce the burden that must be borne when paying in cash.

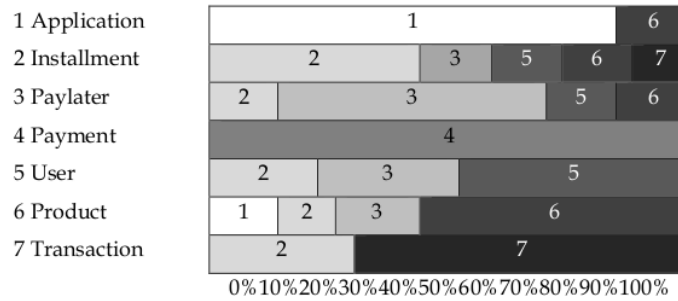


Figure 3. The graph of matrix coding
Source: the graph of matrix coding's result with Nvivo 12 plus

The findings also reveal that application, installment and pay later have similar intersection to product. It figures out that pay later, which they usually offer in a start-up application by using installments, as they aim to facilitate consumers in meeting their needs or wants of certain product. Furthermore, the users have a well understanding of pay later function that allows them to pay products or services in installments. A research conducted by the Paypers mentioned that consumers are interested in using pay later because of the possibility of paying installments without having the bank involvement (Duke et al.2019). The last intersection in this analysis shows that engagement between product and pay later. It indicates that product equipped with pay later system is attractive for consumers. Consumers who have an opportunity to pay products by using pay later will tend to be interested due to hedonic or utilitarian factors (Ding & Tseng, 2015; Chang & Luan, 2010).

The consequence of the convenience of consumers in accessing credit through pay later feature can lead to installment transactions for online purchases. Previous research has stated that purchases related to experience (e.g. vacation) often require advance planning, so it drives consumers to be more open to debt (Tully & Sharma, 2018). This is to ensure that they did not interrupt their plans. In this study, it also indicates that the availability of debt arising from credit card could be the right preference for consumers who feel more skilled in managing debt. Like credit card, the availability of pay later payment system can be a favorable alternative for consumers who want to purchase travel-related products or services, even though at the same time they do not have enough funds to make purchases.

Although the presence of information and technology and innovation in the financial services sector has become common today, the risks and

potential issues in the implementation of this system cannot be avoided. The ease of registration process and the relatively low interest rate on pay later system can result in financial consequences in the future. On credit card, there are 5C (character, capacity, capital, condition of economy, and collateral) set by banks to guarantee the ability of consumers in paying bills. Unfortunately, this principle is not applied by pay later system. Pay later system tends to have minimal filing requirements so that there is no clear basis in controlling the system. It has indirectly potential impact on consumer behavior. Consumers are encouraged to behave consumptively because of the various conveniences provided by pay later system (Novendra & Aulianisa, 2020).

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

In Indonesia, the emergence of digital payments, especially pay later, is still relatively new. Although many start-up companies in Indonesia have adopted pay later, it mostly relates to Traveloka as the result of the pioneer company in applying this payment system. In addition, credit which means providing installment services in the main key in implementing pay later. Consumers are tempted to use this system because they can make purchase with payment ta later date in installments. Furthermore, product and pay later have the highest correlation because companies which offer products by utilizing pay later method creates an interest for consumers to make purchases despite delaying to pay it. Like a credit card, the consequence of the application of pay later is the possibility of impulsive buying for Indonesian consumer in the future.

Consumers are given the advantage to make transaction with this payment system because they can reduce their burden in paying process. The presence of condition certainly provides great

opportunities for e-commerce business transactions. Thus, e-commerce companies that have not yet taken advantage of this feature can start implementing it in order to increase their sales transactions. However, for those that already applied it still need to make some improvements, especially to make sure that the transaction is safe and there is no default in the future. E-commerce companies can organize it by imposing a limit of total purchase that they can make through pay later system. In addition, they also need to look at consumers' transaction record as a reference to determine whether they provide this consumer with pay later system or not. Considering that the research results shows that there is a relationship between product and pay later, e-commerce companies also need to pay attention to which products are often purchased by consumers. Thus, they can offer promotion of pay later system to these products that also lead their engagement with consumers. However, the analysis of this study is limited to online media or news content. Therefore, future studies would be better to combine it with interviews, observation or many others documents to provide a comprehensive re-research. In addition, future studies can also add the variables of trust and security variable in order to deliver a deeply understanding of pay later system in Indonesia based on consumers' perspective.

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ABSTRACT

Due to the technology development, the digital payment is becoming more attractive to consumers. This type of payments provides an easy way for consumers to meet their needs. Pay later is currently one of the most attractive digital payments in Indonesia. This system, which is similar to credit card, allows consumers to buy products or services with the possibility to pay them later. This study aims to examine the pay later system and the consequences of applying it in Indonesian market. This study used a qualitative approach using online news content analysis to understand the issue of pay later. The software used in this study is Nvivo plus 12 by utilizing the word similarity, cluster analysis and matrix coding functions. The results show that pay later has a correlation with credit due to the system allows consumers to pay in installments. In addition, this pay later provides a possibility of impulsive buying for consumers. However, this study is limited to analysis based on online news data. It suggests that future studies combine online news with interviews or observation or many others documents to get a more comprehensive result.

ABSTRAK

Karena perkembangan teknologi, pembayaran digital makin menarik bagi konsumen. Jenis pembayaran ini memberikan kemudahan bagi konsumen dalam memenuhi kebutuhannya. Pay later saat ini menjadi salah satu pembayaran digital paling menarik di Indonesia. Sistem yang mirip dengan kartu kredit ini memberi kemudahan bagi konsumen untuk membeli produk atau layanan dengan kemungkinan pembayaran dilakukan kemudian. Penelitian ini bertujuan untuk mengetahui fokus dari penggunaan pay later dan konsekuensi idari penerapan sistem pembayaran ini di pasar Indonesia. Pendekatan kualitatif dengan menggunakan analisis konten berita online digunakan dalam penelitian ini untuk memahami pay later. Perangkat lunak yang digunakan dalam penelitian ini adalah Nvivo plus 12 dengan memanfaatkan kegunaan kata, analisis cluster dan fungsi pengkodean matriks. Hasil penelitian menunjukkan bahwa pay later memiliki korelasi dengan kredit karena sistem memungkinkan konsumen untuk membayar dengan cara mencair. Selain itu, pay later ini memberikan kemungkinan adanya pembelian impulsif pada konsumen. Namun, penelitian ini terbatas pada analisis berdasarkan data berita online. Penelitian selanjutnya disarankan untuk menggabungkan dengan wawancara dan observasi untuk memperoleh hasil yang komprehensif.

1. INTRODUCTION

The development of Information and Communication Technology (ICT) has changed many business processes (Gu, Jiang, & Tan, 2016; Kempainen, 2017). Although the presence of this digital services disrupts traditional business models (Frost & Sullivan, 2018), the appearance of technology also provides opportunities to the market. A report compiled by Frost and Sullivan (2018) mentioned that most digital services that

interrupts traditional market were coming from e-commerce, digital finance, and cloud services. Several studies also mentioned that business processes like supply chain, logistics and transportation implement the Internet of Things (IoT) and cloud computing because of the effectiveness and efficiency (Liu et al., 2016; Fang et al., 2014). The studies show that IoT can help businesses to improve their productivity. Therefore, it is equitable that this phenomenon occurs in almost

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