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# Can The Free Money Transfer System Application be Considered a Breakthrough in Financial Technology?

Rini Subekti[1*], Putu Ayu Anggya Agustina[2], Elisabeth Ria Viana Praningtyas[3], Indah Setia Utami[4]

[1,2,3,4]Faculty of Economics and Business, Universitas Terbuka, Indonesia

**ABSTRACT**

**Purpose:** This study analyzes the customer experience of users of a free money transfer application in Indonesia. The application, developed by local innovators, enables users to transfer funds between bank accounts at no cost, representing an important contribution to the national fintech ecosystem.
**Methodology:** The study employs Structural Equation Modeling–Partial Least Squares (SEM-PLS) as the analytical tool. Data were collected from users of the original Indonesia-based application designed to facilitate free money transfers.
**Findings:** The results indicate that Ease of Use, Perceived Value, Customer Support, and Assurance do not significantly influence customer experience in the context of free money transfers. Unlike other fintech platforms, this application shows a different pattern of determinants. Speed and Perceived Firm Innovation emerge as the primary factors shaping customer experience.
**Implication:** The findings may be used to guide the development of strategies to improve customer experience. Developers and policymakers should prioritize enhancements related to service speed and perceived innovativeness, as these represent the most influential factors for users of free-to-use money transfer applications.
**Originality:** This study provides insight into customer experience in a uniquely Indonesian fintech application, offering an alternative perspective compared to studies focusing on commercial or fee-based fintech services.
**Keywords:** Customer Experience; Fintech; Free Money Transfer

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**Corresponding Author:**
Rini Subekti
(bektirini@ecampus.ut.ac.id)

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## 1. Introduction

In the contemporary landscape of digital transformation, financial technology has emerged as one of the most dynamic and rapidly evolving sectors. Over the past decade, fintech has undergone a series of substantial breakthroughs that have reshaped not only the architecture of financial services but also the operational models of businesses across various industries (Chen et al., 2024). These technological developments have accelerated the shift from conventional, institution centered financial systems toward more modern, technology enabled, and customer centric approaches (Hong et al., 2024; Zhou et al., 2022). Consequently, fintech has evolved from an auxiliary service supporting financial transactions to a central driver of innovation, efficiency, and inclusivity within the broader economic ecosystem.

In Indonesia, the rapid growth of fintech solutions has been remarkable, fueled by increasing digital literacy, widespread smartphone adoption, and a strong consumer demand for faster and more cost effective financial services.

Flip is a prominent example of this transformation, widely recognized for pioneering low-cost interbank transfers and challenging traditional fee based payment models in Indonesia's financial ecosystem. Established in 2015 (Virdita Ratriani, 2021) Flip emerged as a response to a structural inefficiency in the Indonesian banking system namely, the fixed interbank transfer fee of IDR 6.500 imposed regardless of transaction value. Although seemingly modest, this fee accumulates into a substantial economic burden for individuals who regularly conduct digital transactions, including online sellers, freelancers, gig workers, and customers who engage in frequent e-commerce activities.

Flip addresses this challenge by providing a mechanism that allows users to transfer funds across different banks at no or minimal cost, thereby significantly reducing transaction expenses while maintaining service reliability. This value proposition has contributed to Flip's growing adoption and positioned the platform as a practical alternative within the digital payment landscape. The platform's presence highlights the potential of fintech innovations to challenge established financial norms, particularly those concerning service fees, transaction accessibility, and consumer convenience.

Importantly, Flip has not remained static since its initial launch. It continues to introduce incremental and strategic innovations to enhance the user experience and strengthen competitiveness in the fintech marketplace. These innovations include improvements in transaction speed, user interface design, security protocols, integration with multiple banking institutions, and the offering of additional services such as international remittances, bill payments, and digital wallet top-ups. Such continuous development reflects the broader nature of fintech evolution, characterized by agility, customer orientation, and the pursuit of frictionless financial engagement.

Accordingly, Flip represents a highly relevant and empirically significant case for understanding how fintech applications influence consumer behavior, service experience, and perceived usefulness within the rapidly developing digital financial ecosystem of emerging markets such as Indonesia. As one of the pioneering platforms offering low-cost and free interbank transfer services, Flip demonstrates how digital financial innovations can address recurring transactional inefficiencies faced by individual consumers and small-scale business actors(Masitoh et al., 2023; Purnama et al., 2023). The platform's trajectory also exemplifies how financial technology can drive a broader transition from conventional banking habits toward more modern, technology-assisted financial practices. Consequently, Flip becomes a pertinent object of study in examining the determinants of user experience, adoption, and continued usage intention in the context of financial technology designed to resolve practical, day-to-day financial frictions.

Flip is categorized as an early mover in Indonesia's interbank transfer innovation landscape. Established in 2015 by three Indonesian students Rafi Putra Arriyan, Luqman Sungkar, and Ginanjar Ibnu Solikhin from the Faculty of Computer Science, Universitas Indonesia, Flip initially emerged as a simple solution to reduce individual transfer costs (Wikipedia, n.d.). The founders identified a structural inefficiency in Indonesia's banking system, in which nearly all interbank transfers incur a fixed administration fee of IDR 6,500 per transaction, regardless of the transfer amount. While seemingly small, these routine charges create a substantial cumulative burden for users who frequently conduct online transactions, especially among digital entrepreneurs, e-commerce sellers, gig workers, and consumers who rely on continuous interbank financial flows.

To address this issue, Flip introduced a technology that enables users to make interbank transfers without fees, offering an alternative to conventional banking fees. The platform's accessibility was further enhanced by its availability on the Google Play Store, Apple App Store, and in a mobile browser at m.flip.id, ensuring that users across device preferences could easily adopt the service. Such accessibility aligns with research indicating that usability and technological compatibility are fundamental prerequisites for sustained adoption of financial technology applications in developing countries(Masitoh et al., 2023).

As Indonesia's digital financial infrastructure has rapidly expanded, Flip has also undergone continuous evolution. Its services now go beyond simple interbank transfers, but have expanded into a broader suite of financial services, including top up for various digital wallets, purchase of digital products (such as phone credit and utility tokens), and features supporting

small business financial operations(Purnama et al., 2023). This expansion shows how fintech platforms adapt to market needs. It also increases user engagement and perceived value.

Recent data indicate that Flip has been adopted by more than 12 million users and over 800 businesses (Dwina Apriliasari - Flip, 2023). More importantly, cumulative savings generated through free interbank transfers have reached nearly trillions of rupiah, demonstrating the platform's tangible financial impact at a national scale. From the perspective of consumer behavior research, such widespread adoption suggests the presence of strong motivational drivers, both functional and psychological, that encourage individuals and business actors to integrate Flip into their daily financial routines. This condition positions Flip as a compelling case for examining how stimulus factors such as perceived convenience, cost savings, service reliability, and digital trust shape user responses within the fintech environment.

Furthermore, Flip's expansion into the business sector presents an additional analytical dimension. Early users of the platform were mainly individual consumers seeking to reduce personal transfer costs. The platform's subsequent adoption by micro, small, and medium enterprises (SME) suggests that its value proposition has scaled beyond individual-level financial needs. SME, particularly those operating within e-commerce, rely heavily on efficient cash flow management. The availability of cost efficient transfer options therefore, becomes highly attractive for businesses that must process a large number of daily transactions. For these users, Flip potentially functions not only as a cost saving tool but also as an operational enabler, reducing friction in financial processes and increasing organizational efficiency.

From a theoretical standpoint, understanding Flip's adoption trajectory aligns with consumer behavior frameworks such as technology acceptance, digital trust, perceived risk, and service quality. However, in the context of this study, the platform provides a unique and contextually rich setting for examining how different stimuli, such as perceived service advantages, usability, competitive benefits, and digital operational experience affect user cognition and emotions, eventually shaping behavioral responses such as satisfaction, loyalty, and intention to continue using the service.

The rapid diffusion of Flip also mirrors broader digital transformation trends within Indonesia's financial sector. As citizens increasingly engage in digital commerce, online payments, and cross platform financial activities, the demand for efficient and low cost transfer solutions continues to intensify(Purnama et al., 2023). Flip stays competitive by continually innovating, designing for users, and maintaining reliability even with high transaction volumes. These aspects further enhance its empirical relevance for researchers analyzing financial technology ecosystems in emerging economies.

Given these considerations, Flip serves not merely as a fintech product but as a socio-technological phenomenon that reflects evolving patterns in consumer financial behavior. Its growth provides insights into how innovation adoption occurs in contexts where financial literacy varies widely and where traditional banking structures impose persistent transactional costs.

This research aims to offer a new perspective on fintech innovation by examining free money transfer applications. In contrast to conventional services that impose fees, these systems utilize technology to eliminate transaction costs, which may fundamentally alter the financial industry's cost structure. Free money transfer apps can be considered a breakthrough in financial technology because they shift the paradigm of transaction fees, which have historically been the primary source of revenue for banks and payment service providers. The World Bank report (World Bank, 2023) shows that the average remittance fee remains around 6%, suggesting that eliminating domestic transfer fees could increase access to financial services for low-income segments of society. By leveraging technologies such as virtual accounts, open banking APIs, and large transaction scales, these systems not only reduce costs but also redefine competitive strategies in the payments sector. Therefore, free money transfer apps can be categorized as fintech breakthroughs due to their impact on cost efficiency, financial inclusion, and the business models of the financial industry.

Previous research using the S-O-R approach has provided initial insights into how fintech companies' incentives shape customer loyalty. However, these studies were conducted in different country contexts and viewed fintech in a general sense, so the findings may not be generalizable to the Indonesian context or at the specific application level.

This research aims to advance the understanding of fintech customer experience by applying the S-O-R model within the context of Indonesia, a developing country, using the Flip application as the unit of analysis. Indonesia, a developing country with significantly different digital financial system characteristics, regulations, and user behavior, specifically focuses the analysis on the Flip app as the unit of analysis. This approach allows for retesting the external validity of the S-O-R model while identifying limitations in the generalizability of the previous findings (Barbu et al., 2021). Thus, this study not only confirms previous findings but also contributes new contextual and application-specific insights into how fintech stimuli shape customer experiences and influence loyalty intentions in the Indonesian fintech environment.

Analyzing the Flip application allows for a more effective examination of the relationships among technological stimuli, user psychological states, and behavioral responses. This analytical triad is central to contemporary digital finance research, especially in studies utilizing frameworks such as the Stimulus–Organism–Response (S-O-R) model.

## Literature Review and Hypotheses

### 1.1. Consumer Experience

What has happened to someone is recorded in their life which can then be called experience. In line with this condition, if someone in his life, for example, consumes something, it can be said that what is felt, what is experienced, and what happens when someone uses or consumes something can be called a consumer experience (Hanafiah et al., 2023). A closer examination reveals that consumer experience is a construct shaped by numerous contributing factors, making it an important subject for deeper investigation. Moreover, consumer experience holds a critical role in determining a company's overall performance and longterm success. For example, if a company provides a service, the consumer experience when using it will play a role in the company's success in delivering that service. If consumers feel that something is missing, the company will provide repairs. If consumers feel that something is missing, the company will provide repairs. Then, if the experience is satisfying, the consumer conveys it to others, which will also have a positive impact on the service provider. It is clear that consumer experience plays an important role in a company's success (Wijaya et al., 2019).

The consumer experience is also shaped by achieving a goal or by something the consumer himself wants (Gustafsson et al., 2024). If the company can provide something that meets consumers' goals, this will create a good consumer experience. Additionally, a positive consumer experience is a key source of competitive advantage for a company. This is due to the stimulus-response felt or experienced, which then forms the consumer experience (Becker & Rech, 2024). Here, it is clear that the importance of consumer experience is in the success of a product or service.

### 1.2. S-O-R Framework

This study uses the Stimulus–Organism–Response (SOR) model to understand the relationship between external stimuli and internal psychological states causing observable behavior. Fundamentally, the SOR model suggests that behavior does not represent the immediate response of an organism to an environmental cue, but rather is the final product of an internal processing stage in which sensory or contextual stimuli are processed, interpreted and experienced by the organism ((Chang, 2022; Hanafiah et al., 2023; Zhou et al., 2022)). For this study, the stimulus refers to anything external,be it physical cues present in the environment, service design, or digital features in the interface that can trigger cognitive and affective responses in people, the organism is the intermediary cognitive affective states, like emotions, perceived risk, trust, or arousal, and it is the response that manifests behavior, for example approach, purchasing decisions or resource allocation decisions.

This model provides a clear, structured, and flexible framework for showing how sensory and situational stimuli shape affective states. These states then directly influence and guide behavioral responses. It remains a leading model in consumer and environmental psychology. In consumer behavior research, the SOR model illustrates how various marketing-related experiences, such as retail environment, merchandising approach, product displays, and service interactions, alter consumers' emotions. These altered states then affect the likelihood of making purchasing decisions. Previous studies indicate that retailer control stimuli strategically influence

consumer mood and behavior, especially in grocery merchandising (Knox & de Chernatony, 1990). More recent empirical investigations have generalized the SOR framework to modern markets. Meteorological conditions, for example, have been reported as external triggers that affect consumers' emotions or perceived risk, which, in turn, influence their purchasing behavior and product choices (Liu et al., 2024). This research highlights the crucial nature of online and offline shopping environments, as online environments filter the range of cues that provide consumer focused stimuli and thus limit the range of stimuli that influence consumers' behavior, while those in physical retail environments provide consumers with a greater variety of sensory inputs that can cause stronger emotional and behavioral influence. In addition to retail, SOR has been used in an interorganizational and supply chain framework operational environment and relationship quality is a type of stimulus that can influence suppliers' perceptions (e.g., trust, fairness), which leads to their resource allocation and willingness to share information. In such contexts, organismic states may serve as mediators of stimulus effects and moderators that amplify or attenuate behavioral responses, thereby explaining a nuanced relationship between similar external conditions and different organizational outcomes. Methodologically, the SOR paradigm advises investigators to first investigate distal features of the stimulus and proximal organismic states (usually involving established measuring tools for affect, trust, or perceived risk or satisfaction) prior to evaluating behavioral responses; this leads to more informative path models and the possibility of tests for mediation and moderated mediation. In short, the use of SOR in the current study gives a consistent theoretical framework for hypothesis generation and construct operationalization: it allows one to accurately map specific contextual stimuli on to internal psychological processes and, finally, onto clear cut behavioral outcomes, with consequences for more explanatory power and managerial action ((Chang, 2022; Hanafiah et al., 2023; Knox & de Chernatony, 1990; Liu et al., 2024; Zhou et al., 2022)).

### 1.3. Fintech and Flip Application

Financial technology is the use of technology to provide financial services, including digital payments, fund transfers, lending, and investments. Fintech is rising as a major contributor to economic stability and growth due to the efficiencies, convenience, and affordability of its financial services compared to conventional services. Financial technology, also known as fintech continues to grow (Kumar & Rani, 2024). In Indonesia, fintech is also growing rapidly. There are many fintech services in Indonesia. Fintech itself is an innovation in technology within the financial industry (Mustafa et al., 2020). Fintech greatly contributes to accelerating integration with financial markets, both for business use and for individuals, banking, financial intermediaries, and insurance (Giglio, 2021).

Financial technology is a combination of the financial sector with technology which ultimately has an impact on changing the business model from conventional to moderate (Sultan et al., 2023). In the past, to make a payment transaction, you had to meet face to face and bring a certain amount of cash, now you can make remote transactions by making payments that can be made in a matter of seconds (Bank Indonesia, 2018).

One popular category of financial technology in Indonesia is the free interbank money transfer app, such as Flip, a no fee interbank transfer app developed on Indonesia's system of no-fee payment transfer applications. Flip is an innovation in transaction cost optimization, and it has emerged as a widely adopted alternative for those seeking a way out of traditional bank administration fees. From the SOR viewpoint, service speed, ease of use, and company innovation act as stimulus factors that can cause a user to perceive their service as higher or lower (organisms). Flip is an interesting case study to examine the factors shaping the user experience in the local fintech ecosystem, especially given its unique offering of free interbank transfers.

### 1.4. Research Framework and Hypothesis Development

There has not been much research on consumer behavior in using financial technology, especially research on financial technology regarding the role of fintech as a tool for payment, settlement and clearing in Indonesia. Although the fintech industry continues to expand and attract an increasingly large user base, there remains a lack of research specifically examining customer experience within fintech services, particularly those that focus on providing money transfer or payment transfer functionalities (Purnama et al., 2023). This study aims to identify

what factors affect or enhance the consumer experience with an application, so that these customers remain loyal and continue using it. In this study the application in question is a fintech application that provides free money transfer services, namely Flip. Now, 12 million people and 800 businesses use Flip to transfer money for free, which means that Flip's presence has helped save nearly trillions in interbank fund transfer cost (Dwina Apriliasari - Flip, 2023).

This study adopts the conceptual framework developed by Barbu et al., (2021) which uses the Stimulus–Organism–Response (S-O-R) approach to explain the formation of customer experience in the fintech context. This framework explains that stimuli derived from the characteristics of fintech services influence the internal state of the user (organism), which in turn shapes the user's behavioral response. The same conceptual framework is reapplied and examined in the context of Indonesia, a developing country, with a focus on Flip, a fintech application that offers free money transfer services. This contextual adaptation accounts for variations in the fintech ecosystem, regulatory environment, and user behavior relative to prior research settings.

The stimuli in this study are represented by six dimensions of fintech service characteristics: ease of use, perceived value, customer support, assurance, speed, and perceived firm innovativeness (Barbu et al., 2021). These six dimensions reflect the main stimuli that shape customer experiences in interactions with fintech services. Customer experience is conceptualized as an organismic construct that captures users' internal evaluations of their interactions with the Flip application. Furthermore, customer experience serves as the main mediator between service stimuli and loyalty intention, as shown by users' intentions to continue using and recommend the Flip application.

Therefore, this research framework does not develop a new model, but rather confirms and retests the validity of Barbu et al.'s (2021) conceptual model across different countries and fintech apps. The development of hypotheses in this study directly references and follows the hypothesis structure. Hypothesis formulation was conducted to validate the consistency of the relationships between variables in the context of the Flip app in Indonesia.

The model is ease of use, perceived value, customer support, assurance, speed, and perceived firm innovativeness are positioned as the primary stimuli shaping fintech customer experience. Therefore, these relationships were retested in the context of Flip, resulting in the following hypothesis:

H1: Ease of use positively influences customer experience with Flip.
H2: Perceived value positively influences customer experience with Flip.
H3: Customer support positively influences customer experience with Flip.
H4: Assurance positively influences customer experience with Flip.
H5: Speed positively influences customer experience with Flip.
H6: Perceived firm innovativeness positively influences customer experience with Flip.
H7: Customer experience positively influences loyalty intention toward Flip.

## 2. Methodology

The study used a quantitative design and a causal approach to examine customer experience factors among users of free money transfer applications in Indonesia. This design was selected to explore the causal relationships among the independent variables that affect customer experience, which is essential for understanding user perceptions in the fintech landscape.

The analytical framework employed Structural Equation Modeling Partial Least Squares (SEM PLS). SEM PLS is particularly effective for analyzing complex models and datasets that may not conform to normal distribution or consist of moderate sample sizeschara, cteristics that align with the sample structures employed in this study. Thus, SEM PLS was deemed appropriate, given the assumption of abnormal distribution in the sample (Jogiyanto Hartono M, 2018).

This study uses Structural Equation Modeling (SEM) because the proposed hypothesis involves complex relationships between latent variables, such as ease of use, perceived value, customer support, assurance, speed, and perceived firm innovativeness, on customer experience, as well as the influence of customer experience on loyalty intention. SEM enables simultaneous evaluation of the measurement model, which evaluates the validity and reliability of indicators,

and the structural model. This comprehensive capability makes SEM more suitable than conventional regression methods (Hair et al., 2019).

A sample size of 155 respondents was selected because it meets the minimum recommendation for covariance based SEM, which is 100–200 respondents, and meets the rule of thumb of 5–10 times the number of indicators in the model (Hair et al., 2019). With a relatively small number of indicators, this sample is considered adequate for producing stable parameter estimates and supporting comprehensive testing of the theoretical model.

Using SEM-PLS, the study aimed to derive robust estimates of latent constructs and to assess the quality of the proposed relationships. Data were collected through online questionnaires from participants who had used the free money transfer applications. The survey instrument used Likert-scale questions to evaluate perceptions across multiple constructs, ensuring consistent responses and facilitating straightforward quantitative analysis.

A convenience sampling technique was adopted, allowing voluntary participation and easy access to users across different regions of Indonesia. This method is commonly used in exploratory and behavioral research, where the aim is to achieve an optimal representation of diverse user experiences.

In line with the recommendations of Jogiyanto and Abdillah, the measurement model was rigorously assessed for validity and reliability. Convergent validity was evaluated through loading factors and Average Variance Extracted (AVE), while discriminant validity was tested to confirm the empirical distinctiveness of each construct. Composite Reliability and Cronbach's Alpha were employed to assess the internal consistency and reliability of the constructs.

Upon validating the measurement model, the structural model was statistically assessed using R-squared tests to evaluate the explanatory power of endogenous constructs, Q-squared tests to examine predictive relevance, and bootstrapping to determine the significance of hypothesized paths. Following a multistage evaluation, the model's statistical integrity and theoretical coherence were confirmed.

Ethical considerations were meticulously observed throughout the research process. Participation in the survey was entirely voluntary, informed consent was obtained, and the confidentiality of respondents' information was rigorously maintained to protect their privacy. The study adhered to established academic research protocols and promoted an ethical research framework, thereby enhancing its credibility.

## 3. Results and Discussion

Respondents in this study were selected using a purposive sampling technique, with the inclusion criteria of having used Flip.id or possessing an active Flip.id account. A total of 166 individuals completed the questionnaire; however, only 155 responses met the predefined criteria and were deemed valid for further analysis. The respondents originated from various cities and regencies across Indonesia, representing several provinces, including DKI Jakarta, DI Yogyakarta, West Java, Central Java, East Java, Batam, South Kalimantan, East Kalimantan, Southeast Sulawesi, and Maluku. Demographic characteristics of the respondents are detailed in Table 1.

**Table 1.** Table Characteristic Responden

| No. | Correspondent Characteristic | | Amount | |
|---|---|---|---|---|
| 1 | Gender | Man | 35 | 23% |
| | | Woman | 120 | 77% |
| 2 | Age | 17 years - 20 years | 39 | 25% |
| | | 21 years - 30 years | 41 | 26% |
| | | 31 years - 40 years | 63 | 41% |
| | | > 40 years | 11 | 8% |
| 3 | Occupation | Students | 69 | 46% |
| | | Entrepreneur | 24 | 15% |
| | | Private Employee | 26 | 17% |
| | | Teachers/lecturer | 3 | 19% |

| | | | | |
|---|---|---|---|---|
| | | ASN/ BUMN | 14 | 9% |
| | | Housewife | 19 | 12% |
| 4 | Duration of Using FinTech (Flip) | Less then 1 year | 48 | 25% |
| | | 1-2 years | 47 | 30% |
| | | More than 2 years | 70 | 45% |

Source: Primary data processed (2025)

Based on Table 1, the majority of respondents are female, predominantly aged 31–40 years.

Most respondents are students who have used Flip.id for more than two years. This indicates that Flip.id users in the sample tend to be individuals with relatively stable digital financial habits and sufficient experience in utilizing fintech services.

Measurement Model Test

The measurement model test indicates that all items meet the requirements for convergent validity and reliability, except for two items within the social experience dimension of the Customer Experience variable. Specifically, items SCX1 (0.616) and SCX3 (0.574) have loading values below the acceptable threshold of 0.700 and were therefore excluded from subsequent analyses. The complete results of the validity and reliability assessments are presented in Table 2.

**Table 2.** Measurement Model Test

| Kontruk | Construct Items | Standardized Loading | Cronbach's Alpha | AVE | Composite Reliability |
|---|---|---|---|---|---|
| Ease of Use | EoU1 | 0.885 | 0.802 | 0.716 | 0.814 |
| | EoU2 | 0.854 | | | |
| | EoU3 | 0.796 | | | |
| Perceived value | PV1 | 0.878 | 0.905 | 0.840 | 0.912 |
| | PV2 | 0.944 | | | |
| | PV3 | 0.926 | | | |
| Customer support | CS1 | 0.887 | 0.897 | 0.829 | 0.900 |
| | CS2 | 0.923 | | | |
| | CS3 | 0.920 | | | |
| Assurance | AS1 | 0.918 | 0.906 | 0.843 | 0.907 |
| | AS2 | 0.937 | | | |
| | AS3 | 0.897 | | | |
| Speed | S1 | 0.913 | 0.871 | 0.795 | 0.873 |
| | S2 | 0.865 | | | |
| | S3 | 0.896 | | | |
| Perceived firm innovativeness | PFI1 | 0.917 | 0.928 | 0.874 | 0.928 |
| | PFI2 | 0.962 | | | |
| | PFI3 | 0.926 | | | |
| Customer Experience | CX | 0.869 | 0.870 | 0.795 | 0.875 |
| | ACX | 0.943 | | | |
| | SCX | 0.861 | | | |
| Loyalty intentions | LI1 | 0.946 | 0.943 | 0.898 | 0.943 |
| | LI2 | 0.965 | | | |
| | LI3 | 0.931 | | | |

Source: Primary data processed (2025)

After removing the invalid items, the results of the validity and reliability testing indicate that all remaining items have loading factor values above 0.70 and AVE values greater than 0.50, indicating that the requirements for convergent validity are met and that the indicators appropriately represent their respective constructs (Jogiyanto Hartono M, 2018). The reliability assessment also demonstrates that all constructs have composite reliability and Cronbach's alpha values exceeding 0.70. The findings provide substantive evidence supporting the robustness of the relationships between each construct and its associated indicators. Consequently, all variables utilized in this study can be regarded as empirically valid and reliable. This indicates that the measurement model satisfies the required standards of reliability and convergent validity,

offering a solid methodological foundation for advancing to the subsequent phases of SEM analysis. After establishing these measurement properties, discriminant validity was assessed, and the detailed results are presented in Table 3.

**Table 3.** Discriminant Validity Tests

| Hypotheses | *path coefficient* | *t-statistic* | *p-value* | Note |
|---|---|---|---|---|
| H1: EoU → CusExp | 0.064 | 0.973 | 0.331 | Not Supported |
| H2: PV→ CusExp | 0.078 | 0.756 | 0.450 | Not Supported |
| H3: CS→ CusExp | 0.117 | 1.448 | 0.148 | Not Supported |
| H4: AS→ CusExp | 0.095 | 0.828 | 0.408 | Not Supported |
| H5: SP→ CusExp | 0.321 | 2.092 | 0.036** | Supported |
| H6: PFI→ CusExp | 0.317 | 3.950 | 0.000*** | Supported |
| H7: CusExp → LI | 0.857 | 24.759 | 0.000*** | Supported |

Source: Primary data processed (2025)

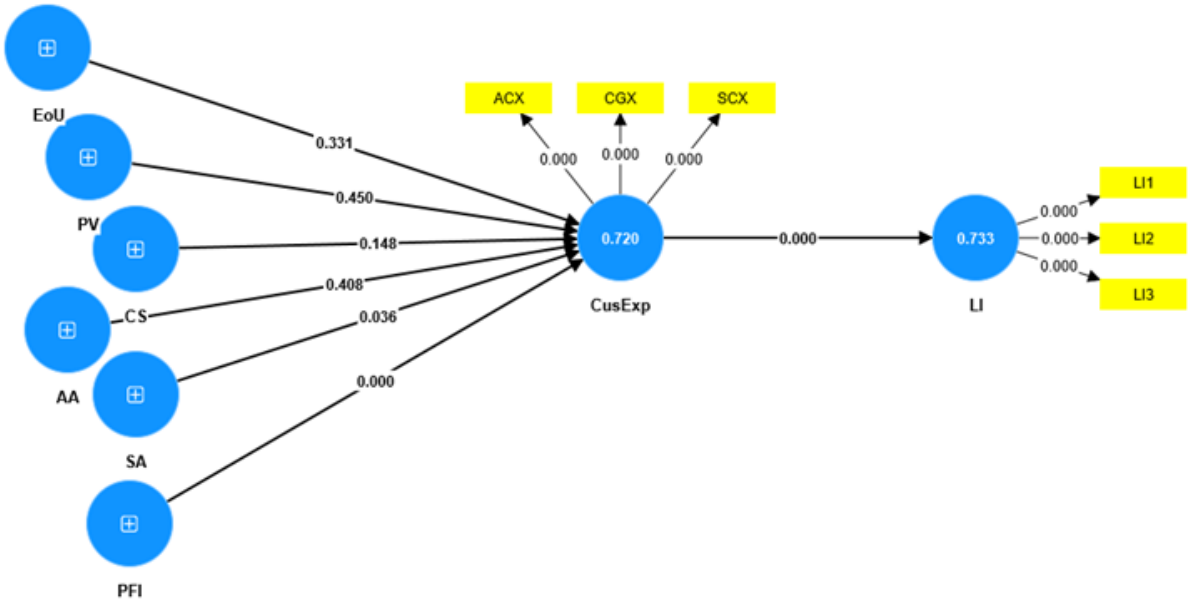



**Figure 1.** PLS Models
Source: Primary data processed (2025)

Several empirical results were derived from the data analysis according to the test hypotheses. First, Hypothesis 1 (H1: Ease of Use → Customer Experience) is not supported. In this way, H1 (Ease of Use) is not empirically found to be valid. Ease of use is not shown to have any significant impact on Customer Experience; hence, in the scope of this study, ease of use is not a primary predictor of customer experience (Gustafsson et al., 2024). Second, Hypothesis 2 (H2: Perceived Value → Customer Experience) is also not supported. It is found that there is no significant difference between perceived value and Customer Experience demonstrating its lack of relevance at the selected significance level. Third, H3 (H3: Customer Support → Customer Experience) is not supported, either. Even if the p-value is less than 0.05, the t-value does not reach the threshold and the relationship is regarded as non significant. Hypothesis 4 (H4: Assurance → Customer Experience) is also rejected. A higher p-value means that we don't yet have any empirical evidence showing that assurance actually improves customer experience. Hypothesis 5 (H5: Speed → Customer Experience) is supported by contrast; however, the data is also in favor of Hypothesis 6 (H6: Perceived Firm Innovativeness → Customer Experience). In fact, speed significantly positively affects Customer Experience and customers are much more favorable towards customer's perceptions of experience when products or services are also quickly provided. Likewise, (H6: Perceived Firm Innovativeness → Customer Experience) is also confirmed. The impact of Perceived Firm Innovativeness on Customer Experience is large, indicating that customers rate their experiences positively in relation to the brand's innovative products or service offerings. Finally, Hypothesis 7 (H7: Customer Experience → Loyalty Intention) is confirmed. Customer Experience positively and significantly affects Loyalty

Intention, i.e., customers who have great experiences are more likely to generate stronger intentions to remain loyal.

Several of the proposed hypotheses (H1–H4) were not empirically supported, suggesting that unexamined factors may have exerted a stronger influence on the observed outcomes. It is plausible that contextual characteristics of the fintech industry, heterogeneity in customer demographics and behaviors, or broader environmental and market conditions played a significant role in shaping user responses, thereby contributing to the non-support of these hypotheses. For example external factor is social media. Social media is very influential in marketing a product. A product can be very popular with consumers because of effective social media marketing (D. Y. Kim & Kim, 2021). Therefore, these findings provide an empirical basis for the development of more targeted customer experience enhancement strategies, particularly by emphasizing the factors demonstrated to exert the greatest influence within the operational context of Flip as a zero fee interbank transfer application.

In this research, several hypotheses received strong statistical support, while others were not. Despite the lack of significance for certain relationships, the overall findings offer valuable managerial and theoretical insights to enhance business strategies and improve the customer experience on Flip. The results indicate that transaction speed and perceived organizational innovativeness are key factors influencing users' overall experience and their intention to remain loyal to the platform. Therefore, prioritizing these elements is essential for strengthening customer relationships and ensuring long-term user retention.

Ease of use, perceived value, customer support, and assurance are generally recognized as key determinants of the customer experience(Kusumawati & Putri, 2024). When a product or service is easy to use, offers strong perceived value, provides responsive customer support, and ensures reliability or quality assurance, these conditions typically contribute to an enhanced overall customer experience. However, in research this is not proven, this is probably because users who are already quite familiar with similar technology, in this case flip as a free money transfer application, it is certain that people who use this application are people who are already accustomed to using other financial applications, at least m-banking (Mutambik, 2023). A similar phenomenon is observed in studies involving technologically adept users, wherein ease of use fails to demonstrate a significant influence on customer experience. Given that such users possess a high level of familiarity and competence with digital technologies, the perceived simplicity of an application does not necessarily translate into meaningful variations in their experiential evaluations. Although ease of use reduces users' cognitive load, it does not really affect people who already understand technology. Ease of use will affect consumers who are still less familiar with technology (Mutambik, 2023).

Perceived value is typically understood as users' overall assessment of the benefits obtained relative to the costs or sacrifices incurred with regard to system-based technology services. Prior research has consistently demonstrated that the perceived value of digital financial services is strongly linked to practical benefits such as monetary savings, convenience, and ease of use and thus, an important driver for users' attitudes and behavior (Kusumawati & Putri, 2024). With free transfer fintech products such as Flip, the benefits efficiency of transaction costs and interbank transfer processes are likely to bring perceived value on the part of the users. But new empirical evidence indicates that what customers perceive as value does not always translate into an excellent customer experience. Recent research suggests that affective and psychological aspects (especially brand attachment) may have a stronger impact on users' service evaluations (Pham et al., 2023). So while a service may provide high functional value, consumers may still report varied or lower satisfaction if other symbolic or affective features predominate. The functional attributes alone are not sufficient to completely account for the determinants of service quality and satisfaction. The relevance of brand attachment arises given that Flip is a product developed by young Indonesian developers. The pride of supporting a homegrown innovation can also engender affective bonds, affecting service consumers overall service evaluations. This attachment might offer a rationale for why perceived value is not uniformly potent in influencing customer experience, given that users do not typically derive satisfaction solely from functional advantages but also from the symbolic effect of promoting national technological success.

This dynamic highlights the complex concept of customer experience formation. Other than just being useful, psychological and socio cultural reasons could exert a significant impact on users

affective reactions and behavioral tendencies as well. Therefore, brand attachment can be considered a mediating or moderating variable in the relationship between perceived value and customer experience, especially in local fintech ecosystems like Flip.

Customer support is generally instrumental in creating a good customer experience. However, this study does not have this tendency. This is because in an environment that prioritizes technology with automation or digital, customers are very likely to have expectations that tend to be different so in general it does not affect the overall customer experience, as some of the features have been resolved by automation (Mutambik, 2023).

In general, assurance in the financial sector plays an important role in shaping the customer experience, but in this study, this is not the case, possibly because consumers perceive assurance at a level that should be high by standard. And this is very likely to happen.(Waqas et al., 2021).

However, based on the empirical results, it is important to recognize that the absence of significant effects from ease of use, perceived value, customer support, and assurance on the customer experience of Flip users may be attributed to variations in customer preferences and priorities. In certain contexts, these factors may exert limited influence depending on users' specific needs and expectations. Moreover, external elements such as brand perception, individual usage habits, and broader market conditions may also shape how customers evaluate and experience a product or service. Consequently, the customer experience in the context of Flip may be driven more by situational and context specific determinants than by the conventional factors typically highlighted in fintech research.

Speed in this study plays an important role in creating a good customer experience. This can be seen because speed itself is needed in sectors closely related to technology; in this case, Flip, as a free money transfer application, is closely related to technology. Efforts to provide fast service can help consumers save time, which is very necessary in the digital world, given economic factors, thereby making customers feel satisfied (Barbu et al., 2021).

Perceived firm innovativeness refers to customers assessments of a company's ability to introduce new ideas, technologies, or solutions. Such perceptions can substantially influence customer experience, as firms viewed as innovative often capture customer interest and convey a commitment to continuous improvement. This perception can foster more engaging interactions and strengthen customers' willingness to maintain ongoing relationships with the firm (Barbu et al., 2021).

In addition, both speed and perceived firm innovativeness play important roles in shaping the customer experience. The speed with which a company delivers its products or services, responds to customer inquiries, or resolves issues can significantly affect customers' overall evaluations. Customers generally place a high value on efficiency and prompt service. When a company consistently delivers fast and effective service, it is more likely to enhance customer satisfaction and foster a positive experience.

Perceived firm innovativeness is defined as consumers' perceptions of the company's ability to provide solutions that are new and really have a significant impact or change. Perceived firm innovativeness has been shown to affect customer experience because it can encourage functional and emotional relationships with brands(Jiang et al., 2024). Innovative companies are seen as having greater capacity and forward thinking, enabling them to strengthen customer loyalty and engagement (Kunz et al., 2011). A study indicates that consumers value companies that consistently innovate, as innovation enhances the overall customer experience. The relevance of this finding is evident in the case of Flip, a free money transfer application. Traditionally, individuals have been required to pay transfer fees regardless of the transaction amount, which can discourage usage, particularly for smaller sums. This issue is increasingly significant as money transfers are increasingly used for online purchases and other purposes.

These two factors can operate synergistically to enhance the overall customer experience. Rapid adoption of innovations or the swift provision of solutions can strengthen customers' perceptions of a firm innovativeness. Conversely, when customers perceive a company as highly innovative, it generates added value and fosters expectations that the firm will continue to deliver advanced and improved solutions.

Positive customer experiences are also known to cultivate emotional engagement (Becker & Rech, 2024). When consumers feel satisfied, appreciated, or emotionally uplifted during their interactions with a company, a strong emotional attachment is likely to develop. This attachment

becomes a critical determinant of consumers' intention to remain loyal (Kini et al., 2024) . Customers tend to retain both positive and negative memories of their interactions, and favorable experiences establish positive cognitive associations that shape perceptions of the brand or company.

Positive experiential memories play a critical role in shaping customers' loyalty intentions. When customers experience high satisfaction, they are more likely to engage in positive word of mouth, recommending the brand or service and conveying favorable impressions to others. Such behaviors not only strengthen their own loyalty but also facilitate the expansion of the customer base through informal, interpersonal advocacy.

## 4. Conclusion

Modern technology is in a constant state of evolution, particularly in today's innovation-driven era within the financial services sector. Companies must innovate to remain competitive and meet customers' growing demands. Product innovation encompasses not only the introduction of new items or features but also the enhancement of existing processes that directly impact quality, efficiency, and customer interaction. By effectively leveraging innovation to provide faster, seamless, and more consumer centric services, firms can enhance customer experiences, which are essential for fostering long term loyalty (Anifa et al., 2022; Khanal et al., 2023; Rizvi et al., 2024).

Customer loyalty is critical to business success, as it enhances retention, reduces acquisition costs, and ensures revenue stability, particularly in highly competitive fintech markets such as digital payments and money transfer services (Barbu et al., 2021). The findings of this study indicate that service speed and perceived firm innovativeness are key determinants of customer experience and loyalty in fee-free interbank transfer services, while other commonly examined factors such as ease of use, perceived value, customer support, and assurance were not empirically supported. This suggests that customer experience formation in the Indonesian fintech context, particularly for free transfer applications, differs from that of conventional fintech services and is influenced by contextual and psychological factors, including digital literacy, perceived security, and environmental conditions. Accordingly, fintech providers offering free transfer services should prioritize enhancing transaction speed and introducing innovative features as key strategies to improve customer experience. Future research should further investigate context specific drivers of fintech customer experience.

These insights are particularly relevant for services like Flip, which derive their competitive advantage from operational efficiency and technological uniqueness rather than price differentiation or traditional service quality attributes (Y. Kim et al., 2015). Additionally, this study adapts a theoretical development model previously employed in research conducted in other countries. However, in the Indonesian context, the empirical applicability of the model is shaped by cultural, behavioral, technological literacy, and market specific factors that influence user's attitude toward fintech service engangement. This consideration is particularly relevant in studies on fintech applications that offer free interbank transfers or e-payment systems, such as e-money platforms. Conversely, focusing on loyalty intention as the primary outcome may be less relevant for credit-focused fintech services, such as Paylater or online lending, which involve distinctly different user motivations, risk appetites, regulatory environments, and financial behavior trends. Future research could expand these lines of investigation by adding explanatory variables, exploring various categories of fintech applications, using mixed method studies, or enhancing analytical frameworks. Such effort can better account for variations in how customer experience is formed across different cultures and financial technology markets.

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