

Cashless Transaction: An Assessment of Factors Influencing Consumer Adoption of E-Wallets

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Abstract: *Understanding consumer preferences is essential for financial market stakeholders to maintain a competitive edge as cutting-edge payment methods continue to replace cash-based systems. This study was adopted to gather data from Business Administration students as respondents. The collected data were analyzed using descriptive statistics. As a result, perceived usefulness, perceived ease of use, and privacy and security displayed significant relationships influencing consumer adoption to e-wallet. The study discovered a strong correlation between the usefulness, usability, and privacy/security of e-wallets. Ease of use and usefulness have a significant positive high correlation indicating that as e-wallets become more user-friendly, more people will find them to be useful. Moreover, there is a significant positive low correlation between privacy/security and usefulness, suggesting that as users perceive e-wallets to be more secure, so does their perception of their usefulness. The relationship between security and ease of use is also significantly positive, indicating that as users find e-wallets simpler to use, their perception of the security and privacy of these platforms also improves.*

Keywords: cashless, consumer adoption, usefulness, assessment

Introduction

The proliferation of web and mobile applications, which are reshaping conventional work processes, demonstrates the pervasiveness of technology. Both the technology industry and consumers have benefited from it, particularly during the pandemic when online platforms and e-wallets have become indispensable for carrying out remote tasks. As virtual cashless services, e-wallets provide a complete answer to a variety of payment needs by enabling simple transactions without actual currency transfers.

The most popular e-wallets in the Philippines are Gcash, PayMaya, and Coins.ph, which are used by organizations, businesses, and educational institutions to streamline financial transactions. Understanding consumer preferences is essential for financial market stakeholders to maintain a competitive edge as cutting-edge payment methods continue to replace cash-based systems. This investigation aimed to determine what factors influence students in Bulacan to use electronic wallets.

Statement of the Problem

The general problem of the study is to assess the factors influencing the consumer adoption of E-Wallets. The study sought to answer the following specific questions:

1. What is the demographic profile of the respondents?
2. How may the e-wallet usage preferences be described in terms of:
 - 2.1. frequency of usage; and
 - 2.2. platform?
3. How may the attitudes towards the adoption of e-wallets be described in terms of:
 - 3.1. usefulness;
 - 3.2. ease of use; and
 - 3.3. privacy and security?
4. Is there a significant connection between the usefulness, ease of use, and privacy/security of e-wallets?
5. What improvements may be suggested in terms of:
 - 5.1 impacts of e-wallets on today's generation; and
 - 5.2. other aspects of the e-wallets system?

Related Literature and Studies

Alongside the growth in Internet usage has come a rise in online shopping. An e-wallet can be defined as a system that securely stores payment information for digital transaction (Kagan, 2021). Information technology developments have sparked innovations in electronic payments, promoting cashless alternatives like e-wallets.

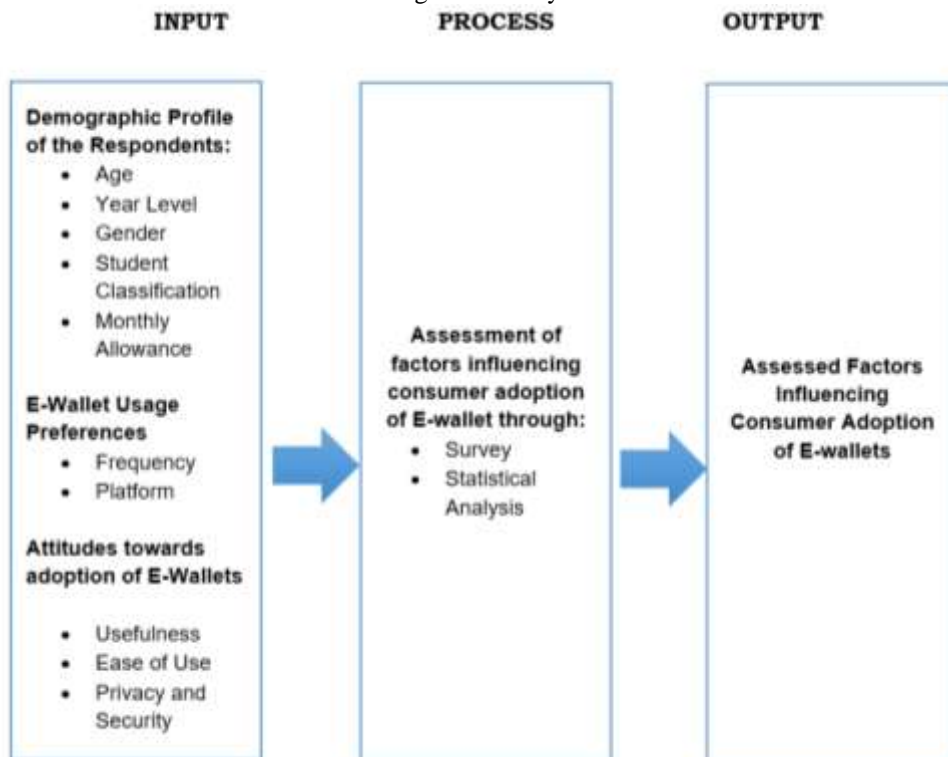
The pandemic has sped up the shift to cashless transactions, and the use of digital wallets has increased significantly. To reduce the health risks associated with handling physical cash, governments around the world have encouraged contactless transactions, which has accelerated the adoption of e-wallets even in traditionally cash-dependent economies (Maynard, 2021).

Scholars use theoretical frameworks like the Technology Acceptance Model and the Unified Theory of Acceptance and Use of Technology (UTAUT) to understand the adoption of e-wallets. Consumer attitudes toward e-wallets are significantly influenced by elements like perceived ease of use, usefulness, trust, social influence, and individual inventiveness (Davis, 2018; Bibri; Venkatesh et al.; Shankar & Datta; Chandra & Kumar).

In conclusion, consumer behavior has changed because of the rising popularity of e-wallets, with more people embracing digital payment options. The effects of the pandemic and ongoing technological development will probably continue to influence how widely e-wallets are used in the future. For organizations and decision-makers hoping to promote a smooth transition to cashless economies, understanding the factors affecting consumer acceptance is essential.

Conceptual Model

following conceptual model is used for clearer understanding of the study.



Using an IPO model, the study aimed to explore the factors influencing users' desire to adopt e-wallets as a mode of payment during the pandemic. To achieve this, the researchers considered the respondents' demographics, usage preferences, and attitudes. As a process, a survey was conducted to gather relevant data, which were then analyzed using statistical tools to draw credible conclusions, providing valuable insights to address the research problem.

The analysis of the collected data yielded significant results, enabling the researchers to assess the factors influencing the adoption of e-wallets during the pandemic. The findings contribute to a better understanding of user behavior and preferences in digital payment methods, offering valuable information for businesses and policymakers alike. Ultimately, this research shed light on the significance of e-wallets as a mode of payment in times of crisis and help improve strategies to promote their adoption among users during similar situations.

Assumptions

The study focuses on the factors that influence customer adoption of E-wallets, wherein the following hypotheses were tested:

H0: There is no statistically significant relationship between e-wallet perceived usefulness, ease of use, and privacy/security.

H1: There is a statistically significant relationship between e-wallet perceived usefulness, ease of use, and privacy/security.

Methodology of Research

The researchers carried out a quantitative study to examine the customer adaptability of E-Wallets in the Business Administration Department at Bulacan State University-Meneses Campus. Quantitative research is an approach that uses empirical data to examine relationships, make predictions, and test hypotheses. This method involves the systematic collection, analysis, and interpretation of numerical data to address research questions and draw conclusions. (Creswell, 2021) A Likert scale survey questionnaire is used as a quantitative research tool that highlights objectively based research.

Results of the Study

The demographic profile of the respondents was examined in this study in terms of age, year level, sex, student classification, and monthly allowance. About two-thirds of the respondents (the majority) were between the ages of 18 and 20; this age range corresponds to that of most college students (Orbeta et al., 2021). In contrast to the results from the previous year (2022), nearly half of the respondents were in their second year. According to earlier studies on college students, the study's findings that a sizable portion of the respondents were women were accurate (Alipio, 2020).

Over two-thirds of the sample, or respondents, declared themselves to be full-time students. Despite the difficulties the pandemic presented, only about one-third of students were employed (Henderson, 2021). More than half of the respondents had monthly allowances of less than 1,000 pesos, and about a fifth received between 1,001 and 2,000 pesos. According to earlier research (Rodriguez, 2021) similar allowance ranges for college students during the pandemic were reported.

The study looked into respondents' preferences for using e-wallets. Nearly one-fifth of respondents conducted 6 to 10 transactions per month, making up the majority of respondents who used e-wallets for transactions between 1 and 5 times per month. The findings of Decision Lab, which revealed that 77% of e-wallet users used them at least once per week for payments or money transfers, are consistent with the high usage frequency.

All respondents favored GCash as their preferred e-wallet platform, with PayMaya being used by a smaller percentage of respondents. This result is in line with earlier studies that showed GCash to be the most well-liked e-wallet platform in the Philippines, with 33 million users (Isnurhadi, 2021).

Respondents had favorable opinions of e-wallets and thought that they were simple to use and very useful. The respondents rated e-wallet apps' convenience as being extremely useful. They also generally believed that e-wallets were very practical and simple to use.

Additionally, respondents said they felt secure, and that e-wallets protected their privacy. They felt more secure using e-wallets because they had faith that their private information wouldn't be disclosed to third parties.

In conclusion, this study shed light on the demographics of college students who use e-wallets as well as their preferences for platform usage and frequency. The study showed that e-wallets were widely used during the pandemic, driven by perceptions of their utility, usability, and assurance of security and privacy. The results help us understand what influences college students' adoption of e-wallets and can help businesses and policymakers who want to encourage cashless economies in the future.

Conclusions:

The study found significant relationships among usefulness, ease of use, and privacy/security of e-wallets. There is a significant positive high correlation ($r = 0.70$, $p < 0.01$) between ease of use and usefulness, indicating that as the ease of using e-wallets increases, their perceived usefulness also rises. Additionally, a significant positive low correlation ($r = 0.46$, $p < 0.01$) exists between privacy/security and usefulness, implying that as users perceive e-wallets to be more secure, their perceived usefulness also increases. Moreover, there is a significant positive moderate correlation ($r = 0.56$, $p < 0.01$) between privacy/security and ease of use, suggesting that as users find e-wallets easier to use, their perception of the security and privacy of these platforms also improves.

The null hypothesis is rejected while the alternative is accepted wherein it can be concluded that there is a statistically significant relationship between e-wallet perceived usefulness, ease of use, and privacy/security.

Recommendations:

This quantitative study aimed to assess the factors influencing user adoption of e-wallets, particularly during pandemic occurrences. The findings led to the following recommendations:

Firstly, e-wallet developers must prioritize the security and privacy aspects of their platforms. While an increase in e-wallet users was observed during the pandemic, concerns about security and privacy were also evident. To sustain the growth of e-wallet usage even after the pandemic, developers should implement effective security policies and measures, along with tight internal controls, to ensure optimal protection for users.

Secondly, e-wallet service providers should diversify their offerings to cater to specialized markets and expand their user base. Offering promotional materials and creating awareness about the various advantages of e-wallets beyond basic transactions can attract more users and increase their adoption rates.

Lastly, future research can be directed towards understanding non-internet-banking users and identifying factors that could motivate them to adopt e-wallets. Exploring the adoption intentions of this group can be beneficial for banks and service providers in attracting new customers and expanding their user base. By addressing the preferences and concerns of non-internet-banking users, e-wallet providers can improve their services and make them more appealing to a wider audience.

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