Modeling Customers’ Intention to Use E-Wallet in a Developing Nation: Extending UTAUT2 With Security, Privacy and Savings

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ABSTRACT

Intention to use e-wallets is affected by a number of factors which are related to consumer perception about privacy, security, price value, benefits etc. A sample of 613 customers of e-wallets in Punjab state in India was validated through mall intercept method. The results indicate that hedonic motivation, perceived security, general privacy, facilitating conditions, performance expectancy, perceived savings and social influence, and price value in this order, influence the intention to adopt e-wallets. Habit and effort expectancy are the hindrances that have a negative impact on the e-wallet adoption. Factors such as hedonic motivations, security, and privacy have larger roles. The service providers should maintain the privacy and security of users and engage customers by modifying the existing services’ range and features. The study endorses reduction in the efforts of using e-wallets, and the conversion of habit into more willingly performed behavior. The resulting model can draw meaningful insights about adoption of this emerging payment platform.

KEYWORDS

Adoption, E-Wallets, Mobile, Privacy, Savings, Security, Technology, UTAUT2

1. INTRODUCTION

Past several years have marked the popularity of mobile commerce applications, such as mobile shopping, mobile travel service, online to offline (O2O) consumption. (Yang, Liu, Li, & Yu, 2015). This has created plenty of opportunities for organizations by making versatile innovation-based business models (Akturan & Tescan, 2012). The innovative payment methods and services take up diverse names such as mobile wallets, mobile payments, mobile commerce, and mobile banking. Amongst all forms of online payments, an e-wallet is a prepaid account in which the user can place his/her money, and its underlying components are software (stores personal information, grant security and encryption) and information (database of user details) (Sharma, 2017). Mobile commerce accounts

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for 48% of universal digital-commerce sales as of 2017 and estimates to reach 70% i.e. $4.6 trillion by 2022 (Bansal, Bruno, Denecker, & Niederkorn, 2017). Not surprisingly, the developing nations have surfaced as the leading market of mobile payment services. The GSMA Mobile Money report (2018) states that in Sub-Saharan Africa over 60% of adult populace owns a mobile money account. In 2018, the mobile money industry added 143 million registered customers reaching 866 million (CAGR 20%), most of this growth occurred from Asia, where 90 million new accounts opened. Mobile money continues to play a vital role in financial inclusion. Corresponding to a World Bank Group (2017) report 1.7 billion people worldwide need access to safe and accessible financial services.

This popularity of digital payments has generated a need for secure to operate and open platforms for transactions as these are the inviting elements which consumers search for. Acceptance of m-payments has led to the adoption of e-wallets as an acceptable payment option for the consumers in India as well. With over 500 million smartphone users (Zenith Media, 2018) and the government’s resolve to promote cashless transactions has encouraged acceptance of e-payment platforms in India. Indian customers first experienced e-wallet services in 2006 offered by wallet365.com (controlled by Times Group) in association with YES Bank. Recent socio-economic developments such as demonetization, digital India initiatives, E-commerce increase and consumers’ rising need for convenience proved to be the pivotal factors that fostered mobile payment adoption. According to 2017 Consumer Payments Insight Survey, India is one of the leading markets in terms of mobile wallet adoption with 55.4% of survey respondents indicating usage of mobile wallets. China and Denmark are behind India at second and third place (Global Data, 2018). As per a study by Regalix (2018), e-wallet usage is prevalent among Indians, with 80% of the overall users using it oftener than once a week and 33% using it every day.

As people now trust and adopt online shopping coupled with online payment services (Baidya, 2016), there is a rivalry among firms which provide mobile-based payment services. The mobile wallet market penetration in India stands at a substantial 39%. Reserve Bank of India reports that from just one in 2006, the number of companies giving e-wallet services had surged to 60 by 2017. However, the figure shrank to 49 owing to several reasons. The intensity of competition and fragmented nature of the market has also made the investors wary (Bhakta & Srinivasan, 2018). Smaller firms have been quitting the space or are being devoured by larger firms (e.g., Flipkart picked up PhonePe, Amazon picks Freecharge) (Nupur, 2018). This implies that despite the growing reputation of m-payments, the e-wallet service providers are endeavoring to intrigue and keep consumers. Since persuading users to divert from commonplace payment methods and use m-payments is not straightforward; it becomes necessary to examine the predictors that could shape customers’ intention and adoption of e-wallets. Thus, this study realizes a need to identify factors that contribute or hinder Indian consumers’ intentions to adopt e-wallets. Further, the results of current study could provide more clues about the customer perception in South Asian context and developing countries in general. Consequently, generalizability of the current study’s results will not restrict to the Indian markets but could be of interest to academics and business professionals in the developing nations. This is especially important as prior studies have largely examined the related issues from the perspectives of customers in developed countries.

While the literature explaining user adoption of m-payments have magnified in size and scope, still there is a paucity of studies offering deeper insights into consumers’ adoption of e-wallets in particular. Second, the research on the use of innovative technologies is based mainly on innovation diffusion theory (IDT) (Rogers, 1995, 2002; Kumar, Adlakaha, & Mukherjee, 2018; Zhao & de Pablos, 2011), technology acceptance model (TAM) (Madden, Ellen, & Ajzen, 1992; Kim, Mirusmonov, & Lee, 2010; Schierz, Schilke, & Wirtz, 2010) and the theory of planned behavior (TPB) (Ajzen, 1991; Yang, Li, & Yu, 2015). These theories largely adopt fundamental principles from diverse fields viz. psychology, marketing and IT to explain the adoption intentions of distinct forms of IT/IS. All the same, the robustness and explanatory power of these models are not coherent because of the dynamic character of IT/IS and consumer behavior (Ooi & Tan, 2016). To enhance the predictive strength,
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