Factors That Determine Users’ Switching Intention From a Debit/Credit Card to Adopting E-Wallet as a Payment Method

Michael Lo
https://orcid.org/0000-0003-2448-0240
President University, Indonesia

Adhi Setyo Santoso
https://orcid.org/0000-0001-6857-2708
President University, Indonesia

ABSTRACT

This study investigates the switching intention and actual behavior of e-wallet users in Greater Jakarta by using the push-pull and mooring model. There were 33 constructs distributed in Greater Jakarta. Using a quantitative technique, this research used non-probability sampling. The samples collected consisted of 357 valid responses. PLS-SEM and bootstrapping were conducted to check the validity, reliability, and hypothesis testing. Based on the results, low efficiency and personal experience had no significant influence towards switching intention. There was a significant influence from switching cost, social image, security, and alternative attractiveness towards switching intention. Lastly, there was a significant influence of switching intention towards actual behavior. The results gained from the study generated managerial and theoretical implications, which later can be used for the e-wallet provider to improve its services.

DOI: 10.4018/978-1-7998-1879-3.ch007
INTRODUCTION

Since the beginning of time, the payment system has been an inseparable tool in our daily lives. The payment system can be defined as a system that allows for fund transfers and circulation (Lamberte). In order to have an effective system, the payment system must include three preconditions. One is to have a standardized procedure to transmit payments between users. The second is to have a secure and reliable system that is always available. Last but not least, the system affordability (price of the system) should also be taken into account (National Bank of Serbia).

The aim of this study is to investigate the factors that influence the switching intention and actual behavior of debit/credit card users to adopt E-wallet as their payment system. The independent variables of this research are low efficiency, switching cost, personal experience, social image, security, and alternative attractiveness. Switching intention is a mediating variable from all of the independent variables towards the actual behavior of E-wallet usage. This study is created with the purpose of examining the factors that affect users’ willingness to switch from a debit/credit card to E-wallet. More specifically, this study examines which factors actually affect user willingness to switch from a debit/credit card to E-wallet, whether E-wallet is being used as a substitute for a debit/credit card in actual usage, whether there is a relation between the push, pull, and mooring effect towards switching intention, and whether there is a relation between switching intention and actual usage.

BACKGROUND

Back in 1885, Ernst George Ravenstein analyzed that human migration is influenced by push and pull effects. Push factors are those that persuade a person to shift of one’s own accord, and in most of the cases, individuals are forced to migrate because there is a risk that the individual has to bear if a person does not migrate. On the other hand, pull effects are the positive outcomes gained if people choose to move over to another option. For example, another option may have better promotion, services, or development (Lee, 1966). But using a push-pull model does not accurately show the intention of individual migration. Numerous studies have shown that psychological and normative elements also impact the individual decision to switch. In 1995, Moon proposed a PPM method and put mooring elements in the formula to explain migrations. The PPM method is used as the most advanced method today since it also reminds researchers to recognize that cultural, moral, and personal issues are also important elements to be noticed in people’s migrations (Bansal, Taylor, & James, 2005).
Related Content

An Assessment of Federated Machine Learning for Translational Research
Manoj A. Thomas, Diya Suzanne Abraham and Dapeng Liu (2020). Interdisciplinary Approaches to Digital Transformation and Innovation (pp. 123-142).
www.igi-global.com/chapter/an-assessment-of-federated-machine-learning-for-translational-research/246714?camid=4v1a

Online Purchase and Advertising in Latin America: A Consumer Comparison Among Mexico and Colombia
Mauricio Sabogal Salamanca, Carlos Hernán Fajardo-Toro, Juan Carlos Renteria, Yesica Mayett Moreno and Laura Berenice Sanchez Baltasar (2020). Impacts of Online Advertising on Business Performance (pp. 104-137).
www.igi-global.com/chapter/online-purchase-and-advertising-in-latin-america/241760?camid=4v1a
Customer Engagement Strategies of China’s E-Commerce Industry and Their Impact on China’s Economy Transition

The Phenomenon of Blockchain Technology and the Future of Self-Stabilising and Self-Adaptive Systems of Systems
Ben van Lier (2020). *Interdisciplinary Approaches to Digital Transformation and Innovation* (pp. 185-201).