UNIVERSITI TEKNOLOGI MARA

MITIGATING FRAUD RISK IN PAYMENT SYSTEM VIA E-WALLET IMPLEMENTATION: DETERMINING USER ACCEPTANCE IN INDONESIA

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ABSTRACT

Credit and debit cards were the first digital payment innovations, followed by internet banking, mobile banking, e-payments, and mobile payments, which are now considered the most recent innovations in e-wallet payment. Despite its benefits, e-wallet payment usage in Indonesia remains low when compared to total internet users, particularly mobile internet users, because e-wallet is typically used on a mobile phone (smartphone). The purpose of this research is to describe how e-wallet payments can mitigate the risk of fraud in traditional cash payments and to empirically investigate the factors influencing the acceptance of e-wallet payment systems among Indonesian users. The study was divided into two sections: the first addressed how e-wallet payment could reduce fraud risk, and the second area of the study addressed factors determining the acceptance of e-wallet payment in Indonesia. Thematic analysis of a systematic literature review was used in the first area of the study, which was supported by interviews and focus group discussions. The second area of the study involved an empirical study that combined the two most prominent technology acceptance theories: extended variables from the technology acceptance model (TAM) and the unified theory of acceptance and use of technology (UTAUT). The study's model is divided into two parts: the relationship between all of the extended TAM variables that eventually influence behavioural intention and the classical relationship between UTAUT predictors and behavioural intention. Age and negative past experience were also tested as moderator variables that could influence the relationship of independent variables to dependent variables. In the second area of research, questionnaire surveys were used with structural equation modelling (SEM) as a data analysis method. The survey gathered 470 responses from postgraduate students at Indonesia's top five universities, according to the 2019 QS World Ranking. According to the findings of the first area of the study, there is a need to switch from cash to e-payment, subject to the obstacles and requirements in the switching process. Infrastructure, user safety, acceptability and availability, and the established ecosystem environment are among the obstacles. One of the outcomes of the switching process will be a reduction in fraud risk. The survey data was analysed in two parts: (1) only perceived privacy was not significant in extended TAM, (2) all UTAUT variables significantly influenced behavioural intention, and facilitating conditions significantly influenced usage adoption behaviour. Behavioral intention influenced usage adoption significantly and mediated the relationship between all predictors and usage adoption behaviour. Finally, negative past experience was not found to be a significant moderator on the relationship between behavioural intention and usage adoption behaviour. Simultaneously, age was found to be a significant moderator of the relationship between all UTAUT predictors and behavioural intention and usage adoption behaviour. The only difference was in which was more pronounced between younger and older users. The findings from the first area of research will back up the findings from the second area of research. It will have theoretical and practical implications that can be used to improve e-wallet payment services by all e-wallet stakeholders. This study will benefit all parties involved, including e-wallet vendors, the government as a regulator, and merchants. As a result, it can develop the right policy to encourage potential users to use e-wallet payment systems and merchants to attract potential customers.

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