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RECTOR'S MESSAGE



I would like to extend my gratitude for your visit to FBM Insights Volume 8, a publication brought forth by the esteemed Faculty of Business and Management, UiTM Kedah Branch. This bulletin endeavours to present a concise and beneficial collection of important insights and research findings derived from the domain of social sciences.

FBM Insights aims to simplify complex social science concepts into easily digestible bullet points, making valuable knowledge more accessible to a wider audience. In this bulletin, each article provides a glimpse into the diverse and dynamic world of social sciences, including psychology, sociology, economics, finance, and other pertinent fields. Through concise and informative summaries, the intention is to promote a deeper understanding of human behaviour, societal trends and the multifarious factors that shape our world.

My heartfelt appreciation is proffered to the dedicated researchers and scholars whose works form the foundation of this bulletin, contributing significantly to the ever-changing landscape of knowledge in social sciences. In navigating the modern era's challenges and opportunities, the intrinsic value of social science research in guiding policy decisions and fostering social cohesion cannot be overstated.

I sincerely hope that this bulletin will spark readers' curiosity and inspire them to delve deeper into the myriad facets of human society and behaviour. Irrespective of whether you are a student, educator, or policymaker, I firmly believe that this publication will serve as an invaluable resource in your quest for knowledge.

Once again, thank you for embarking on this journey of discovery with us. Together, let us explore the captivating world of social sciences and its profound impact on our lives.

Thank you.

Prof. Dr. Roshima Haji Said

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THE READINESS OF RETAILERS IN MALAYSIA TO ACCEPT MOBILE PAYMENTS AS A PAYMENT ALTERNATIVE

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ABSTRACT

This review paper examines the current state of readiness among retailers in Malaysia to accept mobile payments as a means of payment. The study draws upon academic literature from various disciplines, including marketing, finance, and information systems, to gain comprehensive insights into the factors influencing retailers' adoption of mobile payment technologies. Through the analysis of relevant research articles, this paper identifies the drivers and barriers associated with mobile payment adoption in the Malaysian retail context and discusses the implications for retailers seeking to capitalize on the growing trend of digital payments in the country.

Keywords: retailers, mobile payment, adoption, Malaysia

INTRODUCTION

Mobile payment technology has witnessed rapid growth globally, transforming the payment landscape across various industries, including retail. In Malaysia, with the widespread use of smartphones, mobile payment adoption presents significant opportunities for retailers. The proliferation of mobile payment systems has engendered a transformative shift in the global financial landscape, redefining conventional paradigms of monetary transactions and engendering novel avenues for economic interaction. In an era characterized by ubiquitous technological advancements and the omnipresence of smartphones, the evolution of mobile payment mechanisms has not only permeated the fabric of daily consumer transactions but has also elicited profound implications for merchants and stakeholders across diverse industries.

In Malaysia, the role of regulatory bodies and central banking institutions in facilitating the integration of mobile payment solutions stands as a pivotal focus of inquiry. As a case in point, Bank Negara Malaysia (BNM), the preeminent custodian of monetary policy and financial stability in Malaysia, has embarked on an intricate journey of orchestrating and nurturing the adoption of mobile payment systems among merchants. Extensive scholarly endeavors have been directed toward elucidating the core determinants that shape the acceptance and utilization of mobile payment (m-payment) systems. Extant literature, encompassing notable contributions by Dahlberg et al. (2015), Jiyeon et al. (2019), Verkijika (2020), and Abebe and Lessa (2020), has cast illumination upon these pivotal factors. Nevertheless, it is important to underscore a critical void that persists within the domain of research; the exploration of merchant adoption remains relatively nascent, unveiling a substantial crevice in our comprehension of this intricate sphere.

Within this contextual framework, the exploration of the m-payment system has predominantly gravitated towards consumers, inadvertently leaving uncharted the terrain of merchant perspectives. Scholars, including Jie and Bouwman (2016), have perceptively illuminated this lacuna, highlighting the conspicuous dearth of attention accorded to the examination of m-payment and wallet services from the standpoint of merchants. This scholarly narrative underscores the indispensable role that merchants assume within the intricate fabric of the m-payment ecosystem, underscoring their pivotal engagements with consumers. The proficiency of merchants in facilitating seamless m-payment transactions stands as an indispensable linchpin, exerting a profound influence on the broad proliferation of m-payment

solutions within the dynamic market landscape, a proposition unequivocally underscored by Dahlberg et al. (2015).

This paper reviews existing academic literature to explore the readiness of retailers in Malaysia to embrace mobile payments as a means of payment. By analyzing the factors influencing mobile payment adoption and discussing the implications, this review aims to shed light on the state of mobile payment acceptance in the Malaysian retail sector and seeks to assess the implications of mobile payment adoption for businesses, consumers, and policymakers, highlighting opportunities for further development and improvement in the mobile payment ecosystem.

MOBILE PAYMENT ADOPTION IN MALAYSIA

The adoption of mobile payment solutions in Malaysia has been steadily increasing over the years. The growing number of mobile wallets such as GrabPay, Boost, and Touch 'n Go eWallet have gained widespread popularity in Malaysia (Mustaffa et al., 2019). These mobile wallets offer diverse features, including bill payments, e-commerce purchases, and QR code payments, enhancing their appeal to consumers. Studies by Mustaffa et al. (2019) and Lim et al. (2021) have highlighted the growing popularity of digital payments in the country, including mobile wallets and contactless payments. This trend indicates a favorable environment for retailers to consider adopting mobile payment solutions to cater to the preferences of tech-savvy consumers. The COVID-19 pandemic has also accelerated the adoption of contactless payment methods, including mobile wallets, as consumers seek safer alternatives to cash and physical cards (Ishak et al., 2022). The ability to make contactless transactions aligns with health and safety concerns.

In tandem with the above propositions, the Malaysian government and the country's central bank, known as BNM, have assumed an active role in propelling the adoption of non-cash payment modalities, aligning with their pursuit of enhanced operational efficiency. Notably, BNM has unveiled a novel pricing reform strategy aimed at reducing fees associated with e-payments, a strategic maneuver calculated to incentivize both commercial entities and consumers toward embracing such transactions. This commitment to incentivization is further evident through the issuance of a notable 47 e-money licenses under the purview of BNM.

One of the primary functions undertaken by BNM involves the formulation and implementation of policies that foster an environment conducive to the proliferation of mobile payment solutions. BNM's proactive engagement in crafting regulations and guidelines helps establish a secure and reliable ecosystem for both retailers and consumers, engendering trust and confidence in mobile payment transactions. By mitigating risks, addressing cybersecurity concerns, and ensuring compliance with international standards, BNM contributes to cultivating a robust foundation upon which retailers can confidently integrate mobile payment mechanisms into their operations.

Collaboration stands as another hallmark of BNM's role in promoting mobile payment adoption among retailers. The central bank actively engages with industry stakeholders, technology providers, and financial institutions to create an ecosystem conducive to seamless mobile payment integration. Collaborative efforts involving BNM with these entities result in the development of interoperable systems, standardized protocols, and user-friendly interfaces, all of which enhance the ease of mobile payment acceptance for retailers. Moreover, BNM's commitment to fostering financial inclusion resonates deeply with mobile payment adoption among retailers. As such, by facilitating the integration of underserved and unbanked segments of the population into the digital financial realm, BNM ensures that retailers can tap into a broader consumer base, thereby driving the demand for mobile payment solutions. This inclusivity aligns with BNM's broader vision of a financially resilient and technology-driven economy.

As Malaysia continues its trajectory towards a digital economy, the momentum behind mobile payment adoption is expected to persist. Accordingly, the convergence of consumer preferences, technological innovation, regulatory support, and evolving business strategies will shape the future landscape. Nevertheless, while challenges such as interoperability and cybersecurity remain pertinent, collaborative efforts between regulators, industry players, and academia hold the promise of overcoming these hurdles. Ultimately, mobile payment adoption in

Malaysia represents not only a technological transformation but also a societal paradigm shift with implications that extend far beyond the realm of finance.

FACTORS INFLUENCING RETAILERS' READINESS FOR MOBILE PAYMENT ADOPTION

Consumer Demand and Adoption Rates

The increasing adoption of mobile payment solutions by Malaysian consumers significantly influences retailers' readiness to accept these payment methods. As mobile payment adoption becomes more prevalent among consumers, retailers recognize the need to accommodate this preference in order to remain competitive (Mustaffa et al., 2019).

Perceived Security and Trust

Security concerns regarding mobile payment transactions have been identified as a critical factor affecting retailers' willingness to accept mobile payments. Retailers need to ensure that the mobile payment platforms they adopt are secure and comply with data protection regulations to build trust among consumers (Lim et al., 2021).

Technology Infrastructure and Integration

The readiness of retailers to accept mobile payments is likewise dependent on their technological infrastructure and the ease of integrating mobile payment solutions into their existing systems. Retailers may face challenges in adapting their point-of-sale (POS) systems to support mobile transactions (Khalid et al., 2020).

Regulatory Environment and Compliance

The regulatory landscape surrounding mobile payments in Malaysia similarly plays a role in influencing retailers' readiness to adopt mobile payment solutions. Compliance with relevant financial and data protection regulations is essential for retailers to ensure a smooth transition to mobile payments (Ishak et al., 2022).

THE IMPLICATIONS OF MOBILE PAYMENTS TO RETAILERS

Competitive Advantage

Retailers that embrace mobile payment solutions gain a competitive advantage by providing a seamless and convenient payment experience to tech-savvy consumers. Accepting mobile payments can attract and retain a growing segment of digitally oriented customers.

Improved Customer Experience

Mobile payment acceptance enhances the overall customer experience by offering faster and more efficient transactions. Retailers that prioritize customer convenience through mobile payment options may see increased customer satisfaction and loyalty (Khalid et al., 2020).

Operational Efficiency

Mobile payment adoption can streamline retailers' payment processes, thereby reducing reliance on cash and manual transactions. This operational efficiency can further lead to cost savings and improved business performance (Lim et al., 2021).

Collaborative Partnership

Retailers can form collaborative partnerships with mobile payment service providers and financial institutions to facilitate a smooth integration of mobile payment solutions into their businesses (Ishak et al., 2022). These partnerships can also offer support and assistance in addressing security and compliance concerns.

CONCLUSIONS

This review paper has provided insights into the readiness of retailers in Malaysia to accept mobile payments as a means of payment. In this regard, the academic literature has highlighted the growing adoption of mobile payment solutions by Malaysian consumers and its potential impact on the retail sector. Factors such as consumer demand, security concerns, technology infrastructure, and regulatory compliance significantly influence retailers' decisions to embrace mobile payments. Therefore, by capitalizing on the opportunities presented by mobile payment adoption, retailers can improve customer experience, gain a competitive edge, and enhance operational efficiency in the dynamic Malaysian retail market.

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Thank you for considering and including our work in this edition, and we look forward to contributing further to the advancement of knowledge in our field.

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