

**UNIVERSITI TEKNOLOGI MARA**

**FACTORS INFLUENCING DIGITAL  
PAYMENT ADOPTION AMONG  
ADULTS IN THE EAST COAST IN  
MALAYSIA**

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## ABSTRACT

This study explores the factors influencing the adoption of digital payment methods among adults in the East Coast of Malaysia. Employing the Technology Acceptance Model (TAM) framework, the study focuses on perceived ease of use, perceived usefulness, trust, and security as independent variables to ascertain their relationships with digital payment adoption. According to the United Nations Statistics Division, the majority of consumers aged between 15-64 in Malaysia predominantly use physical cash, highlighting the continued prevalence of traditional payment methods such as cash, cards, internet banking, and cheques in the country. The objectives of this study are to investigate these relationships and answer specific research questions. The study sought to fill the gap in understanding digital payment adoption within east coast marked by unique cultural, economic, and technological contexts compared to the rest of other part of Malaysia. Methodologically, the research involved a critical review of prior literature, highlighting the scarcity of studies specifically investigating digital payment adoption among adults in the East Coast in Malaysia. Based upon the Technology Acceptance Model, the quantitative method was employed via online survey of 118 respondents. Data screening, descriptive statistics, normality tests, and reliability assessments were conducted to validate the collected data and the study's framework. Subsequently, correlation analyses and multiple regressions were performed to test hypotheses regarding the relationships between the independent variables and digital payment adoption. The findings revealed that perceived ease of use and perceived usefulness significantly influence digital payment adoption among East Coast adults in Malaysia. However, trust and security do not demonstrate a significant impact on adoption. This suggests that while ease and practicality drive adoption, concerns about trust and security have less influence. Recommendations include improving user interfaces for simplicity, providing clear instructions, offering user-friendly features, and emphasizing the practical benefits of digital payments through targeted education and awareness campaigns.

Keyword: Digital Payment, Technology Acceptance Model, Adult, Perceived Ease of Use, Perceived Usefulness, Trust, Security.

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# CHAPTER ONE

## INTRODUCTION

This chapter serves as the foundation for our investigation into the key factors impacting digital payment adoption in Malaysia's East Coast. We begin by defining the problem we are addressing and outlining our research objectives. We then delve into the specific questions guiding our study and highlight the critical contributions our findings aim to make. Through comprehensive analysis, we seek to offer a clear understanding of the forces driving digital payment usage in this particular region.

### 1.1 Introduction

Fintech stands for Financial Technology. It refers to innovative technology used to deliver financial services, including banking, investing, lending, payments, and more. Fintech companies leverage technology to make financial services more efficient, accessible, and often more affordable. They use software, applications, and digital platforms to disrupt traditional financial sectors and provide new solutions to consumers and businesses. Fintech has gained widespread adoption as a means for handling financial transactions. Expanding its reach, fintech offers new products, services, and technologies that indirectly influence monetary stability, the efficiency of financial systems, and the reliability of payment systems (Hui et al., 2019). It is not merely a banking tool but significantly contributes to economic development and systems. The World Bank advocates for fintech as a channel for financial growth, which is linked to robust economic expansion (Talukdari & Mungar, 2023). Additionally, studies have shown the potential benefits of fintech, such as generating new revenue streams from increased sales and reduced transaction costs (Costa & Ehrbeck, 2015; Sutrisno et al., 2022). Fintech also speeds up the adoption of risk-sharing practices and enjoys positive perceptions from small and medium enterprises (SMEs) and startups. Moreover, the rising adoption of technology for business interactions among companies and customers promises sustained success for businesses eventually.

Digital payments are technically defined as any payments made using digital instruments (Better Than Cash Alliance, 2020). Digital payments, a part of financial technology