

## **Problems In Using Digital Wallet As Payment Method**

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**Abstract.** Paying in cash is a thing of past when e-wallet has changed drastically in terms of making payments. User feels comfortable and flexible to perform their online payment transactions through their mobile device. However, the adoption of e-wallet among society is still far from widespread. This study was carried out on the problem of e-wallet to be adopted as a payment method. Result shows that security threat, lack of trust, lack of internet connection and lack of technological knowledge is the reasons why consumers still don't use e-wallet as their payments method. Moving towards a cashless society is not an easy task in a nation where cash is king.

*Keywords-* Cashless society, e-wallet adoption, trust, security, problems of e-wallet.

### **Introduction**

Technology development had given a lot of beneficial to many industry levels such as medical, agriculture, construction and banking. Those advancement also have brought many changes to the way people live their life. Without we realise, those technology have become our essential part of making a life become better and easier especially the network and smartphone. As we know, smartphones were only used to make a call, replying the text, taking picture and surfing the Internet. For the past few years, there is a term called "cashless" have been around in the context of buying and selling.

According to Collins dictionary, cashless payments are made using cards or electronic methods rather than physical money. One of the cashless payments is by electronic wallet. The terms electronic wallet sometimes called as e-wallet, digital wallet, mobile wallet, mobile payments and more to describe the payment method. It is a service where it allows user to make a payment through a smartphone app. Instead of carrying a bulk of money in the wallets with a lot of cards, user can easily store their payment information, gift cards, tickets pass, coupons royalty in the smartphone with some security protection. User can use the e-wallet to make a daily

payment, paying bills, receiving payment, shopping, bookings and more. it makes the transaction become more easily and secure.

In many countries, the e-wallet trend has been growing, any most of government are promoting the creation of cashless society. It is very useful for active online shopper and working busy person to use it as it is available in pocket, convenient, handheld and a portable tool for making payment. During the Mastercard Impact Study 2020, Malaysia become the highest rank of e-wallet usage (40%) among 11 countries, followed by Philippines (36%), Thailand (27%) and Singapore (26%) in the Southeast Asia (Boon, 2020).

### **Problem Of Using E-Wallet**

The use of cashless payment and the adoption of e-wallet revolution has well started and had win half of the consumers in online shopping society especially young generations. However, there is yet some of the society that find it hard to migrate to the cashless payment methods through e-wallet platform. There are four problem why some of the consumers that are uninterested to use e-wallet in their daily life.

#### *Security Threat*

Security threat has become one of the main problems for every type of adoption of any new technological tools. According to Sharmaa, Manglaa, Luthraa & Al-Salti (2018), security issue is one of the influenced factors of the adoption rate of cashless payment. Security is a condition where consumers can used e-wallet without any doubt and fear from the fraud risk and damage. Privacy concerns, frauds, data theft and user and device authentication become the factor of security threat (Mallet,2007). Gallups shows in 2019, the total of mobile payment crime had reached 71% in America and it will rise more by the future. It had caused a low confident in security among the consumers (Johnson, Kiser, Washington & Torres, 2018). The percentage also got supported by Yi and Perera (2019) when more than half of the responses (53.165%) are unconfident on how e-wallet handling their personal data and believed that this technology was not deemed to be secured from any system errors. When it came to transaction fraud and account protection, they felt very unsecure. It may be due to the use of consumer data by e-wallet for advertisement and marketing purpose that cause consumer perception that their personal data is at risk. In addition, Nandhini and Girija (2019) reveals that security threats is the main obstacle and also factor for less usage of E-wallet in India.

Jain, Sarupria and Kothari (2019) state that it is important to ensure the technology system's security since a single incident can be massive in the large companies' financial threats. Securing consumer confidentially can be a big obstacle because the data is collected and stored. E-wallet must follow an efficient security protocol that guarantees a high security for online transactions in order to be widely accepted across the world. Koponen (2006) declare that Security Socket Layer Protocol (SSL) and Secure Electronic Transaction (SET) is two common protocols that can ensure to secure the online transaction. However, Open University Malaysia (2020) claim that

technology can never avoid the risk of hacking by black-hat hackers with malicious intent. They will always find opportunity for the technology to fail, even without any plausible cause.

#### *Lack Of Trust*

Trust can be a powerful structure that governs the use of cashless payment activities. Verkijika (2018) clarify that trust is a degree to which consumers believed that e-wallet services were feasible and valuable to be used. Dong-HeeShin (2009) validate that people's attitude and intentions are influenced by trust and safety. According to Jain, Sarupria and Kothari (2019), one of the challenges in adopting e-wallet in consumer's daily life is low trust on e-wallets. They said that the idea of using this technology is good but not impossible. It can be proved when 43% of mobile users do not trust e-wallets and 38% of them have a fear they will not pay when their phones are gone according to YouGov. In addition, a survey conducted by Yi and Perera (2019) also shows that trust positively influences e-wallet adoption among Malaysian. Respondents believed that the organisation or relevant authorities will act their best interest in protecting and maintaining a good system. It also stated that ease of use in e-wallet transaction can build a relationship between a high trust and e-wallet adoption.

According to Nookhao and Chabeesuk (2019), to create a satisfaction and intention to use this technology, three aspects which is information quality, system quality and service quality need to be considered in order to bring consumer trust. The study conducted by collecting data from 350 samples who had an experience in use e-wallet. The results revealed that information quality affects trust in terms of accuracy, completeness, relevance and up to date news. It also revealed that system quality is an essential factor that make users trust. It can be measure on the system usage and performance including features such as usability, availability and user-friendly. A good and excellent service with a quick customer's service also can boost consumer confidence in e-wallet.

Other than that, trust in service provider where merchants, financial institutions and telecom operators are highly trusted is a major barrier to adoption of online transactions (Siau et al,2004). It can be seen that trust is important to counter undefined situations, encourage the potential transactions and also a strength for a good long-term growth and relationship.

#### *Lack Of Internet Connection*

In making an online transaction, consumer need a help from internet connection. This technological gap has become consumer's concerns about losing an internet connection during a payment transaction. According to Nandhini and Girija (2019), majority of the respondents' state that network connectivity is their major obstacles while using their e-wallets with the mean score is 2.35. This functional risk needs to be given attention by the government and authorised parties to overcome the problems of network connectivity. Yi and Perera (2019) reveals that lack of internet access also become the reasons of why consumer was reluctant to use e-wallets. It also supported by Gupta (2017), where internet connection quality and availability

become a challenge to perform online transaction. A poor internet facility especially in rural areas will lead to the failure of transaction which can discourage consumer from using e-wallets. This problem will create a fear in their mind of transaction failure where they think that the transaction may be incomplete or other credentials such as their password for transaction may be misuses before they can logout.

#### *Lack Of Technological Knowledge*

From a survey conducted by Yi and Perera (2019), eight of the respondents have a problem where they have a lack of awareness. As this technology were still fresh in the market, many consumers were still unfamiliar with the form of payment and have a little educated on the benefits of e-wallet. Nandhini and Girija (2019) analyses that lack of technical knowledge become the third rank that consumer facing while using their e-wallets. It also shows that professionals are highly satisfied in using the e-wallets because they have a knowledge and understanding on how to manage the e-wallets and also any steps need to be taken for precautions actions.

It is important for government and other responsible parties to understand the awareness level of consumers especially the youngster since they are the target consumers for every new technology. Those parties need to increase the awareness level among the people through a proper channels and methods. With this action, it can enlarge their knowledge about the advantages and disadvantages of e-wallets.

## **CONCLUSION**

Payment methods have through their own series of evolution where from barter to gold, to cash, to checks, a debit and credit cards and now to a mobile payment where e-wallets and mobile banking taking their places. This technology has become one of a great way to get a sweet and easier life without need to wait for a long queue in the bank and have to holds our money everywhere and anytime. The findings of this study are very helpful for any industry and organisation who which to have or improve their online transaction methods to capture and have a better picture on what to be added and avoided in the system.

As security threat, lack of trust, lack of networking connection and lack of technological knowledge were the main actor of resistance. The government and relevant authorities should act in providing a clear policy for e-wallet to be operate. As a result, it will improve the regulations and operations in this industry hence can boost up consumer's confident and peace when using the service. For more individuals to gradually move towards cashless payment, the awareness and practical usability of e-wallets should be increased.

A future research may focus on the advantages and disadvantages of e-wallet that can contribute to the successful adoption of e-wallet methods across the world.

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