

Using Digital Wallet In Society: The Reasons

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Received Date: 13 March 2021

Published Date: 20 April 2021

Abstract.

The emergence of digital wallet or known as e-wallet has gradually changed the method of trading across the world. China was acknowledged as a digital wallet leading country with 47% rate of usage among its citizens. Pioneered by their giants Tencent and Alibaba, the most success mobile wallet platform WeChat Pay recorded 600 million users followed by Alipay with 400 million users worldwide in 2017 (Merchant Machine, 2018). Digital wallet which is a resemblance of traditional wallet in electronic version allows people to pay for things using cards or mobile application which an integrated hardware and software system. Some types also offered additional features which facilitate users in performing and receiving payments, fund transfer, paying bills and tickets, tracking payments history, recharging credits, redeeming coupons and online shopping. Nowadays, there are many new digital wallet platforms launched by local and international companies with various innovated features to provide more benefits for users. Users could select one or more platforms that suit their needs or user-friendly to be used in daily life. On the other side, the development of electronic commerce, wireless network coverage and innovation of technological devices have encouraged most of merchants and retailers to provide alternative payment options at their stores which at the same time promote customers to adopt digital wallet as a preferred payment method. In addition, the characteristics of digital wallet which are far more convenience, faster and secure than traditional payment methods have influenced the wide-spread use of the technology among modern society.

Keywords: Digital wallet, cashless society, payment method, financial transaction

Introduction

Digital wallet is defined as virtual cashless service which can replace hard cash notes (Nandhini & Girija, 2019). It is usually a mobile application programmed to store financial data of an individual and hold an amount of money deposited from the

user's bank account. The main function is to facilitate financial transaction to purchase any items or services from e-commerce websites or online stores. People could also use digital wallet when purchasing from physical stores if the store provide such payment method. The required amount of money would be debited at each purchase with no involvement from the issuer (Punwatkar & Verghese, 2018). Among the most used digital wallet platform are WeChat Pay, Alipay, Google pay, Paytm, Touch n Go eWallet, and Grabpay which offers different terms and condition as well as features and functions to gain competitive advantages in the market.

There are two types of digital wallet which serve as single purpose and multi-purpose wallet (Moneysense, 2018). Both types of wallet are commonly an app-based wallet provided by an issuer among specific brand, company or service provider. Single purpose wallet allows users to purchase from products and services offered by the issuer only such as store app and telco app. Meanwhile, multi-purpose wallet can be used for purchasing goods and services from the issuer as well as other parties which considered more flexible and beneficial.

Throughout the world, there are various factors that lead a society to adopt digital wallet as payment method. External factors may differs depending on the current global and local economic state, political stability, government initiatives, environmental development, social influence as well as level of technology literacy. However, the factor that attracted most of users is the characteristics offered by a digital wallet platform itself which enable the optimization of electronic payment towards providing maximum benefits for developers, business and consumers. Among the positive characteristics of digital wallet are convenience to use, provide faster payment service, enhance security of financial information and transactions and multi-functional application which will future be described throughout this paper.

The Usage of Digital Wallet

Convenience To Use

Convenience which also can be understand as compatible means that the payment method able to offer high system flexibility which can be easily integrated into consumer's daily lives (Bezhovski, 2016). This is because digital wallet allows users to browse for products and services information, prices, reviews and make bookings or purchase at anytime and anywhere. Bezhovski (2016), also positively agreed that one of benefits from using digital wallet is payment services can be access from anywhere. According to Mombeuil (2020), convenience to use has positively influenced the adoption of digital wallet among students in four different colleges at Haidian Park of Zongguangcun Beijing, China. Firstly, digital wallet considered offering a convenient service because it provides real time access to financial asset (Mallat, 2007; Mombeuil, 2020) through applications installed in a handheld and compatible smartphone. The amount after deduction will be automatically updated, every transaction made will be recorded in payment history, the payment receipt will be sent to user's email, can be saved and downloaded into internal storage.

Next, it reduces the needs for people to carry along cash and coins when they go shopping (Begonha et al., 2002; Coursaris and Hassanein, 2002; Mombeuil,2020). Traditional wallet is bulky with a bunch of credit cards, IDs, loyalty cards and payment receipts. The weight also become heavy when customer's got coins in exchanged. As a solution, mobile wallet neatly carries all the essentials to shop in only one application on user's device which clearly more organized and retrievable. This statement is supported by Nandhini and Girija (2019) which found that majority customers preferred digital wallet as payment method because of the convenience service and portability. Mombeuil (2020), also added that the convenience experienced by users will able to increase their willingness to pay for purchased items and preferred a certain digital wallet as their favorite payment platform. This means any retailers that accept check-outs using digital wallet have created a comfortable payment options for their customers which the customers would have high probability to repeat purchase from the same store in other time.

Faster Service

The next characteristic of digital wallet is it provides faster payment service. Checkout process whether at physical or online store can be made on one click through user's smartphone or with a swipe of debit card. Hence, users do not need to count for their cash notes and coins to provide required amount for their items at the checkout counter. In previous literature, Upadhayaya (2012) mentioned that digital wallet is a convenient payment method because only with single sign-in, it allows users to perform various payments transaction at ease and fast pace. For online shoppers, the efficiency is increased when digital wallet also eliminated the need of reentering same personal information such as name, email, address, phone number and payment method on forms to complete every transaction. The basic data have been stored and also can be edited if there are any changes to be made. Moreover, users would also experience a seamless checkout because payments with electronic commerce sites could be completed without user leaving the website or application.

Nandhini and Girija (2019) stated that traditionally, people rush to ATMs or bank to withdraw cash or conduct transfer into seller's account. Nowadays, payments are completed in just a few seconds without any physical movement of cash and the user itself. From a research conducted to identify customer's perspective towards digital wallet by Nandhini and Girija (2019), fast service got the first rank among other factors that influencing the preference of E-Wallet followed by convenience to use, cash back offers and discounts, instant availability and the utility of innovation. Mombeuil (2020) in his research paper also supported that innovation of digital wallet technology results in a fast payment at any point of sale (POS) because users do not require to sign any form or receipt or deal with much procedures at the bank or customer service center. Every payment can be managed instantly from a tap on digital wallet.

Secured Payment System

Based on a study conducted by Punwatkar and Verghese (2018), they found that perceived security is the biggest factor that influencing the consumer's adoption behavior in Raipur, India. It is because the respondents claimed that they experienced transparency during payment process through digital wallet. The finding was probably obtained due to the previous crisis which involved black money, terrorism, corruption and squeezed payment options that caused havoc situations and suffering among citizens. Thus, transforming into digital payment has become a better payment method for the respondents. Generally, the security of electronic payment system was confirmed by Bezhovski (2016) which stated that every electronic payment system is obliged to fulfill all requirement of efficient security protocol in ensuring that appropriate security has been applied to protect each online transaction.

Upadhayaya (2012) also supported that there are two main systems designed in most digital wallet platform that will secure an online transaction which are Security Socket Layer (SSL) and Secure Electronic Transaction (SET). The technology of SSL involved encryption and decryption process during the transmission of data which believed as a high level of security protection. However, Bezhovski (2016) declare that the security of digital wallet is threaten by the increasing rate of cyber-crime that resulted into cyber theft over any financial data. This means that the security protection implemented over a digital wallet platform cannot be guaranteed as cyber-threats are constantly risking the credibility of the system. The latest findings from research conducted by Mombeuil (2020) concluded that security and privacy concerns are the major factors that slow the expansion of digital wallet. This is because there are no service providers that can 100% guaranteed the security and privacy of user's data and transaction.

Despites the challenging risk faced by both service providers and users, merchants actually feel secure with guaranteed payment from the use of digital wallet and that is the reason for them to encourage their customers adopting the renewed payment method (Punwatkar and Verghese, 2018).

Systematically Organized Wallet

Digital wallet has been programmed to systematically store user's personal and financial information such as user profile with ID, account numbers, passwords and PIN number. According to Upadhayaya (2012), some digital wallet platforms expand their function to manage more than one account number and card. This means that it allows users to keep their cards organized by classifying cards into files and categories. The additional feature that make it more compelling is the categories could be personalized with icons, colors and images. Each category also could be nested into smaller categories according to user's needs and preferences. A study conducted by Mombeuil (2020) stated that the more advantages gained from user's experience of using digital wallet would contribute to the continuous adoption upon digital payment method.

In addition, users would be clearly notified upon new bills, amount of deduction, payment receipt, updated balanced account and payment histories (Punwatkar & Verghese, 2019). Commonly, the records are listed in the form of timeline arranged

by month or according from the earliest until the latest transaction which ease user's retrieval. Other than that, when the amount of money in digital wallet reached a low level, users would also be alerted to recharge the amount for efficient use during next necessary time (Upadhayaya, 2012).

Attractive Advantages

To remain competitive in the market, digital wallet companies offered various attractive advantages for users such as monthly discounts, loyalty rewards, special deals and random giveaways. Punwatkar and Verghese (2018) suggested that offers and discounts are perceived benefits expected by consumers for using any digital wallet platform. It can be proven from findings obtain by Nandhini and Girija (2019) which cash back and offers got the third rank among factors that influencing the preferences of e-Wallet as payment method. The respondents also added that e-wallet is an alternative, attractive, supportive and necessary one in this digital era. On behalf of (Bezhovski,2016) other advantages such as location-free access, a wide variety of purchase possibilities and timely contact with their financial resource are also attraction for consumers to make their payments via mobile devices.

Conclusion

Human dependencies over smartphone is undeniable. People keep checking their smartphone at every second for new messages, social feeds, news, entertainments, daily plans and more. Therefore, the emergence of digital wallet especially in app-based format has enhanced the role of smartphone as the all-in-one device. This is because the compatibility and flexibility of digital wallet are suitable to be easily integrated as part of human's life. Various benefits are provided for the users which could facilitate every business in their daily task. Besides, the positive characteristics of digital wallet such as convenience to use, faster payment service, secured payment system, systematically organized and offers attractive advantages have managed to draw attention of society to shift from traditional payment methods to a more advanced online payment system. Thus, digital wallet has been widely used worldwide and become the preferred payment option among certain society.

The widespread of digital wallets for payment transaction is very relevant to align with global modernization and aspiration to build a cashless society. Towards realizing the aspiration, government is responsible to provide citizen with adequate infrastructure, education and facilities to ensure that the modernization can be experienced equally throughout the country. On the other side, mobile wallet companies should consistently improve the compatibility and flexibility of the platforms. The security and privacy issues which affect level of user's trust over the service provided should be properly overcome to maintain the provision of appropriate service. On behalf the society, despites attracted to the positive characteristics of digital wallet, people should also be careful in selecting and trusting

any platform. The reliability of the platform must be ensured before making any declaration or expose any personal and financial data to prevent users from any negative consequences

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