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Factors Affecting the Usage of E-Wallet Among University Students

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ABSTRACT

This research paper examines the various factors influencing the adoption and usage of e-wallets among university students. With the advancement of digital payment solutions, e-wallets have emerged as a preferred financial transaction method among tech-savvy youth. The study focuses on key factors such as perceived usefulness, ease of use, security concerns, promotional incentives, and peer influence. A quantitative research methodology was adopted, involving a survey of 200 university students to analyse their perspectives on e-wallets. The results indicate that convenience, security, and promotional benefits significantly impact e-wallet adoption, while concerns about fraud and privacy remain barriers. This paper provides insights that can help financial institutions and policymakers design strategies to promote the widespread adoption of digital payment systems among young consumers.

Keywords:

- E-wallets
- digital payments
- financial technology,
- security concerns
- promotional incentives.

1. Introduction

The digital revolution has transformed financial transactions, leading to the widespread adoption of e-wallets. These digital payment applications enable users to store money electronically and conduct transactions without cash or physical cards. E-wallets are particularly popular among university students due to their convenience and integration with online shopping and food delivery services. Despite their benefits, certain factors influence students' willingness to use these payment systems. Understanding these factors is essential for financial institutions, policymakers, and e-wallet providers to enhance adoption rates and improve digital payment infrastructure.

The rise of fintech companies and the growing reliance on mobile technology have further fuelled the adoption of e-wallets. However, the extent of adoption among university students depends on various aspects, including technological literacy, security concerns, ease of use, and the availability of promotional incentives. This research seeks to explore these factors in-depth, providing an analytical perspective on students' attitudes toward digital financial transactions.

Objectives of the study:

1. To analyse the factors influencing university students' adoption of e-wallets.
2. To examine the role of perceived usefulness and ease of use in e-wallet adoption.
3. To evaluate the impact of security concerns on students' willingness to use e-wallets.
4. To investigate the effects of promotional incentives and peer influence on e-wallet adoption.

2. Literature Review

Several studies have examined the adoption of digital payment methods. The Technology Acceptance Model (TAM) suggests that perceived ease of use and perceived usefulness significantly impact users' willingness to adopt new technology (Davis, 1989). According to the Unified Theory of Acceptance and Use of Technology (UTAUT), additional factors such as performance expectancy, effort expectancy, social influence, and facilitating conditions influence user adoption (Venkatesh et al., 2003). Trust, security, and financial literacy are also essential elements affecting students' decisions to use e-wallets (Pavlou, 2003). Research has shown that promotional incentives and peer influence play a crucial role in accelerating e-wallet adoption among young consumers (Kim et al., 2010).

The Unified Theory of Acceptance and Use of Technology (UTAUT) model extends the TAM model by incorporating factors such as performance expectancy, effort expectancy, social influence, and facilitating conditions. Studies suggest that these elements collectively determine the likelihood of

adopting e-wallets (Venkatesh et al., 2012). Additionally, demographic characteristics such as age, gender, and educational background have been found to impact e-wallet adoption rates (Alalwan et al., 2018).

Security and privacy concerns remain major issues for e-wallet users. Fear of hacking, identity theft, and fraudulent transactions negatively impact trust levels (Chandra et al., 2010). Research indicates that strong encryption, two-factor authentication, and transparent data policies can enhance user confidence in digital payments (Gupta & Xu, 2020). Additionally, studies highlight that government regulations and data protection laws play a crucial role in mitigating cybersecurity risks (Chong et al., 2019).

Behavioural economics suggests that incentives, loss aversion, and convenience are major drivers of financial technology adoption. Cashback offers, limited-time discounts, and referral rewards create psychological motivation for users to opt for e-wallets (Thaler & Sunstein, 2008). A study by Nguyen et al. (2021) found that students are more likely to use e-wallets when they receive frequent promotional benefits and rewards, reinforcing the role of incentive-based marketing strategies in digital payment adoption.

Peer influence and social acceptance are crucial determinants of e-wallet adoption. University students often rely on recommendations from friends, family, and social media influencers when deciding to use e-wallet services. A positive peer experience can significantly boost confidence in digital transactions (Lee et al., 2019). In a study conducted by Patel et al. (2022), it was revealed that students who observed their peers successfully using e-wallets without security breaches or transaction failures were more inclined to adopt the technology themselves.

Perceived ease of use and digital literacy also play critical roles in the adoption of e-wallets. According to Alalwan et al. (2017), users with higher digital literacy are more likely to adopt and efficiently utilize e-wallets compared to those with limited technological knowledge. Training programs, awareness campaigns, and user-friendly app interfaces have been identified as crucial elements in encouraging the adoption of digital payment systems among students.

The role of financial literacy in digital payment adoption is another crucial aspect. A study by Lusardi & Mitchell (2014) emphasized that individuals with higher financial knowledge are more likely to engage with digital financial tools, including e-wallets. Financial literacy helps users understand transaction fees, interest rates, and the long-term benefits of cashless transactions.

The impact of the COVID-19 pandemic on digital payment adoption has also been significant. The pandemic accelerated the transition to digital transactions as physical distancing measures restricted cash handling (Hasan et al., 2020). Contactless payments, including e-wallets, became a necessity, leading to a sharp increase in their adoption. This shift underscores the importance of external factors such as global crises in influencing digital payment trends.

3. Research Methodology

This study adopts a quantitative research approach to analyse the factors influencing e-wallet adoption among university students. Data was collected through structured questionnaires distributed to 200 students from different academic backgrounds. The survey focused on aspects such as perceived ease of use, security concerns, promotional benefits, and the impact of peer influence on e-wallet usage.

Primary data was gathered through structured surveys, while secondary data was obtained from academic papers, financial reports, and industry publications. The questionnaire included sections on demographic details, usage patterns, perceived benefits, and barriers to adoption.

A stratified random sampling method ensured diverse representation across different age groups, fields of study, and income levels. This approach provided a balanced view of e-wallet adoption trends among students.

Data was analysed using descriptive statistics, correlation analysis, and regression models to identify significant relationships between independent variables (security concerns, ease of use, and promotional incentives) and dependent variables (e-wallet adoption rates).

4. Findings and Discussion

Perceived usefulness is a key factor in e-wallet adoption. The majority of students find e-wallets convenient and time-saving. Features such as faster transactions, remote payment capabilities, and seamless integration with online shopping platforms enhance the attractiveness of e-wallets.

Ease of use plays a significant role in students' willingness to adopt e-wallets. A user-friendly interface enhances the likelihood of usage. Many students prefer applications with intuitive design, smooth navigation, and quick processing times. However, complicated registration processes and technical glitches discourage adoption.

Security concerns remain a major barrier. Many students express fears regarding personal data privacy, unauthorized access, and phishing scams. The lack of trust in financial technology discourages students from fully adopting e-wallet solutions. Enhanced security measures such as biometric authentication, multi-layer encryption, and user awareness campaigns can mitigate these concerns.

Promotional incentives, such as discounts, cashback offers, and rewards, significantly influence e-wallet adoption. Many students reported that these benefits played a crucial role in their decision to use digital wallets. However, the long-term sustainability of such incentives remains a challenge for service providers.

Peer influence plays a crucial role in e-wallet adoption. Students are more likely to use e-wallets if their peers recommend them. Social media marketing and influencer endorsements further reinforce the perception of e-wallets as reliable and trendy financial tools.

Barriers to adoption include digital illiteracy, poor network connectivity, and concerns about transaction failures. Some students lack knowledge about e-wallet functionalities, while others experience frustration due to technical issues such as app crashes and delayed transactions. Addressing these challenges through educational initiatives and technical improvements can encourage wider adoption.

5. Conclusion and Recommendations

This study concludes that perceived usefulness, ease of use, security concerns, promotional incentives, and peer influence significantly impact e-wallet adoption among university students. Financial institutions and e-wallet providers must address security concerns, enhance user experience, and offer attractive promotional incentives to increase adoption rates.

Governments should implement strict cybersecurity regulations to protect user data. Strengthening financial security laws and ensuring compliance with data protection policies can improve trust in digital payment systems.

Financial literacy programs should be introduced in educational institutions to familiarize students with digital payment systems. Training sessions on safe online transactions and fraud prevention can increase confidence in e-wallet usage.

Universities should collaborate with fintech companies to promote cashless transactions on campus. Encouraging digital payments for cafeteria services, bookstores, and tuition fees can drive e-wallet adoption among students.

Future research should explore the long-term behavioural patterns of e-wallet users and the impact of emerging technologies such as blockchain and artificial intelligence on digital payments. Additionally, cross-cultural studies can provide insights into regional differences in e-wallet adoption.

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