

A Study On Evaluating Factors Influencing Adoption Of Fintech (Digital Wallets)

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Abstract:

Purpose: *The research is conducted to evaluate the antecedents of fintech (Digital Wallet) in Mumbai region.*

Design/Methodology/Approach: *350 users of fintech (digital wallet) was chosen for the current study and Structural equation Model was build using AMOS.*

Findings: *Performance expectancy, hedonic motivation, security, social influence and e-service quality significantly impact the usage intention of fintech (digital wallet).*

Practical Implication: *The researcher assists to evaluate the antecedents of adoption of fintech (digital wallets) and thus merchants of digital wallets can use these aspects to transform non-users into users.*

Originality/Values: *UTAUT model has been used with addition of three new constructs namely; Hedonic motivation, security and e-service quality.*

Keywords: *UTAUT, SEM Model, Digital wallet, Fintech.*

Introduction:

The words Financial and technology together form the word fintech. The expression surrounds the rapidly growing sector that provides services to consumers as well as business organizations in various ways. The world has come a long way from its traditional form; there are multitudes of changes in all walks of life. Each industry that contributes to the economy or daily life has evolved. One such industry that has shown immense transformation is the financial industry. The financial industry has come a long way from its traditional financial ways and has started adopting various emerging financial service concepts (Lestari, D. et al. 2020). Fintech or Financial technology is a term used to refer to an organization that uses technology instead of the conventional method of financing. It has evolved the financial technology sector in various ways, such as industrial operations, public and private organizations' service quality, etc. Fintech is a way of using modernized technology to provide financial products and services that are a user-friendly and convenient way to supervise finances for manufacturers and users compared to traditional methods (Ansari et al., 2018). The finance industry is the heart of the economy anywhere in the world, and the introduction of Fintech has helped the financial sector greatly. The fintech industry is known to be very dynamic and swift and has several innovative business models. Fintech industries comprises of insurance, mobile banking, cryptocurrency,

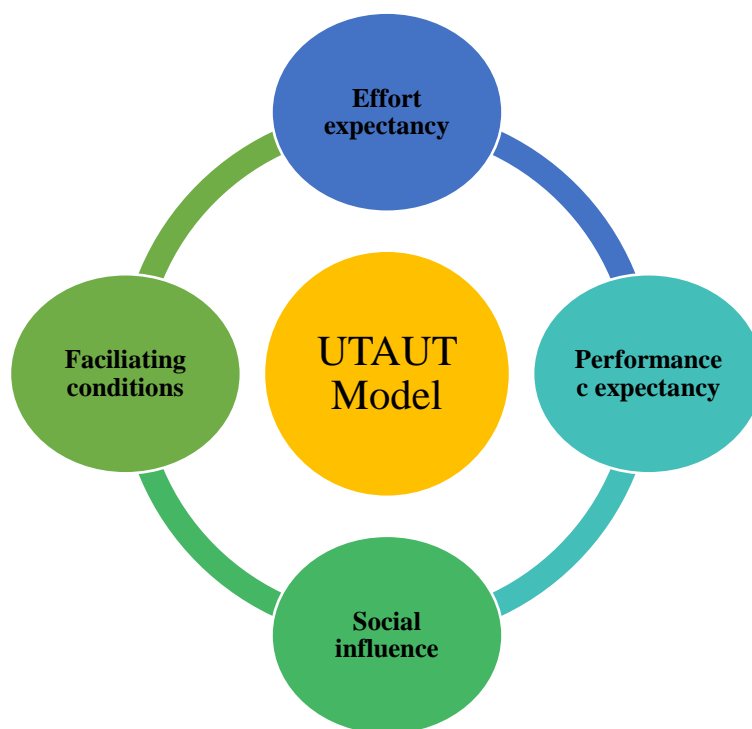
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investments and digital payments applications. The fintech industry is a giant industry which is just soaring high with each passing year. This industry has a lot of potential and will keep on growing with the modernization of the world. Most of the banks are the biggest cheerleaders of the fintech industry and are opting towards investment in it, partnering and acquiring fintech start-ups.

UTAUT Model

Performance acceptance is based on one of the vital variables of the UTAUT model construct which aids the consumer to realize the perception level of a consumer who attains with the usage of the application and the impact it has on amplifying the execution of the application. Facilitating conditions is based on the variable of the UTAUT model construct that involves with the reliance that an individual user considers towards the institutional and technological structure that is being used as the foundation. Social Influence can be defined as one more vital variable of the UTAUT model construct that aids the users towards understanding the experience they get while operating the process. This variable helps in measuring the usability and the effect that is experienced by the users. Effort expectancy is a crucial factor of the UTAUT model that assists the users into acknowledging the ease to use or the usefulness of the application and the relatability achieved towards it.



Digital wallets are the electronic payments system that is increasingly becoming popular in the past decade. The purpose of conducting this research is to evaluate the factors that influence adoption of fintech with special reference to digital wallets. The focus of this study is to determine the factors and evaluate them according to the set dimensions. The author also aims at providing suggestive measures for the purpose of creating awareness of the digital wallets.

Review of Literature:

1. **Ajmera, H., & Bhatt, V. (2020).** The paper determined the factors that affect the consumer's advocacy of e-wallets. The author conducted this empirical study with

the objective of categorizing the variables that affect the adoption of e-wallets. The authors also focused on understand the perception of consumers towards service quality, perceived satisfaction, trust and benefits. A structured questionnaire was used for this study 420 respondents from the city of Ahmedabad answered the questionnaire. The findings of this study indicated that all the variables that were considered for this study indicated that there is a positive influence on the overall satisfaction of the users which leads to adoption of e-wallets. The author further lists various suggestive measures to further improve the service quality, satisfaction and trust of the users.

2. **Akhila Pai, H. (2018).** The author conducted a study on the perception of consumers towards digital wallets with the objective of finding out in detail about the digital wallets, its advantages, disadvantages and various types. The research collected data from 120 respondents and the findings of the study indicated that there is high awareness among the respondents towards digital wallets and most of them are regular users of the application. The most preferred wallet was seen to be paytm as people found it secure and worthy from other wallets. The author concludes that the digital wallet is gaining popularity but in the young college going generation the most, the other age categories still have to explore them.
3. **Malik, A. et al. (2019).** The paper conducted an empirical study to determine the factors that influence consumer's attitude towards the advocacy of digital wallets. The study used the SPSS 20 for correlation and regression analysis. the sample size for the study was 100 users of mobile wallets. The outcome of this paper indicated that trust, incentive and performance expectancy pragmatic significant factor that predicts the consumer's attitude towards adoption of digital wallets. The analysis further indicated that social influence, aesthetics, ease of use and enjoyment were insignificant factors. The authors conclude by stating that the marketers, academicians and digital wallet service providers can use this study to make digital wallets more used and sought platform for payments.
4. **Nuryasman, M. N., & Warningsih, S. (2021).** The paper determined the factors of digital wallet usage with the objective of examining the perceived risk, trust and usefulness. The study aimed at determining the factors that influence college towards using the digital wallets. One hundred and thirty-eight respondent students belonging to economics and business faculty of Tarumanagara University using ShopeePay. The data was collected by distributing a structured questionnaire online. The analysis used for this research is the Structural Equation Modelling (SEM). The outcomes of this analysis showed that perceived trust, and usefulness significantly influence the usage intention. Although perceived risk does not influence the usage intention.
5. **Sarkar, M. P. (2019).** The paper conducted a review of literature on the adoption of digital payment systems in India with the purpose of understanding the existing literature that is available on digital payments. The purpose of this study is to understand how far the adoption of digital payments have come since its inception. The paper also aimed at discussing the factors that are responsible for the preference and attitude of users for the adoption of the same. The findings from the review suggested that digitalization is playing a crucial role in the lives of the people also it is observed to be one of the fastest growing technologies which is helping economies globally in turning cashless. The authors found that like any other developing country or even developed countries who are working hard towards turning cashless India is no exception in that term.

6. **Singh, N. et al. (2020).** The authors conducted this research to determine the factors that are responsible for the adoption of mobile wallets in India as well as to examine the recommendations and its effect of innovativeness, social influence and stress to use factors. The study used UTAUT model as well as TAM model for the data analysis. The study focused on developing a conceptual model so that the factors that are of significance can be determined. The findings of the study indicated that the perceived risk, usefulness, ease to use and attitude have a notable significant effect on the intention of usage. It was also observed that the social influence and stress to use factors have a significant influence on the perceived recommendation and satisfaction towards the usage of mobile wallet services.
7. **Singh, S. et al. (2020).** The authors conducted a research on the drivers of fintech adoption with a multi-method evaluation by using the modified technology acquiring model. The researcher used UTAUT model as well as TAM for the purpose of analysis of the data. The research was divided into three dimension i.e. behaviour, adoption and technology. The authors also believe that demographic characteristics and digital behaviour also plays an critical role in the adoption of the fintech services. The outcome of this research indicated that perceived social influence and usefulness are key factors towards behavioural intention for usage of fintech services. However social influence had a negative influence.
8. **Sivathanu, B. (2019).** The author conducted an empirical study on the adoption of digital payment systems at the time of demonetization in India. The paper aims at investigating the real usage of digital payments system by the users when they country faced overnight demonetization i.e. from the period of 9th November to 30th December 2016. The study used UTAUT model for determining the data collected and also used SEM technique as well as PLS. The findings of the study indicated that there is a behavioural intention of consumers towards the usage of the digital payments system.

Objectives of the Study:

1. To evaluate the antecedents of adoption of fintech (digital wallets) in Mumbai region.
2. To give necessary suggestive measures to fintech (digital wallets) on converting the non-users into users.

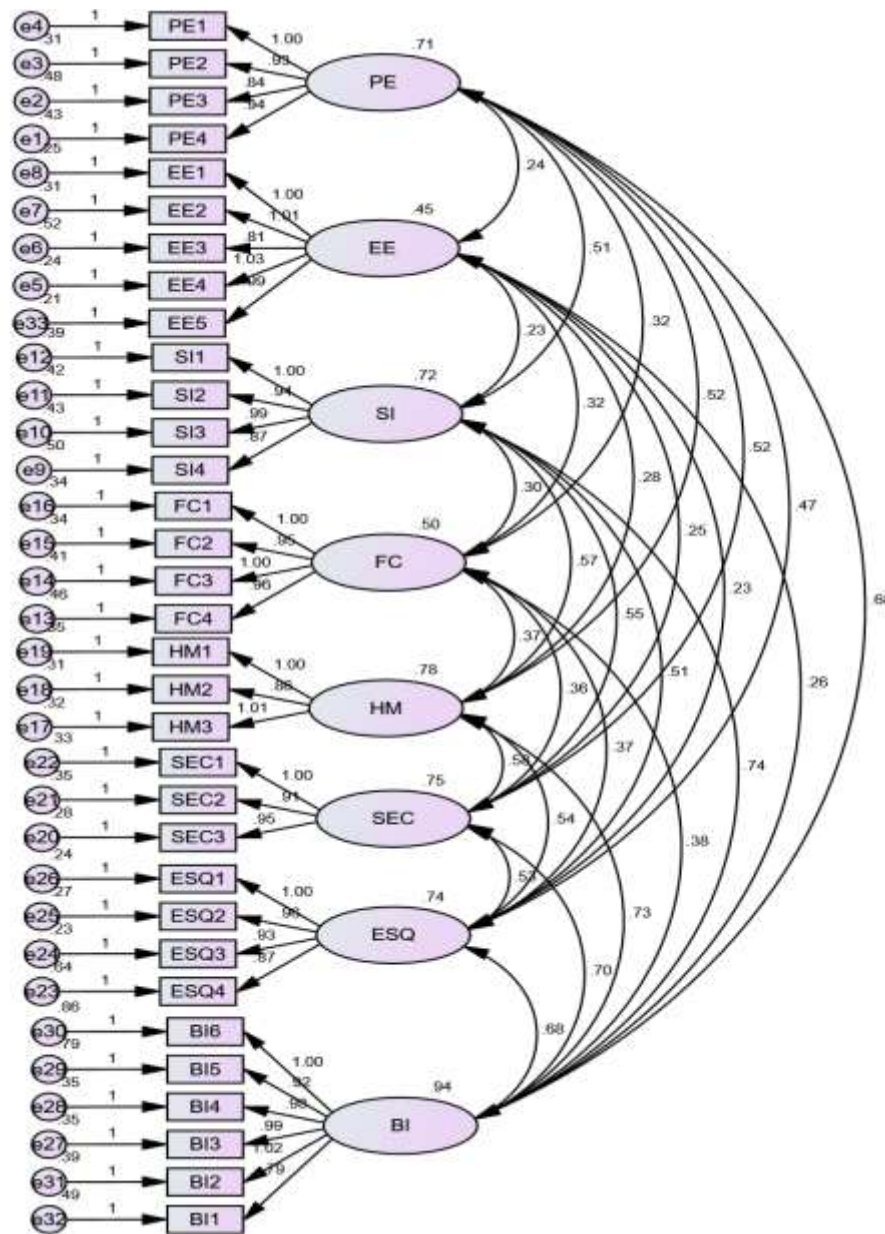
Hypotheses:

1. Usefulness (PE) has impact on the behavioural intention towards fintech (digital wallets).
2. Social influence affects the behavioural intention towards fintech (digital wallets).
3. Hedonic motivation influences the behavioural intention towards fintech (digital wallets).
4. User friendly Wallet (EE) affects the behavioural intention towards fintech (digital wallets).
5. Convenience influences the behavioural intention towards fintech (digital wallets).
6. Facilitating condition has impact on the behavioural intention towards fintech (digital wallets).
7. E-service quality has an impact on the behavioural intention towards fintech (digital wallets).

Materials and methods:

The current study is based on deductive approach. The data has been collected through a structured questionnaire from 350 digital wallet user using non-probability purposive sampling (fintech digital wallet users using wallet for more than 1 year have been selected for this current study). The current study is based on descriptive research design. Various articles, newspaper, books, etc. have been referred as a source for secondary data collection. (the minimum required sample size as per nunnally principle is 33 items in 10 = 330.)

Figure No.1 CFA Model



CMIN / DF = 2.541, GFI= 0.855, NFI= 0.883, TLI= 0.920, CFI= 0.927, RMSEA= 0.059 as all the values are complying with the standards indicating excellent model fit.

Figure No: 2 SEM Model

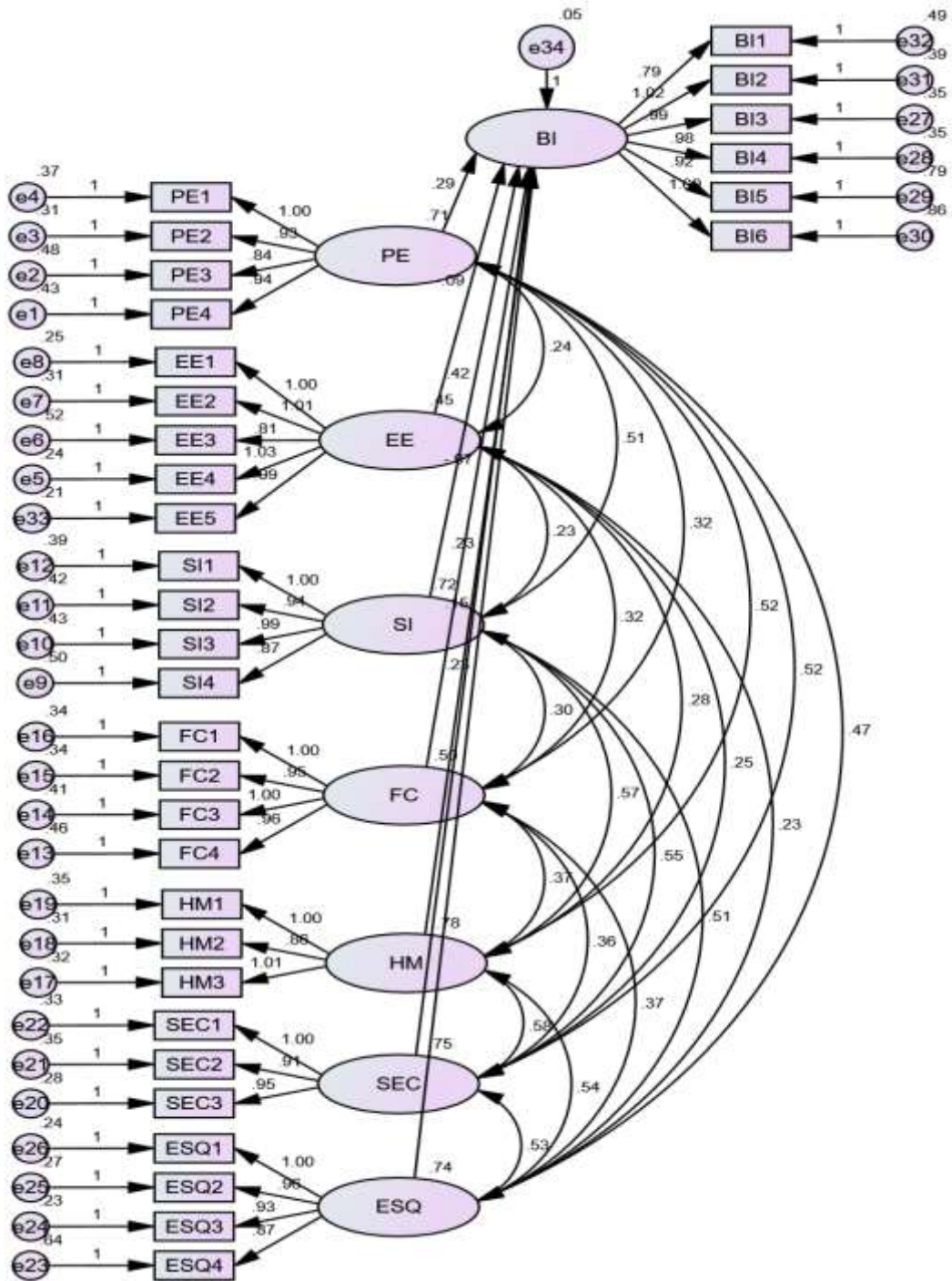


TABLE NO: 1 MODEL FIT INDICES

Goodness of fit model index	Recommended value	Model
CMIN/DF	< 3	2.649
GFI	> 0.8	.855
NFI	> 0.8	.883
TLI	> 0.9	.914
CFI	> 0.9	.924
RMSEA	< 0.08	0.061

As per Table no: 1 all the values are complying with the recommended values as per Hair et al. (2010) Indication of **excellent Model fit**.

Table No: 2 Reliability and convergent validity

Construct	Composite Reliability	Average Variance Extracted	Cronbach's Alpha
Performance Expectancy	0.819	0.501	0.812
Effort Expectancy	0.821	0.512	0.830
Social Influence	0.828	0.504	0.743
Facilitating Condition	0.756	0.502	0.789
Hedonic Motivation	0.791	0.523	0.833
Security	0.777	0.514	0.777
E-service Quality	0.840	0.840	0.708

As per table no: 2 all the values of Cronbach's Alpha > 0.7 indicating adequate reliability. Also Composite reliability > 0.7 and AVE > 0.5 thus it can be said that items are perfectly representing its construct and there exist a **convergent validity**.

Table No: 3 Discriminant Validity

	SEC	PE	EE	SI	FC	HM	ESQ
Security (SEC)	0.767						
Performance Expectancy (PE)	0.709	0.710					
Effort Expectancy (EE)	0.440	0.429	0.699				
Social Influence (SI)	0.749	0.708	0.403	0.765			
Facilitating Conditions (FC)	0.591	0.529	0.672	0.499	0.687		
Hedonic Motivation (HM)	0.755	0.702	0.470	0.762	0.598	0.783	
E-Service Quality (ESQ)	0.716	0.642	0.401	0.703	0.605	0.706	0.737

As per Table no: 3 Fornell- Larcker criteria as the Square root of AVE > Correlation with other construct indicating **Discriminant validity**.

Table No: 4 Hypothesis Testing

Path	t – value	p – value	Result
PE → BI	5.902	0.000	Significant
EE → BI	-1.730	0.084	Insignificant
SI → BI	6.886	0.000	Significant
FC → BI	-1.123	0.262	Insignificant
HM → BI	4.176	0.000	Significant
SEC → BI	2.651	0.008	Significant
ESQ → BI	4.802	0.000	Significant

As per Table no: 4 it can be seen that, performance expectancy, Social influence, Hedonic motivation, security and e-service quality significantly influence the behavioural intention as the $p(\text{value}) < 0.05$ and $t\text{-value} > 1.96$

Conclusion:

Performance expectancy, Social Influence, Hedonic Motivation, Security and E-service Quality significantly influences the behavioural intention among the users of fintech (digital wallets). The marketers and the application service providers need to work towards providing updated and new features and services also they can focus on providing referral codes, scratch card rewards. The applications can be more explanatory and attractive so that people are drawn towards it. The digital wallets can be made easier for use and secure, the e-service quality as in the customer complaints and grievances should be taken care of so that it leads to utmost satisfaction which will lead users to suggest the application to non-users. Further studies can be conducted to determine the impact of behavioural intention on actual behaviour among the users of fintech (digital wallet).