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# 18. The Mediating Role of Government Support in E-wallet Acceptance Intention in Malaysia (Research-in-Progress)

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## Abstract

*The aim of this research is to examine the factors that predict e-wallet acceptance intention and especially the mediating role of government support that can lead to better intention to accept this technology in Malaysia. The contribution of this research is to explore the nuanced relationships that can help expand the understanding of e-wallet acceptance intention in Malaysia. Furthermore, this study is among the few that investigates the influence of government support as a mediating construct to predict e-wallet adoption intention. This research in progress also presents the study's research model and method.*

**Keywords:** E-wallet acceptance, Government support, Mediation analysis

## 1. Introduction

Malaysia has established itself as one of the competitive financial service industries in Asia and have been rapidly transforming its financial systems (Komba & Abd Razak, 2021). The Malaysian central bank implemented strategic policies to facilitate seamless financial transactions, serving as a cornerstone for nurturing a cashless society (Chan, Leong, Lim, & Chiu Yiong, 2020). In response to the Malaysia Government's vision for digitalizing its financial infrastructure, a plethora of e-wallet applications flooded the market (Abdull Rahman et al., 2022; Chan, Leong, Lim, & Chiu Yiong, 2020). Both local and international e-wallet service providers introduced e-wallet services such as GrabPay, WeChat Pay, Touch n Go Wallet, Duit Now, Boost, Fave, Samsung Pay, BigPay, Apple Pay, and many more.

Consequently, e-wallet service providers in Malaysia have made substantial investment towards improving their applications and at the same time trying to achieve a competitive advantage over competitors (Chan et al., 2020). Companies use financial incentives, rewards, and paybacks to entice users to adopt their e-wallet services. In addition, e-wallet service providers also include gamification as part of the application to lure younger e-wallet users (Sanny et al., 2022). For e-wallet service providers, it is important to widen their user base of the application to help ensure the company's sustainability and survival (Tian et al., 2023). Despite these efforts, the adoption of e-wallet in Malaysia remains relatively low (Kiew et al., 2022; Tian et al., 2023).

Previous studies examining this topic within the Malaysia context mainly focus on identifying factors predicting e-wallet acceptance behaviour. Factors such as perceived usefulness and perceived ease of use were used extensively to predict e-wallet acceptance behaviour (Chan, Leong, Lim, & Chiu Yiong, 2020; Teo et al., 2020). In addition, other factors like perceived

trust, security, privacy and service quality also received equal attention as predictors of this behaviour (Karim et al., 2020; Teng Tenk Teoh et al., 2020; Teo et al., 2020).

To extend the understanding of e-wallet acceptance in Malaysia, this study examines the role government support (GS) plays in influencing this behaviour. GS refers to support from government agencies that help open new opportunities for users and businesses to take part in using or offering the use of a new technology (Hussain et al. 2021). Examples of GS can be in the form of financial support, provision of infrastructure, upgrading human resource skills, advisory services and many others. This support can help roll out new technology to the wider public more effectively (Yusoff et al., 2021). GS was also identified as an important factor that can help increase the acceptance of new technology especially in developing countries (Hussain et., 2021; Yusoff et al., 2021).

In this study, GS is conceptualised as a mediating factor that mediates the relationship between determinants of e-wallet acceptance and one’s acceptance intention of the technology. The mediating role of GS has been examined in prior research; for instance, in user’s acceptance of e-commerce (Yusoff et al., 2021), electronic banking (Hussain et al., 2021) and online shopping (Hai & Alam Kazmi, 2017). However few studies have examined the mediating role of GS on e-wallet acceptance behaviour especially in Malaysia. Furthermore, by exploring this relationship, the researchers hope to enrich the existing understanding of e-wallet acceptance by investigating the nuanced interconnections between determinant factors, enabling a better explanation of e-wallet acceptance behaviour (Tian et al., 2023).

## 2. Literature Review

### 2.1. E-wallet Adoption in Malaysia

An e-wallet refers to a mobile application that enables users to conduct financial activities by linking the application to their respective bank (Tian et al., 2023). In Malaysia, e-wallets are offered not only by banks but also third-party financial institutions. In Malaysia the availability of e-wallet platforms is growing steadily but the adoption level is still at infancy level.

As a consequence of the low rate of adoption of e-wallet platforms in Malaysia, the topic of e-wallet adoption in Malaysia has received substantial attention by Malaysian researchers. Table 1 lists previous studies conducted in Malaysia. Generally, majority of previous studies used factors derived from technology acceptance theories to predict e-wallet acceptance behaviour.

Author	Focus of Study	Mediating/Moderating variable	Respondents
Tian et al., (2023)	Direct influence of PUSE, PEOU, attitude, subjective norms & perceived behavioural control on e-wallet adoption intention.	Examine the moderating influence of perceived trust & service quality on e-wallet adoption behaviour	378 respondents using e-wallets in Malaysia

Abdul Halim et al., (2021)	Influence of price benefit, trust, habit, satisfaction, operational constraints, satisfaction, PUSE, PEOU, attitude & confirmation on e-wallet continuous adoption intention.	None	379 respondents using e-wallets in Malaysia
Kiew et al., (2022)	Influence of perceived trust, convenience & promotion on e-wallet adoption intention.	None	249 respondents using e-wallets in Sarawak, Malaysia.
Chan, Leong, Lim, & Yiong, (2020)	Influence of mobile PUSE, PEOU, perceived compatibility, risk, security & trust on e-wallet adoption intention.	None	233 respondents using mobile payment apps in Malaysia
Teoh et al., (2020)	Influence of performance expectation, effort expectation, social influence, perceived risk & cost affecting e-wallet adoption intention.	None	210 respondents using e-wallets in Malaysia
Karim et al., (2020)	Direct influence of PUSE, PEOU, privacy & security on e-wallet adoption intention.	None	289 youths using e-wallets in Malaysia
Teo et al., (2020)	Perceived security, PUSE, PEOU & social influence on e-wallet adoption intention.	None	200 Malaysian using e-wallets in Malaysia
Chiew Yi & Perera, (2019)	Trust, PUSE & security influence on e-wallet adoption intention.	Examine the mediating influence of PEOU on e-wallet adoption behaviour	140 university students in a private university using e-wallets in Malaysia

**Table 1:** Summary of Previous Studies on E-wallet in Malaysia

Based on the literature analysis, it can be concluded that:

1. Most studies used technology related factors from adoption theories to determine e-wallet acceptance behaviour. Technology adoption behaviour evolves over time and focusing on these factors at the early stage of the technology adoption phase can be relevant. Over time, a user might have different expectations that might affect their acceptance behaviour (Hashim & Tan, 2018). Thus, focusing on non-technology related factors may provide additional perspectives and as such a better understanding of e-wallet acceptance.
2. Very few studies have tried to extend the conceptualization beyond examining direct relationships between determinant factors and the acceptance behaviour. For example, Tian et al., (2023) examined how perceived trust and service quality can moderate the relationship between a user's intention and actual behaviour to adopt e-wallet. Chiew Yi & Perera (2019) predicted that perceived ease of use (PEOU) mediated the relationship between trust, perceived usefulness (PUSE) and security on intention to adopt e-wallet. Hence, to expand the understanding of e-wallet acceptance behaviour in Malaysia, more research is needed to extend the applicability of identified factors beyond the existing conceptualization. Further research can help to explore nuanced interconnections between determinant factors, enabling a better explanation of e-wallet acceptance behaviour (Tian et al., 2023).

Therefore, for this study three constructs are selected to predict e-wallet acceptance intention. The factors are perceived convenience, compatibility, and security. These constructs were selected due to their relevance and remain a significant concern among e-wallet users in Malaysia (Andrew et al., 2021). Meanwhile, GS is selected as the mediating variable to help further the understanding of e-wallet acceptance in Malaysia. GS was selected as a factor because in Malaysia, there is a general expectation that the government will always play an important role in supporting and facilitating the introduction of new technology (Hussain et al., 2021; Yussof et al., 2021). According to Husain et al. (2021), government support plays a linking role between the users' perception on the technology and their acceptance behaviour.

## **2. Government Support as a Mediating Variable**

According to Yussof et al. (2021), GS acts as a catalyst that help users and businesses to venture into using new technology. GS also lends credibility and feasibility leading to the acceptance of new technology by potential users (Marakarkandy et al., 2017). For example, in 2018 the government of Malaysia gave MYR30 to every Malaysian aged 16 years and above to promote the initial uptake of e-wallet. Meanwhile, in Pakistan, the government helped to promote the use of electronic banking by formulating relevant policies that allow banks to develop strategies based on users' preferences and demands (Hussain et al., 2021).

The examination of the role of GS as a mediating variable has been found in previous studies that examine technology adoption. Hussain et al. (2021) examined the mediating role of GS on users' e-banking adoption in Pakistan. According to Hussain et al. (2021), users who find the performance of the e-banking system as beneficial and effective will be more likely to adopt the technology with the present of appropriate GS such as having easy to access internet or other infrastructure.

However, the impact of GS as a mediating factor within e-wallet adoption remains largely unexplored, particularly within the Malaysia context. In a developing country like Malaysia, GS is very important especially when introducing a new technology to the public (Hussain et al., 2021; Yussof et al., 2021). Users are considerably more confident to adopt innovative technologies when they are assured of the presence of appropriate laws and regulations to safeguard their interests. Hence based on these arguments, this study aims to explore the mediating role of GS impacting e-wallet acceptance intentions in Malaysia.

## **3. Research Model**

Figure 1 illustrates the proposed research model for this study. In the model, e-wallet acceptance intention (EW\_INT) is positively influenced by perceived convenience (PER\_CON), perceived security (PER\_SEC) and perceived compatibility (PER\_COM). Meanwhile, government support (GS) is predicted to mediate the relationship between PER\_CON, PER\_SEC, PER\_COM and EW\_INT. The following section discuss the hypotheses for this study.

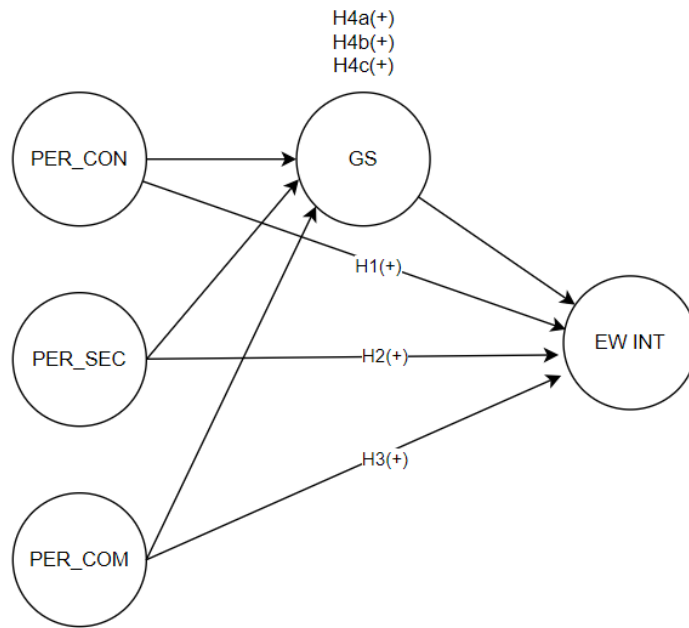


Figure 1: Research Model

#### 4. Research Hypothesis

Based on the research model proposed in the previous section, this study hypothesized the following hypotheses:

Hypothesis 1: Perceived convenience positively influences e-wallet acceptance intention.

Hypothesis 2: Perceived security positively influences e-wallet acceptance intention.

Hypothesis 3: Perceived compatibility positively influences e-wallet acceptance intention.

Hypothesis 4a: Government support mediates the relationship between perceived convenience and e-wallet acceptance intention.

Hypothesis 4b: Government support mediates the relationship between perceived security and e-wallet acceptance intention.

Hypothesis 4c: Government support mediates the relationship between perceived compatibility and e-wallet acceptance intention.

#### 5. Research Methodology

This study will administer a web survey to collect the data from respondents. The respondents of this study are Malaysians who have experience using any e-wallet services in Malaysia. This study will adopt a purposive sampling technique. The link for this survey will be promoted in the researchers' social media platforms such as WhatsApp, Facebook and Twitter. The collected data will then be analysed using the partial least square - structural equation modelling (PLS-SEM) technique.

#### 6. Conclusion

This research is currently at the data collection stage. By completing the data collection and analyses phases, this study aims to predict 1) the direct influence of perceived convenience, perceived security and perceived compatibility; and 2) the mediating influence of GS on user's intention to accept e-wallets in Malaysia.

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