

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Past research have tried to identify the factors influencing the intention to use cashless payment, many of which are depended on the technology acceptance model (TAM) (Ahmad, 2021), perceived risk (Aji et al., 2020), perceived usefulness, (Ahmad, 2021; Aji et al., 2020), government support (Ahmad, 2021) that have a positive effect on the adoption and intention of using cashless payment. However, most of these studies focused on the acceptance and impacts of using cashless payment concerned with individual's intention of using cashless payment during the outbreak. As a result, the goal of this paper was to try to fill the void by concentrating on the acceptability of using cashless payment methods and the impacts of doing so. Specifically, the researcher looked at the relationship between perceived risk, perceived usefulness, and government support as it relates to an individual's intentions.

2.2 Theoretical Literature

Recent studies on the acceptance and effects of cashless payment, which were concerned with individuals' intention to use cashless payment during the outbreak, found that perceived risk, perceived usefulness, and government support are significant antecedents of intention to use cashless payment.

2.2.1. Perceived Risk

There are many different ways to define what is known as perceived risk. As a result of their purchases, customers are exposed to unpredictability and the possibility of unfavourable outcomes, which leads to their perception of risk, according to the "theory of perceived risk." According to findings from earlier studies, one of the most significant aspects in the decision-making process whether or not consumers will accept a new technology is how dangerous they believe it will be. Researchers investigated the link between perceived risk and behavioural intent to use in a variety of contexts, including cashless payment. (Ozturk, 2016)

Within the scope of a potential purchase, the term "perceived risk" refers to the "perceived uncertainty." It is a feeling of loss, which can have either positive or negative outcomes, depending on the situation; however, the research on consumer behaviour has primarily focused on the negative outcomes. According to the available research, a multidimensional construct known as perceived risk exists. The type of good (or service) being sold gives rise to distinct variations in its measurements (Kassim & Ramayah, 2015). When it comes to dealings conducted over the internet, perceived risk can be broken down into a few different categories: risks associated with performance, risks related to time or convenience, psychological risks, and other types of risks. Maser and Weiermair (1998) added a new facet, disease risk, which was deemed to be more pertinent to the overall context of this research. (Aji et al., 2020).

Hasan et al. (2017) say that illness risk is the chance of getting diseases like MARS, SARS, Anthrax, AIDS, and others that are spreading quickly. As a result, using an electronic wallet is the most effective way to prevent the spread of COVID-19. The

majority of studies came to the conclusion that perceived risk has a negative impact on intention. This was found to be the case in a variety of contexts, including tourism, online banking, and online application. However, the results of this study might turn out differently. In this study, individuals' intentions to use electronic wallets for payment transactions were found to be significantly stronger when they perceived a higher COVID-19 risk associated with physical cash. It is also important to remember that a person's decision about whether or not to use an application system is affected by how useful they think the system is (Venkatesh & Davis, 2000). In other words, people will be more likely to use electronic wallets in preparation for pandemic if they think they are useful (Aji et al., 2020).

2.2.2. Perceived Usefulness

It is common practise to regard the perceived usefulness as an invitation to use various forms of knowledge technology, and its precise definition is as follows: "the level of an individual who chooses to believe that using a certain system would increase the effectiveness of his or her job." (Davis, 1989). To further clarify, perceived usefulness refers to the extent to which individuals believe that utilising a particular system will result in an improvement in the level of performance they achieve in a given activity (Davis, 1989). A user's intention to use a technology can be accurately predicted, in large part, by how useful they believe the technology to be. The definition of perceived usefulness is a user's belief that employing a particular type of system will enhance performance. This term is synonymous with useful, but it can also be used to refer to convenience. In certain instances, Perceived Usefulness can also be considered a benefit.

The decision to implement new technologies is influenced not only by the perceived value of those technologies and their ease of use, but also by other factors such as subjective expectations and perceived threats. This is in accordance with the technology acceptance model and its derivatives. According to one definition, perceived usefulness is defined as "the degree to which an individual believes that utilising a system will increase the efficiency of his work." Perceived usefulness factors include increased performance, efficiency, ultimate utility, cost savings, and improved work performance." (Tomi Dahlberg, 2010). Perceived usefulness is commonly defined as an invitation to use knowledge technologies, and it is defined as "the degree to which an individual believes that using a particular system would increase the efficiency of his or her job." (Davis, 1989). Prior research has confirmed the impact of deliberate use in numerous IT contexts, including online booking, cell phone WiFi technology, e-commerce, online banking, and mobile commerce (Ahmad, 2021).

2.2.3. Government Support

Not only does the consumer's perception of risk, which is an internal factor, play a role in consumer acceptance of technological systems, but government support also plays a role (external factor). In the case of online banking, a person's plans to use online banking is significantly impacted by government support in a meaningful way. In the same way, Islamic banking and financing, mobile commerce, and government services all follow the same rules. The assistance of the government in the realm of electronic wallets or cashless payment can be interpreted as the provision of network infrastructure, policy packages, the acceleration of access, and the assurance of the safety of digital transactions. The World Health Organization (WHO) urged the

general public to conduct more cashless transactions and lessen their reliance on physical contact in order to "flatten the curve." (Brown, 2020; Huang, 2020). The support provided by the government for electronic wallet payment transactions is beneficial in the fight against the spread of SARS-Cov2. As a consequence of this, consumers are more likely to use an electronic wallet when they perceive that the government is supporting the initiative. In addition to this, one of the most important considerations in the adoption of technological systems or applications is how useful they are believed to be. (Budi et al., 2011). Because of government support for electronic wallets, people are more likely to use them if they believe they are more useful than they actually are (Aji et al., 2020).

2.2.4. Technology Acceptance Model (TAM)

A number of different research models have been developed intending to determine the level of acceptance that people have for new technologies. One of the models that is being utilised is known as the Technology Acceptance Model (TAM), and its purpose is to determine how people feel about newly developed forms of technology. TAM is an improved model of TRA (Theory Reasoned Action), with the psychological attitude of someone towards one object as the focus of its research. (Susilo et al., 2019a).

2.3 Hypothesis Development

Hasan et al. (2017) define illness risk as the probability that an individual will become infected with an epidemic disease such as MERS, Anthrax, SARS, AIDS, etc. Consequently, the most effective method for avoiding the risk of transmitting COVID-

19 is to utilise an e-wallet. In this study, the greater the perceived risk of COVID-19 to cash that individuals perceive, the greater their intention to use cashless payment methods. It is also essential to keep in mind that the perceived usefulness of an application system is a significant factor in determining an individual's decision regarding whether or not to use the system. To put it another way, the perceived usefulness of cashless payment will encourage consumers to use cashless payment as a COVID-19 anticipation. As a result, the authors hypothesize that,

H1. Perceived risk has significant relationship between perceived risk on an individual's intention to use cashless payment during the Covid-19 pandemic.

It is common practise to regard the perceived usefulness as an invitation to use various forms of knowledge technology, and its precise definition is as follows: "the level of an individual who chooses to believe that using a certain system would increase the effectiveness of his or her job." (Davis, 1989). To further clarify, perceived usefulness refers to the extent to which individuals believe that utilising a particular system will result in an improvement in the level of performance they achieve in a given activity (Davis, 1989). The intent of a user to make use of a technology can be accurately predicted, in large part, by how useful they believe the technology to be. There have been a number of studies done in the past, and all of them have come to the same conclusion: perceived usefulness is a strong predictor of e-money intention, and it also helps explain why customers are willing to utilise a particular kind of technology or application. Therefore, the author hypothesizes that,

H2. Perceived usefulness has significant relationship between perceived risk on an individual's intention to use cashless payment during the Covid-19 pandemic.

The support provided by the government for the use of electronic wallet transactions is advantageous in the fight against the spread of SARS-Cov2. As a consequence of this, consumers are more likely to use an electronic wallet when they perceive that the government is supporting the initiative. In addition to this, one of the most important considerations in the adoption of technological systems or applications is how useful they are believed to be (Budi et al., 2011). The impact of government support on a person's intention to use an electronic wallet can be better explained by a person's perception of the utility of using such a wallet. This is because people are more likely to use a wallet if they believe it will be beneficial to them. Therefore, the author hypothesizes that,

H3. Government support has significant relationship between perceived risk on an individual's intention to use cashless payment during the Covid-19 pandemic.

2.4 Theoretical Or Conceptual framework

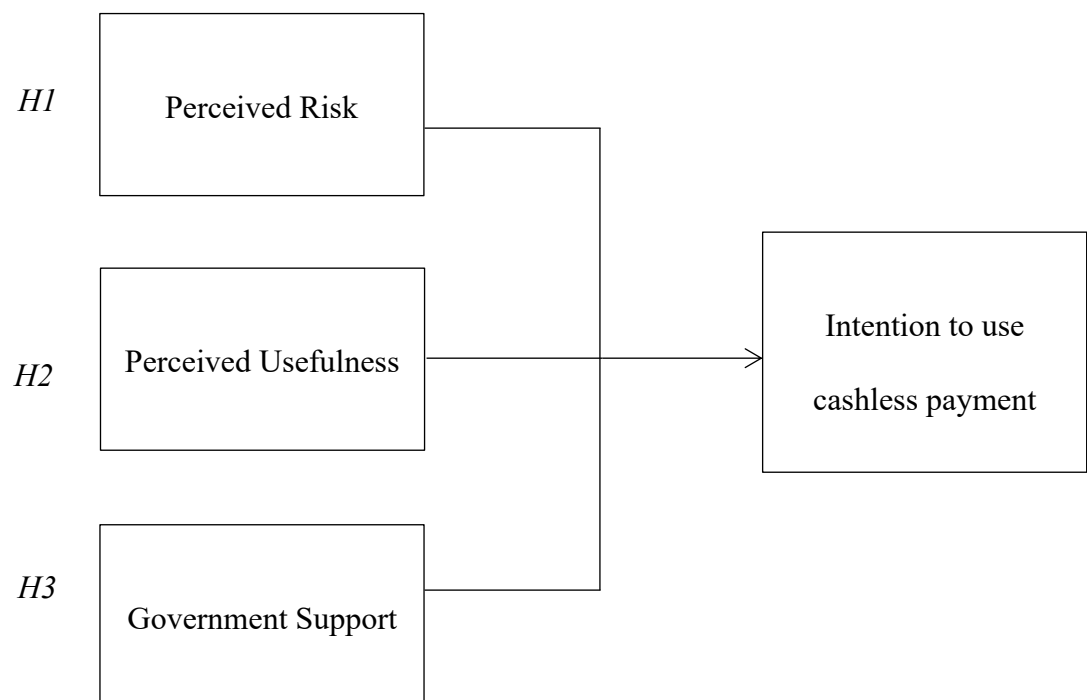


Figure 2.1. Conceptual Framework

2.5 Conclusion

There are many different ways that one can define "perceived risk." Accordance with the "theory of perceived risk," consumers experience a sense of risk when making purchases because doing so exposes them to a degree of uncertainty as well as the possibility of unfavourable outcomes. Simply, the term "perceived risk" refers to the danger that customers are under the impression that they are in because they do not fully comprehend the product information or the activity.

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The assistance of the government in the realm of electronic wallets or cashless payment can be interpreted as the provision of network infrastructure, policy packages, the acceleration of access, and the assurance of the safety of digital transactions. The World Health Organization (WHO) urged people to conduct more financial transactions electronically in order to cut down on the amount of face-to-face contact they have.

One of the models that is being utilised is known as the Technology Acceptance Model (TAM), and its purpose is to determine how people feel about newly developed forms of technology. TAM is an improved model of TRA, which stands for the Theory of Reasoned Action. The primary focus of TAM's research is on an individual's psychological stance in relation to a single object.

Using the relationship between perceived risk, perceived usefulness, and government support, this research attempted to fill a gap by focusing on the acceptance and effects of cashless payment on an individual's intention.