

Chapter 15

The Adoption of E-Wallets: Current Trends and Future Outlook

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ABSTRACT

This chapter measures the attitudes of people residing in the Kingdom of Bahrain toward adopting mobile banking technology, also known as e-Wallets. The Technology Acceptance Model, the Unified Theory of Acceptance and Use of Technology, and the Diffusion of Innovations model were used to construct a questionnaire with the added focus on the promotional aspects. A total of 1,740 responses obtained from individuals in Bahrain revealed a high level of adoption rates. All dimensions measured were confirmed to have a significant impact on the adoption of e-Wallets, particularly those related to promotional benefits, which reveals a need for future studies to focus on the marketing approaches of mobile payment technologies. Studied factors were confirmed to have a significant impact on the usage and adoption of e-Wallets in the Kingdom of Bahrain. More focus is required from a benefits perspective rather than the technical perspective. Financial institutions need to pay more considerable attention to the changing mindsets of people toward making payments and the shift to new technologies.

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INTRODUCTION

In recent years, technology has been advancing payment systems at an unprecedented level, especially through mobile devices. Consequently, methods of making payments through smartphones have been studied over the past two decades. Mallat (2007) listed several characteristics that make smartphones unique for making payments. They are widespread, they can be carried in people's hands, unlike fixed-line phones and computers, and they rely on well-established telecom infrastructures to facilitate micropayment transactions. Another study done by Dahlberg Mallat and Ondrus (2008) confirmed how mobile phones transformed the telecom industry, which allowed it to capitalize on new technologies by incorporating value-added services such as e-commerce and payment tools. The usage of mobile phones far exceeds other technical devices that could also be used to market, sell, produce, or deliver products and services to consumers. These developments open lucrative opportunities to merchants and service providers (Dahlberg, Mallat, Ondrus, & Zmijewska, 2008; Al-Alawi & Al-Bassam, 2019).

In a study conducted by de Lunaa, Cabanillas, & Fernándezb (2018), the researchers noticed that payment systems have changed and evolved from simple methods of cash and credit payments to more advanced payment methods that use mobile devices. Increasingly, transactions performed with the most recent technologies of mobile payment systems. On the other hand, the study tried to provide reasons for such developments by clarifying that "this transition has taken place due to changes in the economy, technological developments on the internet, the proliferation of social networks, and increased use of mobile devices." (de Lunaa, Cabanillas, & Fernándezb, 2019).

In addition, Oliveira, Tomas, Babpista & Campos (2016) elaborated that the improvements in technology have supported the economy through improved smartphone payment methods. They added that "advance in technology have enabled a broad range of new functionalities for mobile devices, supporting several mobile financial services, such as bill payment, account transfers, person to person transfers, proximity payments at the point of sale, remote payments to purchase goods and services, as well as other kinds of services such as location-based, mobile marketing, ticketing, discounts, or coupons" (Oliveira et al. 2016).

According to a recent study by Rolfe (2019), "Mobile wallets are still in early development in most countries, where some areas are starting to see an uptick in success. Worldwide, 2.07 billion consumers will use a mobile wallet to [purchase] in 2019; this is up nearly 30 percent from the 1.6 billion consumers recorded at the end of 2017. China is currently the largest adopter of mobile payments, but other countries are starting to catch up."

Several models have been developed and tested to measure how people respond to different technologies. In this study, we will first cover the most commonly reviewed and tested models and shed light on studies done in other countries on adoption rates of mobile banking applications, or e-Wallets.

The purpose of this study is to measure the attitudes toward the adoption of the different e-Wallets available in the Kingdom of Bahrain. It has been built on a combination of models with an additional construct focusing on Promotional Benefits. Therefore, this study aims at exploring the engagement level of people in Bahrain with regards to e-Wallets in their financial activities. In addition, the motivational factors, as well as the risks associated with the concept of e-Wallets, have been elaborated and empirically tested.

Based on the quantitative measurements provided throughout this paper, this study will provide empirical evidence that will test the adoption level of e-Wallets in the Kingdom of Bahrain. Also, this study will provide a basis for business practitioners to understand better consumer perspectives on using

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