


## Chapter 79

# Study of Emotional Factors Influencing Professionals' Adoption to E-Payment in Sri Lanka

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### ABSTRACT

*Electronic payment is widely regarded as a fund transfer between parties electronically for commercial purposes, and it is increasingly being recognized as a key competitive tool in the present situation. While businesses are focusing more on rational factors behind consumer acceptance and adoption of e-payment, academic research is lagging in investigating the emotional factors. This chapter is providing a clear background about how businesses can emotionally influence and motivate consumers to utilize e-payment methods for their day to day transactions. A sample of 460 professionals in Sri Lanka was empirically investigated with the aim of identifying the emotional factors influencing professionals to adopt and use e-payment methods. A structured questionnaire was used to collect data and the exploratory factor analysis identified that the professionals' e-payment adoption was influenced by six different emotional factors. Based on the literature these factors are innovativeness, professional satisfaction, optimism, insecurity, skepticism, and discomfort.*

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## **INTRODUCTION**

The worldwide proliferation of the Internet has given birth of Electronic payment system which is “the use of credit and debit cards on the Internet or other electronic devices to perform day to day transactions which include paying for goods and services, bill payment and transfer of money at any time of the day”, mentioned Gholami et al. (2010) with Andam (2003). Simply Electronic payment systems refer to various innovative applications and approaches, including the use of credit card, debit card, Automated Teller Machine(ATM), Electronic Fund Transfer(EFT), online payment that are used to facilitate the customer's decision to pay for a product or services (Vassilious, 2004).

E-commerce can be simply described as all electronically mediated information exchanges between an organization and its external stakeholders. (Chaffy, 2009) That means e-commerce includes other activities, “such as businesses trading with other businesses and internal processes that companies use to support their buying, selling, hiring, planning, and other activities” (Schneider, 2011; Zwass, 2003). Eastin (2002) in an article entitled “The popularity of e-commerce: analysis of acceptance four e-commerce activities,” mention 4 activities reviewed include online sales, online banking, online investing and electronic payment. So e-payment can be identified as a most important sub element of E-commerce.

The growth of information and communication technology (ICT) has revolutionized traditional systems of payment. Individuals can now carry out many kinds of modern methods of payment for goods and services instead of traditional methods of cash and cheques. This phenomenon of cashless payment is known as e-Payment. Electronic payment is a financial exchange that takes place online between buyers and sellers, the content of this exchange is usually some form of digital financial instruments (such as encrypted credit card numbers, electronic checks or digital cash) that is backed by a bank or an intermediary. (Ingenico, 2012) The cashless society has been predicted for decades or else we can denote as barter system and then paper-based payment instruments such as cash and checks continue to remain a dominant form of payment in Sri Lanka. But present, innovations such as e-cash, micro-payments, and smart cards which have introduced potentially powerful new technology in the banking industry have gained significant commercial adoption.

In this study researcher attempts to identify the emotional factors which affect professionals' adoption of electronic payment methods in Sri Lanka, in order to validate and to test the reliability of instruments used, the researcher went through a pilot test by taking a sample of 50 undergraduates. According to the results of the pilot test the researcher was able to identify 7 factors which affect individuals' emotions to adopt e-payment methods. This result may differ from the actual result of the research because of some inherent limitations of a pilot test.

## **Problem Statement**

According to the World Bank report of 2015, in South Asian region only 14% (\$0.3 trillion) from total of person to business payments \$2.2 trillion has been done electronically. It is the lowest percentage when compared with other regions in the world. The same situation can be seen in Sri Lanka also as a country. But Payment Bulletin report issued by the Central bank of Sri Lanka (2015) emphasizes that there is an increased trend in usage of electronic cards or payment methods. It shows there is a 16.3% of increased percentage change in total financial transactions done through the internet when compared with 2014. Many researchers have provided the factors that influence individuals' adoption to electronic payment methods. Xiao et al (2015) concludes that people are more likely to use cash and less likely to

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