

Chapter 5

User Acceptance Towards Non-Fungible Token (NFT) as the FinTech for Investment Management in the Metaverse

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ABSTRACT

The growth of the metaverse is an imminent phenomenon for the world to tap its economic opportunities. Non-fungible token (NFT) is the choice of a new form of financial technology in metaverse to authenticate digital asset ownership. The objective of this study was to examine the impacts of NFT on the metaverse communities. Based on the unified theory of acceptance and use of technology model, the sample was financial users in the metaverse who are familiar with NFT. The findings validated that UTAUT constructs influence the intention to use NFT payments. Also, self-efficacy was confirmed as the antecedent to explain the need for managing the processes while payments were made. This study provides an understanding of the use of NFT by examining the theoretical aspect of the current usage scenario in the metaverse. Furthermore, the required personal ability of the users in determining the benefits of NFT offers practical consideration for wider adoption. Hence, it contributes to the research on the behavioral finance aspect of NFT usage.

INTRODUCTION

The arrival of the metaverse has witnessed another phase of digital transformation driven by virtual reality for new business challenges and opportunities. Following this trend, the increased financial transactions traded on this shared virtual business platform have changed the way customers deal with

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their purchases. Non fungible token (NFT) is the choice of a new form of cryptocurrency in the metaverse (Bao & Roubaud, 2022). Businesses and consumers are exploring the advantages of NFT tokens as their main exchange medium to transact digital assets. NFT provides security over the digital asset as it ensures one rightful owner at any given time. The tampering and dispute over asset ownership have been prevented. Hence, this would pave the way for more rapid development of the digital assets market.

The unique features have accelerated the use of NFT in the financial market. Its benefits such as simple to invest in, highly accessible by anyone, and proven security protocol (Schaar & Kampakis, 2022). The ease of digital asset ownership is supported well to avoid duplication. A list of studies hailed NFT as the de facto payment mode for the digital asset in the metaverse environment (Arcenegui Almenara et al., 2021; Maouchi et al., 2022; Rafli, 2022). The security protection was strong and not easily tampered with the backing of blockchain technology. Also, the crypto mechanism provides the transparency of digital ownership records. These benefits directly led to the fast acceptance of the NFT payment mode.

The present literature supports the non-fungible nature of the NFT token as irreplaceable in the bidding of virtual collectibles and assets (Bolton & Cora, 2021; Chandra, 2022; Doan et al., 2021). This promotes digital products such as painting, music, caricature and games (Choi et al., 2021). NFT make asset ownership faster. Guadamuz (2021) showed that the bidding process of assets and obtaining ownership were expedited and convenient. The solid security features of NFT causes the financial transaction in the metaverse safe. This is also supported by Chandra (2022)'s study of the globalization effect in making NFT tokens available to anyone from four corners of the world. The high acceptance level by the global market attracted more financial investors in choosing the NFT method for acquiring digital assets because anyone can purchase and transfer digital ownership with ease.

Aims and Contributions

Although consumers are using NFT for transactions in the metaverse, mixed reactions were on its adoption and satisfaction. Many NFT users were concerned over the reported scams and fraud in the NFT space (Slater-Robins, 2022). The users need to register and use a crypto-based digital wallet for the NFT marketplace. Many incidents of transaction discontinuation where the users were distrust and unfamiliar with the process (Cornelius, 2021). The prerequisite to know sufficient information and knowledge to manage it well. Self-efficacy represents one's confidence in carrying out the task in any given context. It is validated as the precursor to the acceptance and link to the familiarity of the new of new technological tools and applications (Latikka et al., 2019).

Hence, this study adopted the theoretical lens of the Unified Theory of Acceptance and Use of Technology (UTAUT) to unearth consumer reaction and attitude toward the NFT usage (Venkatesh et al., 2016). The use of NFT requires self-efficacy to reduce the learning efforts and increased the users' confidence in investing in the metaverse world. Hence, the need for self-efficacy in exploring the new financial cryptocurrency is worth further exploration. This study examined the effect of technology adoption factors in UTAUT theory on the use of NFT in the metaverse. Furthermore, the need for antecedent for the variables is required in this highly virtual environment. Hence, self-efficacy is required as a precursor to the UTAUT variables warrants investigation. This study offers a conceptual framework for predicting the adoption of the NFT method for digital asset purchase and examined its use based on the technology acceptance perspective.

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