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Understanding the Adoption of SADAD E-Payments:
UTAUT Combined with Religiosity as Moderator

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ABSTRACT

Extant article utilizes the UTAUT Model with Islamic religiosity as a moderator to understand the adoption of SADAD payment system by Saudi banking customers. Islamic religiosity effects the behavior and choices of people. Path analysis performed on 248 respondents' data collected through questionnaires tests the conceptual hypotheses. All hypotheses except H3 was unsupported, which reveals that social influence (SI) had an insignificant relation with behavioral intention (BI). Multi-group analysis was performed on AMOS by dividing respondents into two groups with high and low Islamic religiosity values. Overall, results reveal that religiosity moderates the positive effect of BI on usage behavior (UB). The author found no effect for those with low scores on religiosity values. However, consumers with high score religiosity values have a stronger positive effect between BI and UB. Moreover, the UTAUT + IR explained 80% variance in UB. High religiosity customers find SADAD a better option.

KEYWORDS

Behavioral Intentions, E-Commerce, E-Payments, Internet Banking, Islamic Religiosity, SADAD, Saudi Arabia, UTAUT

INTRODUCTION

Over the last few decades, e-business has witnessed tremendous growth in the e-commerce activities of developed and developing countries. E-commerce refers to making financial transactions/payments over the Internet, such as by using websites or mobile applications to buy products/services (Jackson, 2015). In 2017, the volume of global online business to consumer (B2C) retailing reached $1.84 trillion, with an annual increase of 17% as compared to 11% in the previous year. Asia now contributes to 50% of global online trade. Within Asia, China dominates with the largest B2C market share, with a turnover of $681 billion; globally, it is followed by the United States (US) and the United Kingdom (UK), with $438 billion and $196 billion of B2C market share, respectively (Abraham, 2017).

B2C e-commerce is currently emerging in Middle Eastern countries, especially in the United Arab Emirates (UAE) and the Kingdom of Saudi Arabia (KSA) (AlGhamdi, Drew, & Alhussain, 2012). Saudi Arabia has the largest population among the six Gulf Cooperation Council countries (GCC), which include the UAE, Kuwait, Bahrain, Oman, and Qatar, and Internet usage has been rising swiftly in the kingdom (Alsharief & Al-Saadi, 2017; Hannon & Schumm, 2017). Saudi Arabia accounts for only a one-digit share of total global online retailing. However, it is a promising market

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due to a number of factors, such as 70% of its population being young, high connectivity rates, and advanced IT infrastructure. E-commerce sales in KSA reached $13 billion in 2015. Since 2010, usage of e-commerce has increased and is quite common among Saudi youth, among whom one out of five uses the internet to buy online. Nonetheless, the large majority of KSA's population prefers to buy goods from brick-and-mortar stores due to a lack of trust in online retailers (Makki & Chang, 2015). By 2020, it is predicted that KSA will surpass the UAE as the largest online retail market in the GCC (yStats, 2018).

It has become imperative to understand and interpret the process of online shopping, especially the factors that affect online consumer behavior. As purchases through e-commerce increase, more online retailers appear. This dynamic shift in organizations from a brick-and-mortar model to click and click has brought about many changes in businesses, like the number of users, increased geographic reach, transaction volumes, etc., and therefore demands further research on online shopping behavior (Constantinides, 2004).

Consequently, to facilitate online purchasing, transaction methods among businesses continue to advance on the e-commerce platform—cash payments have been replaced by e-payments (Abrazhevich, 2004). This represents a big challenge for many businesses as they have to switch from the conventional paper-based money transactions to a new electronic payment system. Generally, electronic payment can be defined as a platform used in making payments for goods/services purchased online through the use of the internet (Kaur & Pathak, 2015; Roy & Sinha, 2014).

Meanwhile, with the growth in online buying from any e-tailer, there are many potential threats facing customers. At the forefront of concern is the security of customers' data and transaction information. The responsibility for promoting and facilitating safe electronic commerce lies with government agencies in individual countries (Tsai & Yeh, 2010). It is worth mentioning here that due to a lack of trust in online payment methods, such as the use of credit cards (AlGhamdi et al., 2012), online consumers in KSA prefer to use cash on delivery (COD) as a method of payment.

In 2004, the Saudi Arabian Monetary Authority (SAMA) introduced a payment system called the SADAD into the financial system to assist the electronic bill payment and funds transfer system in the kingdom and within GCC. SADAD, as a national electronic bill presentment and payment (EBPP) process for KSA (Alsudairi & Vasista, 2012), enables Saudi consumers to pay bills, buy airline and bus tickets, and make payment transfers for online purchases. A few substantial studies cover how this e-payment system is affecting the online buying behavior of people. Therefore, this study focuses on how Saudi consumers are adopting SADAD as an e-payment system.

A number of theoretical frameworks have been proposed and empirically tested to explain online consumer behavior in various online settings. Shim, Eastlick, Lotz, and Warrington (2001) mentioned that one of the models, the theory of planned behavior (TPB), presented by Fishbein and Ajzen (1975), covers searching for goods. Likewise, the theory of reasoned action (TRA) (Ajzen, 1985) mostly covers shopping for apparel (Yoh, Damhorst, Sapp, & Laczniak, 2003). To examine the adoption and usage of mobile services for e-payments, the two most famous and widely used are the technology acceptance model (TAM) (Davis, 1989) and the unified theory of acceptance and use of technology (UTAUT) proposed by Venkatesh, Davis, Davis, and Morris. (2003).

Since 2003, various studies have applied the UTAUT model as it integrates some constructs from the previous most widely used models (for example, TRA, TPB & TAM) for behavioral intention, technology acceptance, and adoption. The UTAUT model has been empirically validated by many scholars with several antecedents (Shaikh & Karjaluoto, 2015) in many countries and various cultures (Im, Hong, & Kang, 2011; Khalilzadeh, Ozturk, &Bilgihan, 2017; Venkatesh & Zhang, 2010). All those studies reveal that the UTAUT model and its determinants do explain approximately 70% of the variance in the behavioral intentions of users (Khalilzadeh et al., 2017; Min, Ji, & Qu, 2008).

Therefore, this study adopted the UTAUT model to check the behavioral intention (BI) and usage behavior (UB) of SADAD payments by Saudi consumers. While UTAUT models 1 and 2 have been tested severally all around the world, the majority of academics and practitioners are

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