

## Chapter 16

# Identifying Factors That Influence the Use of E-Wallets and Its Continuance: An Empirical Investigation

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### ABSTRACT

*The e-wallet is one of the successful innovative services that was launched in 2017. A quantitative survey approach based on a five-point Likert scale was used in this study. The sampling tool relies on the snowball and convenience sampling technique. The sample consisted of 660 users in Bahrain. This study found that the four predictor variables are statistically significant and supportive. The compatibility variable is the leading factor in the analysis. However, the study's results indicated that the moderating variables were also found to be statistically insignificant. The research findings contribute to the service providers and marketers with a clear understanding of the factors that affect the use of e-wallets and continuance use. Also, there was an addition to the theoretical implications indicated by the significant direct relationship between continuance use and compatibility.*

### INTRODUCTION

E-wallets are a kind of electronic card that is used generally for business transactions made online through a smartphone or a computer. Its value is the same as a bank's credit or debit card. An E-wallet needs to be connected with the user's bank account to make any payments. Through continuous innovations, payments become more efficient and convenient for buyers using online platforms.

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The growing number of smartphone users eventually would shift the mobile from being accessory to necessity. Although there are several approaches to encourage an individual to adopt new technology, the decision to continuance use of technology relies more on the post-adoption behavior factors that affect the individual continuance intention to use rather than on the initial adoption decision (Venkatesh & Thong 2012). In order to succeed and gain competitive advantage among others, the technology provider company needs to identify the benefits of the technology owned by an in-depth understanding of user behavior (Tam et al. 2018). According to Albashrawi & Motiwalla (2019), the technology provider companies need to focus primarily on understanding the continuance intention factors to broaden their services in order to sustain and retain users in the long term.

The overall trend moves towards using electronic wallets (e-wallets), which is a mobile application. E-wallet is equivalent to the physical wallet that holds the money. It is defined as a virtual wallet that allows users to place any information in the mobile wallet, such as identification cards, student IDs, credit cards, debit cards, and driver licenses. In other words, secure storage includes personal information, bank information, payment history, and shopping details on the mobile to be used to manage, review, and completely different transactions such as paying bills, transferring funds, and shopping (Singh et al. 2017).

The e-wallet service activation is done by installing the application to the mobile set. It is followed by applicant registration, which requires the name and phone number, copy the Postal Index Number (PIN) code, that is received through Short Message Service (SMS), to the application, and enter card details in the application.

Globally, Apple Pay is the pioneer in e-wallet business that launched in 2014, followed by Google Pay and Samsung Pay to enable users to pay to the shops securely. However, the forecasted adoption of the e-wallet was higher than the actual users. The users of smartphones are expected to increase by 7% every year; China, India, and the US are the countries with the highest smartphone users with 1.3 billion, 530 million, and 229 million users, respectively. Moreover, the mobile payment volume was expected to be one trillion US dollars in 2019.

According to Singh et al. (2017), Indian youth are attracted to e-wallet and prefer to use it more than paying in cash because they enjoy the use of new mobile technologies. The competition is intense between the providers of the e-wallets service due to the low switching cost (Cao et al. 2018); thus, investigating the factors that affect the use and continuance use of e-wallet is essential.

Bahrain is considered as the regional leader in the banking and finance sector (Benefit, 2017). The global trend towards cashless measures has motivated the Kingdom of Bahrain to move forward and introduce the Electronic Fund Transfer System (EFTS) by the Benefit Company in 2015 (CBB, 2019). Nevertheless, the EFTS enables individuals to perform transactions and provide fast and secure fund transfer; the ability to pay bills immediately, almost with no mistakes, occurs throughout three services available, which are Fawri+ Fawri and Fawateer (CBB, 2019).

E-wallet is defined as a service that enables the occurring purchase or transfer of the fund (Kumar et al. 2018). According to Singh et al. (2017), the e-wallets service is gaining ground in the developing markets. The continuance collaboration between telecommunication companies and institutional banks aimed to provide payment solutions services, which are e-wallets, as well as maintaining continuance use of e-wallets. For example, Batelco collaborated with Arab Financial Services (AFS) and launched a digital mobile wallet called bWallet (Batelco, 2018). Moreover, Viva cash or as called now STC pay BH launched as the collaboration with SADAD (STC, 2019).

Kingdom of Bahrain is heading to become a Financial Technology (FinTech) center in the region (CBB, 2019). Central Bank of Bahrain (CBB) in October 2017 has established a FinTech unit to proceed

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