


Chapter 16

The Impact of Technology on Payment Methods in the Food Service Sector in Singapore

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ABSTRACT

A cashless society has many advantages for businesses and governments, and many efforts have been made to support and facilitate such a society. However, there is a lack of research on how consumers perceive and accept cashless payment and what factors affect their willingness to use it. It is important to assess how willing consumers are to use cashless payment as their main payment method in food courts, as this can help to implement smooth and efficient cashless payment systems. By understanding the factors that influence the adoption of cashless payment, stakeholders can address these issues and improve consumers' experiences, leading to more convenience, faster transactions and shorter queues at food courts, which can benefit both consumers and food court operators. Moreover, this research can provide insights that can promote the use of cashless payments and ensure that everyone, regardless of age or technology skills, can participate in a cashless society.

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INTRODUCTION

Technological advancements have accelerated the adoption of cashless payment systems across major cities worldwide. Payment methods such as PayPal, Google Pay, and Apple Pay are increasingly being embraced by society, prompting economists to recognise these methods as stimulants for modern economic growth. Leon (2021) asserts that in the digital era, electronic transactions are faster, less expensive, and more efficient, leading central authorities to advocate for the widespread use of cashless payments in most transactional areas. Additionally, Rogoff (2014) highlights that cashless electronic payments help financial institutions mitigate the risk of cash hoarding and curb criminal activities.

In alignment with Singapore's national plan to become a smart nation, the government has prioritised innovation within food centres by integrating a unified digital payment system. Currently, most food centres, including hawker centres across the island, have adopted this new initiative (Wong & Heng, 2019). This innovation includes the widespread adoption of online digital payment platforms such as PayLah and PayNow, as well as applications developed by food court operators like Koufu, Fairprice, and Tuck Shop¹.

Despite Singapore's efforts to develop a cashless economy since 1985, cash remains the predominant mode of payment, constituting more than 60% of transactions. The government has implemented various measures to encourage cashless transactions, such as the development of QR codes and mobile payment systems. However, a study by Earnest and Yang (Paulo, 2017) revealed that only 38% of Singaporeans felt comfortable using mobile payments, a figure lower than the global average of 50%, highlighting an area for potential growth in public acceptance and usage of cashless payment methods.

Many studies have demonstrated the benefits of a cashless society from both business and governmental perspectives, thereby promoting the infrastructure and movement towards such a society. Nevertheless, the understanding of consumers' willingness to adopt cashless payments and the factors influencing this willingness has received insufficient attention. It is essential to evaluate consumers' readiness to use cashless payments as a primary payment method in food courts, as this plays a critical role in implementing seamless and efficient cashless payment systems. By identifying the factors that influence the adoption of cashless payments, stakeholders can address these issues and optimize consumers' experiences, resulting in enhanced convenience, streamlined transactions, and reduced waiting times at food courts, benefitting both consumers and food court operators. Furthermore, insights gained from this research can encourage efforts to enhance the usage of cashless payments and ensure inclusivity for individuals of all ages and varying levels of technological literacy.

This study aimed to address the research gap by assessing consumers' willingness to use cashless payment as the primary payment method in food courts using the Cashless Society Readiness-Adoption Model adapted from Balakrishnan and Shuib (2021). The model incorporated the Unified Theory of Acceptance and Use of Technology (UTAUT2) and the updated Technological Readiness Index 2.0 (TRI 2.0). Furthermore, by identifying the drivers and inhibitors of cashless payment adoption and examining the mediating effects of risk on the relationship between perceived readiness and consumers' willingness, the adapted model would provide a better understanding of the factors that determined the level of cashless readiness, which indicates the level of consumers' willingness towards using cashless payment as a primary payment method in food courts. The study seeks to discover: (1) whether the five factors of Perceived Ease of Use (PEOU), Perceived Usefulness (PU), Innovativeness, Optimism, and Lack of Awareness influence the readiness level of Singapore consumers for using cashless payment as

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