

**ASSESSING USER ACCEPTANCE AMONG GENERATIONS
TOWARDS ONLINE PAYMENT SYSTEM IN ONLINE BUSINESS**

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ASSESSING USER ACCEPTANCE AMONG GENERATIONS TOWARDS
ONLINE PAYMENT SYSTEM IN ONLINE BUSINESS.

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DECLARATION

“I admit that this report is actually result of my own, except certain of explanations and passages where every of it is cited with sources clearly.”

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DEDICATION

I would like to dedicate my appreciation to my beloved parents, lecturers and friends of loved ones who have been my constant source of supported me during research process, my supervisor and panel who guided me throughout the research as well as my friends that helped me and always give support along of research. Without all of t them, this paper project would not be successfully completed within time.

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ABSTRACT

Online payment system is referring to an online payments transaction using a mobile device with wireless and other communication technologies. Given the widespread use of mobile devices and users' needs for convenient and timely payment, online payment system is expected to become an important technology system for control the money transactions. Apart of that, online payment system plays also an important role to make this online business evolution be more effective toward growth and the lack of an effective system could bring an effect to the success of overall online business development. This research, differentiate acceptance of user between Generation Y (Gen Y) and Baby Boomers Generation in terms of their factor of adoption on online payment system. Generations X and Y will represent the younger group of consumers meanwhile baby boomer's generations will represent oldest of group of users of online payment system in online business activity. The researchers focused to investigate through theoretical constructs which is technology acceptance model, theory of reasoned action and theory of planned behaviour to find the critical factors that may ensure consumer adoption of these online payment system technology.

ABSTRAK

Sistem pembayaran dalam talian merujuk kepada transaksi pembayaran dalam talian menggunakan peranti mudah alih dengan teknologi komunikasi tanpa wayar dan lain-lain. Memandangkan penggunaan peranti mudah alih dan keperluan pengguna secara meluas untuk pembayaran yang mudah dan tepat pada masanya, sistem pembayaran dalam talian dijangka menjadi sistem teknologi penting untuk mengawal transaksi wang. Selain itu, sistem pembayaran dalam talian juga memainkan peranan penting untuk menjadikan evolusi perniagaan dalam talian ini lebih berkesan untuk pertumbuhan dan kekurangan sistem yang berkesan boleh membawa kesan kepada kejayaan pembangunan perniagaan dalam talian secara keseluruhan. Penyelidikan ini, membezakan penerimaan pengguna antara Generasi Y (Gen Y) dan Generasi Bayi Boomers dari segi faktor penggunaannya dalam sistem pembayaran dalam talian. Generasi Y akan mewakili kumpulan pengguna yang lebih muda sementara generasi baby boomer akan mewakili kumpulan pengguna sistem pembayaran dalam talian yang tertua dalam aktiviti perniagaan dalam talian. Penyelidik menumpukan untuk menyiasat melalui pembinaan teori yang merupakan model penerimaan teknologi, teori tindakan yang beralasan dan teori tingkah laku yang dirancang untuk mencari faktor kritikal yang boleh memastikan penggunaan pengguna sistem pembayaran dalam talian ini.

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LIST OF ABBRAVIATIONS

OPS	=	Online Payment System
TAM	=	Technology Acceptance model
TPB	=	Theory of Planned Behaviour
TRA	=	Theory of Reasoned Action
PR	=	Perceived Risk
S	=	Security
PA	=	Perceived Advantage
T	=	Trust
U	=	Usability
ITA	=	Intention to Adopt
AB	=	Adoption Behaviour

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CHAPTER 1

INTRODUCTION

1.1 Background of Study

Online business or ecommerce is of the one sector that has become the national economic growth. The growth in ecommerce industry provide business opportunities and economic growth, particularly for the local people around Malaysia. This study basically has been conducted to identify the differences in the perceptions of online payment system adoption through in online business with three different generations of groups.

Payment gateway technology or online payment system is one of the innovative method to access financial transfer services with more easy ways where customer just use online payment system in their ecommerce activity or buying online. This research specifically, differentiate acceptance of user between Generation Y (Gen Y) and Baby Boomers Generation in terms of their factor of adoption on online payment system. Generations Y will represent the younger group of consumers meanwhile baby boomer's generations will represent oldest of group of users in online business activity.

1.2 Research Question

1. What are the factor affecting online payment system in online business acceptance user among generation?
2. How far does user acceptance lead to intention to adopt online payment system in online business?

1.3 Research Objectives

1. To identify the factors that influencing acceptance of user among generation towards online payment system in online business.
2. To measure the level of consumer acceptance towards online payment system in online business.

1.4 Scope

The scope of the study focusses on covering user from three generation in Melaka. The researcher also sees the user acceptance from the point of their responsiveness toward this technology of online payment system in online business.

1.5 Limitation

Limitations is the methodology in research that investigate about level of user acceptance towards online payment system provided by online business gives a true and honest answer, the validity of their views cannot be established. Apart of that, it is very difficult to researcher determine whether each of respondents expressed their real reaction of honest and accurate. This research also will not include other place other than Melaka as location. Actually, researchers are focused on three generation as souvenirs to answer in this study.

1.6 Significance of the study

This research is anticipated to recognize how the user's behaviour among difference generation towards buying using online payment system can affect the growth of online business in Malaysia. The researchers also focused to investigate through theoretical constructs which is technology acceptance model, theory of reasoned action and theory of planned behaviour to find the critical factors that may ensure consumer adoption of these online payment system technology.

1.7 Summary

In conclusion, this chapter describes the research introduction, the research questions, and objectives of research, limitation, scope and location of the research.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter will tell about a review of a few literature review that have related with this study. The most important thing to be told in this chapter is related to the study of acceptance among generation towards online payment system in online business. This chapter also will introduce a few acceptance model and adoption model from the previous study. Lastly, the exposure of technology in online business sector will contribute to the improvement of the economic growth.

2.2 Online business evolution in Malaysia

In recent years, online business evolution has been increasing widely on our global scale. Online business refers to the integration of electronic technology in business functions which involve the use of computers device technology and digital networks for internal operations as well as the Internet for communication and commerce. The adoption which show increase in number of people use of the mobile devices have given contribution to evolution of online business. The growth of Internet facility has become main factor that contribute to increase online business technology development and result to the growth of online commerce as shopping platform. This evolution is ongoing as online businesses transition from widely usage of mobile technology according to Anil Bilgihan et al,(2016).

Online shopping behaviour of people start to changes and has been considerable increase and shift as people have started using Internet with their multi devices today (Wagner et al., 2013; cited in Bilgihan et al.,2016).Social commerce functionalities on online business platforms give online business entities opportunities of establishing social relationships with a mass population of customer and potential buyers and other sellers .In strategic ways, the effects customer relationship on online shopping performance (Zhe Qu, et a.,2013; cited in Bilgihan et al.,2016).

Online shopping is the process by which consumers use internet technology with their device to search, browse and make comparison to purchase any goods. The online business sector has grown rapidly in number in recent years, with refer to figures for 2013 indicating International Record Journal of Emerging Markets, according to British Retail Consortium survey, a high record amount of online shopping was being identify in December 2013. As people spend most of their daily time in online activities such as social networking, gaming and website surfing. Online shopping become a normal activity in many regions today. Given the potentially rich rewards, all business entity now is striving to make better understand of their target market in order to increase their online business performance (Ather Akhlaq ,2015).

2.3 Online Payment system (OPS)

With According to Shuiqing Yang et al., (2012), online payment system is referring to an online payments transaction using a mobile device with wireless and other communication technologies. Given the widespread use of mobile devices and users' needs for convenient and timely payment, online payment system is expected to become an important technology system for control the money transactions. Once realized it could become an additional revenue stream to service providers. Other than that, a large number of commercial organizations have invested substantially in online payment system services to reap its prominent profits. Nonetheless, the expected business value that could be derived from online payment system services relies on its acceptance by the users as their favorite payment channel.

Refer to the online payment system literature, research on online payment system acceptance among user focuses mainly on notions of instrumentality such as perceived advantage and perceived usefulness .On the other hand, literature from behavioral sciences and individual psychology suggests that social influences and personal traits are potentially important explanatory variables in technology adoption as well .It is useful to have a holistic view on identifying the critical determinants of online payment services adoption influencing by behavioral beliefs, social influences and personal traits of each generation involve. In addition, most of the extant studies on user beliefs and attitudes toward online payment services were conducted after the system was adopted. The results of these research studies on beliefs and external factor that users hold for continued use of online payment system may not be the same as for initial adoption or the level of influence may be different (Shuiqing Yang et al.,2012).

In this Research Study, Some factor that have probability to influence the adoption of online payment system will be test among generation users that have different intention toward acceptance to this online payment system as sample of population of study to identify the critical factor that have effect most toward growth of online payment system and study the current acceptance level toward this online payment system technology.

2.4 OPS contribution to online business

Online business provides the opportunity for people to buy and sell products, information and services only via the internet. In addition, online payment system plays also an important role to make this online business evolution be more effective toward growth and the lack of an effective system could bring an effect to the success of overall online business development. The exponential growth of the internet has triggered the need for online payment systems which are more appropriate and more effective for the web compared to traditional payment systems. One of the main problems is micro-payments, which were resolved by the introduction of electronic cash systems such as Digicash, Millicent and PayBox. Other than electronic cash systems, various of other payments have evolved like prepaid cards, payments via phone bills, smart cards and mobile payments. According to (Heng ,2004; cited by Shuiqing Yang et al.,2012), out of 50 different cyber payments already been develop

today but the majority of them are failed to gain acceptance from users and method of traditional payments are still widely used by customers as their choice to make transaction.

In Conclusion, online payment system is a new technology that will trigger to growth of online business in future which have utilities that help transaction of online business with customer be more efficient and effective. Apart of that, with have a better understanding about factor influencing the intention of different generation toward online payment system in online business will help the online business to adopt the current system to be better in order to attract more users and customers.

2.5 Generations

According to (Tan & Wan Fauziah ,2012) Generation is defined as people that are grouped within a certain range of ages and their birth date, location they live, and significant life events they experienced at critical developmental stages. The groups are often referred to be known as cohorts, whose members are linked to each other through shared life experiences during their formative years. As each group of ages, it is influenced by what the sociologists call as generational marker. Other that, members of the cohort are influenced by events that have an impact on all members of the generational grouping. As a result, each type of generation has its own unique combination in term of their experiences, expertise, prospective and their expectations. With have a good proper understanding, accepting and cooperation between all of these type of generations, our culture will definitely enjoy to have better competitive advantages by utilizing and make sharing of their unique experiences and expertise of each other.

In this Research study, three current generation which is Baby Boomers, generation X and generation Y been choose to be sample of study to compare the intention of different generation toward acceptance of online payment system in online business because each generation have different psychology and different lifestyle that make

each of the generation have unique characteristic that influence their intention and adoption level toward new technology especially in this online payment system technology.

2.5.1 Baby Boomers

The baby boomer's generation are commonly defined as the generation which born after the Second World War or generally person who birth from 1946 to 1964 according to (Aideen Young & Anthea Tinker, 2017). Baby boomer's characteristic is they tend not to identify with their parents' generation and instead perceive about the differences between themselves and the next generation after them. Apart of that, Aideen Young & Anthea Tinker, (2017) have noted that there is less difference in aesthetic style between other generation and boomers today than there was between boomers and their elders in the past. As been highlight in a website of Innovate UK "Boomers generation feel younger than their current age and don't like to be targeted on account of their age alone or at all" (Costello and Acland, 2016).

This generation of baby boomers look to have so far different intention toward technology compared to other generation and maybe do not exposed most to online payment system technology and lack shopping using online business in their daily life.

2.5.2 Generation X

Generation X refers to as Lost Generation that are born between years of 1966 - 1976 and reaching their age of 41 to 51 years old as of year 2017. Generation X also was learned from their elder's people that usually following rules and regulations is least likely to secure their jobs. This group of generation are placing a high focusing on maintaining between their work life balance and constantly seeking to have balance between family, life and their work. Hence, families and personal time very important thing to them and they have willingness to sacrifice their leisure hours to go for work. Most of this generation are not willing to work at weekend as these are the days they

will spend time with their families. They also are often showing their demands when they face some issues that may bring some effects on their lives to (Tan & Wan Fauziah ,2012).

One of the characteristics of Generation X is that they care about the opinions of others. They can be unsure of themselves and often need reassurance that their choice sare sound. They tend to ignore advertising aimed at the man reject any form of segmentation and marketing technique. Moreover, because they have many needs and greater financial restraints, they often shop at value-oriented retailers. Generation X likes to research while shopping online. They read more reviews and visit more information sources sites compare to other generation (Peralta, 2015; cited by Sabina Lissitsa & OfritKol,2016).

This generation have exposed well with online shopping and use of online payment system but they have character which always careful when doing something and like to have research to make them feel safe to make any decision and this also relate with their attention toward online payment system use.

2.5.3 Generation Y

According to Ruth N. Bolton, et. al., (2013), categorization of generations which using the specific birth dates for each cohort, Generation Y is person who born after 1981.Characteristics of generation y sometimes discussed in overly broad context .However, it is useful to briefly summarize the characteristics usually to described about generation Other that, A main characteristic for Generation Y is a generation which have high exposure to technology, which has advantages and disadvantages in terms of cognitive, emotional and their social outcomes (Immordino-Yang et al., 2012;cited by Ruth N. Bolton, et. al.,2013). In a few situations, they heavily depend on technology for their entertainment, communication with others and even for emotion regulation. This generation have experienced long periods of economic prosperity and a rapid pace of technological change in communication technologies, social networking and globalization