

SUPERVISOR'S APPROVAL

'I hereby declare that I have read this thesis and in my opinion this project is sufficient in terms of scope and quality for the award Bachelor Degree of Technology management (Innovation) with Honor'

Signature :

Supervisor Name : PUAN MISLINA BINTI ATAN @ MOHD SALLEH

Date :

Signature :

Panel Name : DR. FAM SOO FEN

Date :

USER ACCEPTANCE ON MANAGING PAYMENT TRANSACTION USING
FINANCIAL TECHNOLOGY (FINTECH) PRODUCTS AND SERVICES

SITI ROHANI BINTI ZAKARIA

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STUDENT'S DECLARATION

“I hereby declare that this thesis entitle “User Acceptance on Managing Payment Transaction Using Financial Technology (Fintech) products and services” is my own work except for the quotations summaries that have been duty acknowledge”

Signature :

Name : SITI ROHANI BINTI ZAKARIA

Date :

DEDICATION

These theses I dedicate to my beloved parents which are Zakaria Bin Ismail and Azizah Binti Dollah, who are always support me during to complete this research. Also for all my sisters and brothers that always stay with me along the journey of my life as a students. They also given advices, financial and moral support in order to motivation me when I feel down during to complete this research until now. Thanks also to my supervisor, panel and friends for support and help me to complete this research.

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ABSTRACT

This study aims to investigate the user acceptance on managing payment transaction using financial technology (Fintech) products and services. The user acceptance can be seen through various factors which is performance expectancy, effort expectancy, social influence and facilitating conditions. The researcher wants to identify the relationship between factors user acceptances toward behavioral intention to usage. The study will be conducted in UTeM campus. The theoretical framework development was constructed based UTAUT theory. The methodology of this research is quantitative research method and data collected from 300 of respondents by distributing the questionnaires. The study also generates data analysis by using SPSS version 22.0 to get the results from the data that has been collected through survey. The data obtained will be analyzed using frequency analysis, descriptive statistic, correlation, reliability and the multiple regression analysis. The result shows that just two variables (social influence and facilitating conditions) have significant relationship with the behavioral intention. While the performance expectancy, and effort expectancy is no have significant with behavioral intention.

Keyword: User Acceptance, Fintech, Payment, Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Conditions, Behavioral Intention

ABSTRAK

Kajian ini bertujuan untuk menyiasat penerimaan pengguna dalam menguruskan urusan niaga pembayaran menggunakan produk dan perkhidmatan teknologi kewangan (Fintech). Penerimaan pengguna boleh dilihat melalui pelbagai faktor iaitu jangkaan prestasi, jangkaan usaha, pengaruh sosial dan keadaan memudahkan. Penyelidik ingin mengenal pasti hubungan antara faktor penerimaan pengguna terhadap niat tingkah laku untuk penggunaan. Kajian ini akan dijalankan di kampus UTeM. Perkembangan rangka kerja teori telah dibina berasaskan teori UTAUT. Metodologi kajian ini adalah kaedah penyelidikan kuantitatif dan data yang dikumpul dari 300 responden dengan mengedarkan soal selidik. Kajian ini juga menghasilkan analisis data dengan menggunakan SPSS versi 22.0 untuk mendapatkan hasil dari data yang telah dikumpulkan melalui tinjauan. Data yang diperolehi akan dianalisis dengan menggunakan analisis frekuensi, statistik deskriptif, korelasi, kebolehpercayaan dan analisis regresi berganda. Hasilnya menunjukkan bahawa hanya dua pemboleh ubah (pengaruh sosial dan keadaan memudahkan) mempunyai hubungan yang signifikan dengan niat tingkah laku. Walaupun jangkaan prestasi, dan jangkaan usaha tidak mempunyai signifikan dengan niat tingkah laku.

Kata Kunci: Penerimaan Pengguna, Fintech, Pembayaran, Jangkaan Prestasi, Jangkaan Usaha, Pengaruh Sosial, Keadaan Memudahkan, Niat Tingkah Laku

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LIST OF ABBREVIATIONS AND SYMBOLS

Fintech	= Financial technology
IT	= Internet Technology
IoT	= Internet of Things
IoE	= Internet of Everything
UTeM	= Universiti Malaysia Melaka
UTAUT	= Unified Theory of Acceptance and Used of Technology
MST	= Magnetic Secure Transmission
NFC	= Near Field Communication
IS	= Information System
H0	= Null (Rejected)
H1	=H one (Accepted)
IV	= Independent Variable
DV	= Dependent Variable
SPSS	= Statistical Package for Social Science
%	= Per Cent

CHAPTER 1

INTRODUCTION

This section is to evaluate the basic concept of the study and the significance of the topic. This research is starting by discussing the introduction of the financial technology (Fintech), the background of the research and also problem statements. The research question and objective of the research also will discuss in this section to know the purpose of the topic and followed by scope, limitation, significance of the study and also the structure of this research. The last part of this section is summary of this chapter.

1.1 Introduction of the Fintech

Financial technology which also known as a Fintech is changing the traditional financial services model across the globe. The collective term Fintech stands for financial technology and includes all technology applied to financial services and products. Fintech is the term applied to technology applied to the back-end of established consumer and trade financial institutions. Since the end of the first decade of the 21st century, the term has expanded to include any technological innovation in the financial sector, including innovations in financial literacy and education, retail banking, investment and even crypto-currencies like bitcoin. (Drummer et al., 2016) state that the population of Fintech firms is estimated to be currently beyond 12'000 worldwide.

Digital innovations in finance and also known as a fintech have garnered a great deal of attention across the financial industry. A new source of innovation in financial services has emerged from financial technology startups and technology companies. These new firms have been quicker than banks to take advantages of advances in digital technology, developing banking products that are more user-friendly, cost less to deliver and are optimized for digital channels. Fintech can be divided into various segments in financial such as lending, RegTech, digital currencies, payments, data and analytics, capital markets, insurance, wealth, crowdfunding, the blockchain, and accounting.

1.2 Background of the study

This study is to explore on the user acceptance on managing payment transaction using Fintech products and services. Financial technology or Fintech products and services is now a highly used in Malaysia especially in payments. Fintech products and services startups competing with traditional services where it offering customer-centric services that capable of combining speed and flexibility, and it can spread throughout the world. User is enjoying use Fintech products and services because of it digital perspective, characterized by nearly complete immediacy and availability of the information by technology devices such as smart phones, and tablets, and by other trends like the Internet of Things (IoT).

The traditional financial organization such as bank and insurance companies are being a changing with the aim of narrowing the technological gap between them and the Fintech startups companies. Fintech companies are involved in a process of disintermediation through innovation: Big Data, the blockchain, robo-advisors, Internet of Everything (IoE), contextually with a by far more effective exploitation of digital channels and mobile devices, are levers that are allowing them to reshape the financial industry.

In Malaysia, Fintech products and services are growing due to the rapid development of technology. Many companies or organizations have begun to show interest in using Fintech in their services to consumers especially in payment transactions. Most of the Malaysia banks began do collaboration with Fintech companies to provide Fintech products and services. For example, Bank Islam, Bank Rakyat, CIMB Banks and so on. With the presence of Fintech products and services, users are more likely to use the services that they provided.

The university also does not miss out on Fintech products and services. Most universities compete to be the best by providing good facilities to consumers both in the areas of learning as well as consumer personal needs. They strive to become a smart university by providing high-tech facilities. UTeM is a university that is progressing towards Smart University. UTeM collaborates heavily with industry in the creation of technology that benefits students and the public. For example, the introduction of a matrix card that is a debit card as a means of payment to make it easier for students to make payments for their purchases. This proves that universities support the use of Fintech among students, especially in the payments. In this study, researchers are wants to study about user acceptance of the use of Fintech products and services in their payment transaction.

1.3 Problem Statement

In a paper of evaluation of Fintech (Arner et al. 2015) describe the development of Fintech as an ongoing process “during which finance and technology have evolved together” and which led to numerous incremental and disruptive innovations, such as Internet banking, mobile payments, crowdfunding, peer-to-peer lending, Robo-Advisory, online identification and so on. The hottest Fintech products and services in payments that helping the user to manage payments transaction in Malaysia are Internet Banking, Mobile Banking, V cash, Alipay, Visa Checkout, Masterpass, Paypal, CIMB Pay, MolPay, and Touch and Go. Malaysia people are prepared for the changes and ready to embrace the technology that provided to make a better lifestyle.

According to statistics, the transaction value of the Fintech market in Malaysia in 2017 is USD 7,207 million. Based on this transaction value, statistic says, it will grow at the rate of 21.4% annually and in 2021 the total amount would become USD 15,640 million. Meanwhile, from the whole Fintech segments, digital payment has emerged as the largest segment with a total transaction value of USD 7,156 million in 2017.

The university also does not miss out on the use of Fintech products and services for payment transactions in campus. For example, UTeM has introduced Bank Islam Unidebit Card in February 2018. These show that Fintech products and services are very useful to students. The exchange of matrix cards is in line with the university desire to implement the cashless society as one of the initiatives to create a smart campus environment towards the Industrial Revolution 4.0.

In this study, the researcher wants to study the factors of user acceptance on managing payment transaction using Fintech products and services. The relation on the factors of user acceptance on managing payment transaction by using Fintech products and services between the user behavioral intentions also will be identified in this study. After that, the researcher wants to know the most significant factors of user acceptance by using Fintech products and services to managing payment transaction.

1.4 Research Question

The user acceptance on managing payment transaction using Fintech products and services can be evaluated according to research questions below:

RQ1 - What are the factors of user acceptance on managing payments transaction using Fintech products and services?

RQ2 - What are the relations between the factors of user acceptance on managing payment transaction using Fintech products and services with the user behavioral intention?

RQ3 - What are the most significant factors of user acceptance on managing payment transaction using Fintech products and services?

1.5 Research Objective

The following below indicates the main objectives of the research:

RO1 - To identify the factors of user acceptance on managing payment transaction using Fintech products and services

RO2 - To examine the relationship between the factors of user acceptance on managing payment transaction using Fintech products and services with user behavioral intention

RO3 - To investigate significant factors of user acceptance on managing payment transaction using Fintech products and services

1.6 Scope of the Study

This study aims at investigating the user acceptance on managing payment transaction using Fintech products and services. The justification for this is that concentration on people in Universiti Teknikal Malaysia Melaka (UTeM). The location for this research is in UTeM campus. This research want to identify the factors of user acceptance using Fintech products and services in manage their payment transaction. The aspects of the relationship between the factors of user acceptance on managing payment transaction using Fintech products and services are important in this research in order to know about the user behavioral intention in using Fintech product and services on managing their payment transaction. This research is open to all people in UTeM campus as a respondent as long it uses Fintech products and services in managing their payment transaction. Surveying method is used in this study.

1.7 Limitation of the Study

The limitation of this study just focuses on user or people that use Fintech products and services on managing their payment transaction. These studies also want to find out the relation between the factors t of user acceptance and user behavior intention on using Fintech products and services in managing payment transaction. The research is just in UTeM campus.

1.8 Significance of the Study

Fintech products and services will make user easy to manage their payment transaction. The Fintech companies in Malaysia are continuing growth and the number of Fintech startups also increase. It can impact the user acceptance of Fintech products and services. This study wants to identify the relationship between the performance expectancy, effort expectancy, social influence, and facilitating condition towards the behavioral intention of use Fintech products and services on managing payment transaction. In this study also provides a theoretical framework for user acceptance on managing payment transaction using Fintech products and services according to the changes of the financial industry in Malaysia nowadays. This study can increase user or people know about the Fintech products and services.

1.9 Structure of Thesis

Chapter	Brief Description
Chapter 1	This chapter discussing the introduction of the financial technology (Fintech), the background of the research and also problem statements. The research question and objective of the research also will discuss in this section to know the purpose of the topic and followed by scope, limitation, significance of the study and also the structure of this research. The last part of this section is summary of this chapter.
Chapter 2	This chapter described about the literature review of the study along with the definition of the topic. It is also reviewed the related theories along with the past studies about the topic. The

	theoretical framework also is presents in this chapter.
Chapter 3	In this chapter, explains about the research methods which had been used in carry out the research. The hypothesis of the theoretical framework will be discussed in this chapter.
Chapter 4	This chapter tests all the hypotheses that have been developed by using Statistical Package for the Social Sciences (SPSS). It is to test the reliability of the data that had collected and to test the relationship between dependent variable and independent variables.
Chapter 5	This is the last chapter. It summarizes the overall analysis, results and conclusion for this study. In this chapter also be explain the results and findings to validate of the research objectives and questions, limitation of study, recommendation for the future research and finally the conclusion.

Table 1.1: Structure of Thesis

1.10 Summary

In summary, this section is about the introduction of Fintech, background on the user acceptance of Fintech products and services and the problem statement that is the issues in the study. This section also includes the research questions and research objective that will be a guideline for the study. Other than that, the scope, limitation, and significance of the study also have explained in this section.