

CONSUMER ACCEPTANCE OF INNOVATION
IN PAYMENT METHODS
BY CREDIT CARD IN BUSINESS



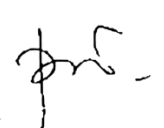
UNIVERSITI TEKNIKAL MALAYSIA MELAKA

SUPERVISOR'S APPROVAL

'I/We* hereby admit that we have read this thesis and in my/our* opinion this thesis meet the scope and quality for the purpose of awarding Bachelor's Degree of Technology Management (Innovation Technology)'


SIGNATURE: 
SUPERVISOR: TS. DR. YUSRI BIN ARSHAD
DATE: 30 JANUARY 2023

UNIVERSITI TEKNIKAL MALAYSIA MELAKA


SIGNATURE:
PANEL: DR. KAMARUDIN BIN ABU BAKAR
DATE: 30 JANUARY 2023

DECLARATION OF ORIGINAL WORK

“I at this moment declare that this report is entirely my work with project title “Consumer acceptance of innovations in payment methods by credit card in business” except for a few clarifications and passages where every source is cited.

SIGNATURE:



NAME: SYAHRUL HAFIZ BIN SARLAN

MATRIC NO.: B061910494

DATE: 30 JANUARY 2023



اونيورسي تيكنيكل مليسيا ملاك
UNIVERSITI TEKNIKAL MALAYSIA MELAKA

CONSUMER ACCEPTANCE OF INNOVATIONS
IN PAYMENT METHODS
BY CREDIT CARD IN BUSINESS

SYAHRUL HAFIZ BIN SARLAN

B061910494



Faculty of Technology Management and Technopreneurship

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

JANUARY 2023

DEDICATION

I would like to dedicate my gratitude to my dear parents, who have supported me both spiritually and monetarily.

SARLAN BIN NAPIAH

SITI SALMIAH BINTI RAMLI

Thanks to my supervisor and panel for guiding me through my research study.

TS DR. YUSRI BIN ARSHAD (Supervisor)

Thank you so much for always being understanding and for my friends who supported and assisted me; without their support and blessing, this study would be difficult to accomplish in the time allotted. Thank you very much.

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

ACKNOWLEDGEMENT

Alhamdulillah, and thanks be to Allah the Most Gracious and the Most Merciful, for giving me the strength and opportunity to complete my project research effectively. I would like to thank everyone who gave me the opportunity to complete my thesis, especially my parents Encik Sarlan Bin Napiah and Puan Siti Salmiah Binti Ramli. A big thank you to my beloved supervisor, Ts Dr. Yusri Bin Arshad, for his help, stimulation, ideas, encouragement, and guidance throughout the study and preparation of my thesis. Finally, I want to express my gratitude to all my friends and teammates. I want to thank them for their assistance, support, interest, and helpful ideas in finishing the report, which they always appreciate, help and support me in accomplishing.



ABSTRACT

This study was conducted to examine consumer acceptance of innovations in credit card payment methods in businesses in Ayer Keroh, Melaka. A bank or financial services provider issues a thin, rectangular piece of plastic or metal known as a credit card, which allows cardholders to borrow money to make purchases at businesses that accept credit cards. When someone uses a credit card, they are responsible for paying the whole debt, together with any interest fees and any additional payments they committed to, by the card's expiration date. In addition, the new payment method from cash to credit card is a method that helps consumers in the payment process at the place of business. Both domestically and internationally, credit cards have become one of the most popular methods of payment. Customers may avoid the trouble of carrying cash and lower their risk of losing money. In addition, this study has used quantitative methods. In addition, questions distributed using the Google Form method. With this, the respondent around 150 can answer the questions given by the researcher to get the data needed for the study. The data obtained was entered into SPSS (ver.26) in order to obtain the data that needs to be used for the researcher to complete the study. Therefore, in this study, the researcher also gives the opinion of this study to knowledge, industry and the country. Finally, the researcher also gives suggestions to future researchers who want to use this study as a reference source.

ABSTRAK

Kajian ini telah dijalankan untuk mengkaji penerimaan pengguna terhadap inovasi dalam kaedah pembayaran mengikut kad kredit dalam perniagaan di Ayer Keroh, Melaka. Kad kredit ialah sekeping plastik atau logam nipis, segi empat tepat yang disediakan oleh bank atau perniagaan perkhidmatan kewangan yang membolehkan pemegang kad meminjam wang untuk membayar produk dan perkhidmatan di peruncit yang menerima kad kredit. Kad kredit memerlukan pemegang kad membayar balik jumlah yang dipinjam, ditambah dengan sebarang faedah yang dikenakan dan sebarang bayaran lain yang dipersetujui, sama ada secara keseluruhannya pada tarikh tamat tempoh atau secara ansuran. Selain itu, dengan adanya kaedah pembayaran yang baharu iaitu daripada tunai kepada kad kredit merupakan kaedah yang membantu pengguna dalam proses pembayaran di tempat perniagaan. Di dalam dan di luar negara, kad kredit menjadi salah satu kaedah pembayaran yang paling popular. Pelanggan mungkin mengelakkan masalah membawa wang tunai dan mengurangkan risiko kehilangan wang. Selain itu, kajian ini telah menggunakan kaedah kuantitatif. Disamping itu, soalan yang diedarkan menggunakan kaedah Google Form. Dengan ini, respondent sebanyak 150 boleh menjawab soalan yang diberikan oleh pengkaji bagi mendapatkan data yang diperlukan untuk kajiannya. Data yang diperolehi didapati dimaskukan di dalam SPSS (ver.26) agar mendapatkan data yang perlu digunakan untuk pengkaji bagi menyiapkan kajian tersebut. Oleh itu, di dalam kajian ini juga pengkaji memberikan pendapat kajian ini kepada pengetahuan, industri dan negara. Akhir sekali, pengkaji juga memberikan cadangan kepada pengkaji yang akan datang apabila ingin menjadikan kajian ini sebagai sumber rujukan.

TABLE OF CONTENTS

CHAPTER	TITLE	PAGE
	SUPERVISOR’S APPROVAL	i
	DECLARATION OF ORIGINAL WORK	ii
	TITLE	iii
	DEDICATION	iv
	ACKNOWLEDGEMENT	v
	ABSTRACT	vi
	ABSTRAK	vii
	TABLE OF CONTENT	viii-xi
	LIST OF TABLES	ii-xiii
	LIST OF FIGURES	xiv
	LIST OF APPENDIX	xv
CHAPTER 1	INTRODUCTION	
	1.1 Introduction	1
	1.2 Background of Study	2
	1.3 Problem Statements	3
	1.4 Research Questions	4
	1.5 Research Objectives	4
	1.6 Scope of The Research	5
	1.7 Significant of Research	5
	1.8 Summary	6

CHAPTER 2 LITERATURE RIVIEW

2.1 Introduction	7
2.2 Consumer Acceptance of Innovation	7-8
2.3 Payment Method	8
2.4 Credit Card	9
2.5 Element of The Consumer Acceptance of Innovation In Payment Methods By Credit Card	10
2.5.1 Perceived Risk	10-11
2.5.2 Perceived Benefits	11-12
2.5.3 Perceived Usefulness	13-14
2.5.4 Perceived Behavioral Control	14-15
2.5.5 Subjective Norm	16-17
2.6 Reason Behind Choice The Theory	17
2.7 Theoretical Development	18-20
2.8 Research Framework	21
2.9 Hypothesis	22
2.10 Summary	23

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

CHAPTER 3 RESEARCH METHODOLOGY

3.1 Introduction	24
3.2 Research Type	25
3.3 Research Design	25-26
3.4 Methodological Choices	26
3.5 Data Collection	27
3.5.1 Primary Data	27-28
3.5.2 Secondary Data	28-29
3.6 Research Location	29
3.7 Research Strategy	30

3.8 Research Instrument	30
3.8.1 Questionnaire Design	30-31
3.9 Sampling Design	32
3.9.1 Target Population	32
3.9.2 Sampling Size	33
3.10 Time Horizon	34
3.11 Scientific Canons	35
3.11.1 Pre-Test	35
3.11.2 Pilot Test	36-37
3.11.3 Reability	37
3.12 Statical Tools	38
3.12.1 Pearson Correlation Alayisis	38
3.12.2 Multiple Regression Analysis	39
3.13 Summary	40
CHAPTER 4 DATA ANALYSIS AND DISCUSSION	
4.1 Introduction	42
4.2 Pilot Test	42
4.3 Reliability Statistic	43
4.4 Descriptive Statistic on Demographic	44
4.4.1 Distribution of Respondent By Gender	44
4.4.2 Distribution of Respondent By Age	45
4.4.3 Distribution of Respondent By Education Level	46
4.4.4 Distribution of Respondent By Race	47
4.4.5 Distribution of Respondent By Occupation	48
4.4.6 Distribution of Respondent By Do You Using Credit Card	49
4.5 Descriptive Analysis	50-56
4.6 Pearson's Correlation Analysis	57-59

4.7 Multiple Regression Analysis	60-63
4.8 Hypothesis Testing	64-67
4.9 Discussion	68-72
4.10 Summary	73

CHAPTER 5 CONCLUSION

5.2 Recommendation for Future Research	74-75
5.3 Limitations of Study	75
5.4 Summary	76
REFERENCES	77-85
APPENDIX	86-93



LIST OF TABLES

TABLES	TITLES	PAGES
Table 3.1	Likert Scale	31
Table 3.2	Recommendations from the Pre-Test	35
Table 3.3	Pearson Correlation Analysis	38
Table 4.1	Reliability Statistics for Pilot Test	43
Table 4.2	Reliability Statistic for Variable	43
Table 4.3	Distribution of Respondents by Gender	44
Table 4.4	Distribution of Respondents by Age	45
Table 4.5	Distribution of Respondents Education Level	46
Table 4.6	Distribution of Respondents by Race	47
Table 4.7	Distribution of Respondents by Occupation	48
Table 4.8	Distribution of Respondents by do you always using a credit card at a business	49
Table 4.9	Value of Mean Score	50
Table 4.10	Descriptive Statistic Analysis for Perceived Risk	51
Table 4.11	Descriptive Statistic Analysis for Perceived Benefit	52
Table 4.12	Descriptive Statistic Analysis for Perceived Usefulness	53
Table 4.13	Descriptive Statistic Analysis for Perceived Behavioral Control	54
Table 4.14	Descriptive Statistic Analysis for Subjective Norm	55
Table 4.15	Descriptive Statistic Analysis for Consumer Acceptance of Innovation	56
Table 4.16	Strength of the Correlation Coefficient	57
Table 4.17	Correlation	58
Table 4.18	Model Summary of Multiple Regression Analysis	60

Table 4.19	ANOVA	61
Table 4.20	The Coefficients	62
Table 4.21	Significant value Table	64
Table 4.22	Multiple Regression Result for Objective 1	69
Table 4.23	Coefficient of Multiple Regressions result for objective 2 and objective 3	70



LIST OF FIGURES

FIGURES	TITLES	PAGES
Figure 2.1	Theory of Planned Behavior by Ajzen 2002	18
Figure 2.2	Theory of Planned Behavior by Quan 2017	19
Figure 2.3	Theory of planned behavior by Ajzen 1985	20
Figure 2.4	Independent Variable and Dependent Variable	21
Figure 3.1	Location Ayer Keroh, Melaka	29
Figure 3.2	Krejcie & Morgan	33
Figure 4.1	Distribution of Respondents by Gender	44
Figure 4.2	Distribution of Respondents Age	45
Figure 4.3	Distribution of Respondents by Education Level	46
Figure 4.4	Distribution of Respondents by Race	47
Figure 4.5	Distribution of Respondents by Occupation	48
Figure 4.6	Distribution of Respondents by do you always using a credit card at a business.	49
Figure 4.7	Guideline for Interpreting Hypothesis Testing	64

LIST OF APPENDICES

NO	TITLE	PAGE
I	Survey Questionnaire	86-91
II	Gantt Chart	92-93



CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter will discuss understanding consumer acceptance of innovations in credit card payment methods in business during the Covid-19 pandemic in Ayer Keroh, Melaka. In addition, this introduction also contains the background of the study, problem statement, research questions, research objectives, the scope of the study and the importance of the study will be discussed in this chapter. This study was also conducted to find out whether during the Covid-19 pandemic season we use innovative methods for payment, namely credit cards for shopping at the place of business.

Bank of America was the first company to offer credit cards. In 1958, they sent Bank Americard credit cards to some California markets without being asked. In 1966, Bank Americard became the first licensed general-use credit card in the United States. A decade later, it would be changed to Visa to reflect its growing international reach (Steele, 2022).

Since the beginning of time, governments have recognised the need of regulating money and payment systems because of their central role in the efficient functioning of markets. In many interactions, payment may be an afterthought, yet it is still crucial. Payment instruments, or ways to move money, were among the first sectors to undergo digitalization, having a significant influence on both the payments industry and markets more broadly. The process is continuing, and a number of new payment innovations are on the horizon (Rysman, 2017).

1.2 Background of Study

This study set out to investigate the understanding of consumer acceptance of innovations in payment methods by credit cards in business during the pandemic of Covid-19 in using credit card consumers in Ayer Keroh, Melaka. This research focuses on the consumers using credit cards in Ayer Keroh, Melaka.

Credit cards are small, rectangular pieces of plastic or metal that a bank or other financial institution provides to its clients so that they can borrow money to pay for products and services at retailers who accept credit cards (Bloomenthal, 2021). A credit card is a convenient method of payment that allows you to buy goods and services right away without having to use cash. Responsible credit card usage and debt management are synonymous with smart credit card usage. If used wisely, credit cards can give you complete financial control. We believe that by providing this information, we will be able to assist you in making the best decisions possible while using your credit card (Ocbc, 2022).

Credit cards are almost identical in terms of their 16-digit card numbers, expiry dates, magnetic stripes, and EMV chips. Both may make shopping in shops or online straightforward and convenient, with one significant exception. Credit cards allow you to make purchases or cash withdrawals up to the card's credit limit, with the issuer acting as a lender (Cussen, 2022).

During the pandemic of Covid-19, many people used cashless payment methods by debit and credit. This is because many shoppers nowadays also do not carry a lot of cash in their wallets. This is because cardholders prioritize physical hygiene and do not have to interact with anyone in the store. This research focuses on the effectiveness of the innovation of payment methods by credit cards in the place of business to the customer during the pandemic of Covid-19 (Cussen M. P., 2022).

1.3 Problem Statement

A credit card problem is when you reach your credit limit. You may not be able to use the card if you have made too many charges or gone over the card's credit limit. This is how your bank tells you that you can't borrow money from them again until you pay them back. This was also true during the Covid-19 pandemic when people who used credit cards lost their jobs. Because of this, they can't pay for things like houses and cars that they need. (Gailey, 2017). It's simple to input a credit card number, expiration date, or security code erroneously while making a transaction, especially online or using a mobile app. Your billing address could also be incorrect. Next, a credit card problem is inaccurate payment data. All of these scenarios for refused transactions could be straightforward ones. Make sure your card information is accurate by checking it twice. However, if you have too many incidents like this, your account may be frozen. You might then need to get in touch with your issuer to clear up any confusion. Particularly if you have numerous billing addresses, always input your information precisely and double-check it before pressing submit. An address change should be promptly reported to your issuer since having accurate personal information on hand helps fraud (Little, 2022). Using a credit card for common purchases. With this, using credit cards for routine, everyday expenditures are another trap that individuals frequently fall into. Charging non-discretionary items on a credit card might be risky if you don't have a monthly budget and can't simply pay off your credit card amount in full each month. You'll make significant progress toward bringing your spending under control if you keep regular expenditures like groceries and utility payments off of your credit card balance (Fontinelle, 2022). A steep interest rate It's because the high interest rates aren't just about making a profit for the bank or a lending tycoon; it's about the danger involved. Credit card companies have few legal recourses when you fail to pay your charge. The issuer may ruin your credit score, incur legal fees, and go through the trouble of a lawsuit, but there is no assurance it will recover its losses (Gregory, 2022). Lastly, the problem with using a credit card in business is physical damage to the credit card. Your credit card may stop working if you've had it in your possession for a long time due to demagnetization (Jadhav, 2022).

1.4 Research Question

The main purpose of the research is to identify and analyze the factors that influence consumers in using credit card in business in business at Ayer Keroh, Melaka.

1. What is the effective use of credit cards in business?
2. What benefits of credit cards in business?
3. What are the factors consumers use credit cards in business?

1.4 Research Objective

The objective of this research study is to find out how consumers use their card credit while shopping in business. The specific objectives of this research are:

1. To determine the effective use of credit cards in business.
2. To identify the benefit of credit cards in business.
3. To examine the factors consumers use credit cards in business.

1.6 Scope of the Research

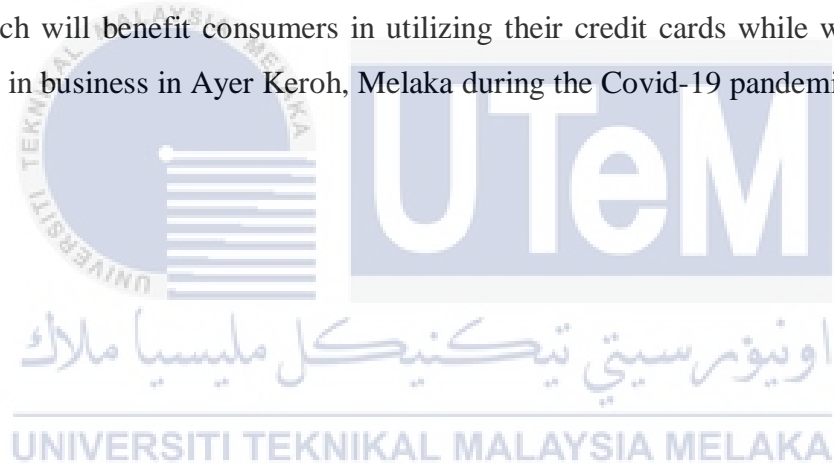
This research aims to analyse how different elements of the Ayer Keroh, Melaka consumer acceptance of innovation in payment method in business. Therefore, this study is to determine the effective use of credit among card users in business in Ayer Keroh, Melaka. In addition, the most affecting the use of credit cards to buy in business during the pandemic in Ayer Keroh, Melaka was the latter from the purpose of research. The scope of the study is that an online questionnaire will be sent to credit card users in Ayer Keroh, Melaka.

1.7 Research Significant

Research significance is important in the use of credit cards in business premises during the Covid-19 pandemic in Ayer Keroh, Melaka. The results of this research will benefit consumers in utilizing their credit cards while wanting to buy goods in business during the Covid-19 pandemic season in Ayer Keroh, Melaka. In addition, the results of the research can help us understand the factors consumers use credit cards in business in the future. Credit cards are important resources in Malaysia because the availability of new payment methods today can facilitate consumers in making payments in purchases at the business. With this, it is hoped that this study can help a little to the users of credit cards for future studies.

1.8 Summary

The target population of this study is Ayer Keroh, Melaka residents who use credit cards. This study was also conducted to find out whether during the Covid-19 pandemic season we use innovative methods for payment credit cards. If used wisely, credit cards can give you complete financial control. A credit card problem is when you reach your credit limit. You may not be able to use the card if you have made too many charges or gone over the limit. This was true during the Covid-19 pandemic when people who used credit cards lost their jobs. About a month prior to your existing card expiring, most banks will issue you a new one. Credit cards are important resources in Malaysia because the availability of new payment methods today can facilitate consumers in making payments in purchases in business. The results of this research will benefit consumers in utilizing their credit cards while wanting to buy goods in business in Ayer Keroh, Melaka during the Covid-19 pandemic season.



CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This study aims to investigate the variables that influence consumer purchasing decisions on consumer acceptance of innovation payment methods using credit cards. This chapter will describe in more detail how the variables influence consumer purchasing decisions in using new innovative methods in payments in businesses using credit cards involved during the course of this research. In this chapter, helps the researcher grasp the study's significance. This chapter highlights how variables such as factors and types of goods influence consumers' decisions in using payment methods that use credit cards when purchasing at business premises. In this chapter also the researcher has used articles, journals, websites, and distributed books have been collected to explore the hypotheses and past experimental examinations identified with this investigation.

2.2 Consumer Acceptance of Innovation

The outcomes of retail payments are generally predictable: the most common alternatives to debit are cash, followed by credit. The high showing of checks in retail is driven by customers without credit cards. Charge cards and credit cards were first developed in the 1950s. On the other hand, may took a long time on the phone to get clearance to use a credit card (about four minutes) and a subsequent paper confirmation exchange between institutions. Visa was able to develop a completely electronic system in 1974 thanks to a series of investments, eliminated the need for paper exchange and cut the approval process down to 40 seconds. MasterCard soon after

made a comparable investment (Rysman, 2017). By "electronic payment systems," we mean the use of credit cards, ATMs, Electronic Fund Transfers (EFT), and online payments to make it easier for customers to pay for a product or service (Vassilious,2004). Users' gender, age, level of education, income, marital status, culture, and feelings about debt has a lot to do with how often they use electronic payments (Abdul-Muhmin and Umar, 2007). Concluded that customers should always utilise their credit cards to make payments and pay off their balances in full by the due date based on derlying incentives compared to alternative payment tools. (Chakravorti 1997).

2.3 Payment Methods

The manner in which consumers make purchases are known as payment methods. You may pay using your phone at a retailer that also accepts cash, cheques, gift cards, credit cards, prepaid cards, and debit cards. Payment processors, e-wallets, prepaid cards, direct bank account transfers, and credit cards are just some of the many online payment alternatives accessible to e-commerce firms. There are often many alternatives for each payment type. Stripe, Authorize.net, Braintree by Paypal, Shopify Payments, and many more are just a few examples of payment processors. You may use a variety of credit cards, including American Express, Mastercard, Visa, and Discover. Both Google Pay and Apple Pay are additional payment options (Sara, 2021). A payment method is the means through which a consumer makes a purchase. One of the first forms of payment was barter, or the exchange of goods. In subsequent epochs, other methods of exchange emerged, such as the use of currency, coins, and credit cards. In recent years, the use of digital currencies like Bitcoin and electronic bank transactions have both increased in popularity (Tamplin, 2022). Instead, payment is the delivery of agreed-upon amounts of relevant goods and services in return for money, goods, or services. Payment may be made in a variety of ways, including bartering services for money or vice versa.