

Influencing Factors to Use the E-Payment in Saudi Arabia

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Abstract

The study will conduct a literature review of studies related to electronic payment within the Kingdom of Saudi Arabia. The research gaps in this topic will be considered and recommendations will be made for future studies on the topic of e-payment. Data related to the study will be collected through an online questionnaire and the quantitative approach will be used. The points of this review are to recognize the effect of several factors include trust, security, cashback rewards, ease of use, and perceived usefulness in using the electronic payment option in the Saudi market. The contribution of this research is to focus on measuring the impact of cashback rewards when choosing the electronic payment. There is a research gap regarding the impact of cashback on the use of electronic payment within the Saudi market. The 203 random samples were collected through the online survey. The results of the current study indicated that trust, security, cashback, ease of use, and perceived usefulness have an addition significant positive effect on the intention to use e-payment.

Keywords: E-payment, Trust, Cashback rewards, Saudi market, Ease of use

1. Introduction

Electronic payment is a process of facilitating commercial financial procedures and facilitating financial operations for government and banking services (Alyabes & Alsalloum, 2018). Considering the presence of many government services, banking services, and many electronic stores on websites and mobile applications, the electronic payment method has become an option available to the customers of these services and stores. Electronic payment is a very important option for customers to use in the transaction because it meets the needs of the high and increasing demand for these services and stores. Electronic payment is characterized as easy to use and saves a lot of time compared to the normal payment process, cash. Where the costs of dealing with electronic payment are lower than the costs of the regular payment method (Alyabes & Alsalloum, 2018).

Given the importance of electronic payment in the Kingdom of Saudi Arabia, and its role in facilitating payment procedures compared to regular payment operations, the SADAD system was established in 2004 by the Saudi Arabian Monetary Agency to implement electronic payment operations for electronic bills (Alyabes & Alsalloum, 2018). Since it established the electronic payment, it has facilitated payment procedures between commercial institutions, individuals, and the government.

The technology acceptance model (TAM) which this model since establishing in (1989) proposed that two factors determine whether a computer system will be accepted by its potential users: (1) perceived usefulness, and (2) perceived ease of use. This model developed over the years and involves other factors such as trust and privacy or security. The goal is to identify key factors that influence Saudi Arabia users' intention to use e-payments. Prior research has examined significant factors that influence the consumer to use e-payment such as benefits, ease of use, security, trust, and self-efficacy. It can be argued that the TAM can explain why most people will use e-payment e.g., SADA, while on other websites some people will not use their card bank due to the trust and privacy because control by governmental affairs where the commercial transaction does not have that degree of trust and privacy. This is not only the factors that Saudi consumers will influence to use e-payment but also other factors will study to figure out whether it might affect their attitude or not e.g. (cashback).

Therefore, this research will answer the main research question about what significant factors influence Saudi consumers to use their bank cards for the e-payment. Despite this, many people do not prefer e-payment because of their fear of unsafe sites and information theft via the Internet and other reasons that the current research will examine Saudi consumer behavior, which in turn might motivate them to use e-payment.

1.1. Intention to use e-payment

E-payment means that customers can make transactions remotely. Whereas researchers such as (Briggs & Brooks, 2011; Tan, 2004) have explained that e-payment provides interconnectivity between individuals and organizations to enable financial exchange electronically. Adeoti and others (2012) argued that an e-payment system is an electronic method of making payment for goods or services bought in shopping malls, supermarkets, and online. There are four general types of e-payment systems which are electronic cash systems, online credit card systems, smart card-based e-payment systems, and online check systems. Those methods have their advantages and disadvantages (Alyabes & Alsalloum, 2018; Kaur et al., 2015).

Perception of e-payment is dependent on users' attitudes to accept it or not because with the development of the method of e-payment such as Apple Pay majority of people accepted the new method. Eastin, (2002) demonstrated that consumers will adopt new services only if it has an identifiable impact as they had the same experience before. hence, the current research will measure the e-payment based on the customer perception of e-payment.

1.2. Trust

Consumer confidence in electronic payment is associated with risks and costs. The lower the risks and costs, the higher the trust, and the higher the risks and costs associated with electronic payment, the lower the consumer confidence. According to new research (Alyabes & Alsalloum, 2018) trust is not only significantly related to consumers' perception of electronic payment.

According to (Chen et al., 2022) user trust is one of the important factors that determine the success of the electronic payment system. So, trust is an essential factor that determines the success of the electronic payment system or not, because if there is no confidence from consumers in any electronic payment system, it will not succeed because it is not possible for them to use their bank accounts in unreliable electronic payment systems.

Passed on the above argument, this research proposed the following hypothesis; *H1: perceived trust has a positive effect on the intention of Saudi consumers to use e-payment.*

1.3. Security

Consumers in general want to use secure websites to protect their personal information including credit card information. In the context of the Internet, security is a related perception to payment and information storage and transmission mechanisms (Alyabes & Alsalloum, 2018; Lim et al., 2006).

Users of electronic payment systems have a major interest in the security factor (Chen et al., 2022). Therefore, the presence of an information security system in any electronic payment system greatly stimulates consumers' desire to use this system because the presence of an information security system that preserves their private and bank data increases their confidence in the electronic payment system.

Passed on the above argument this research proposed the following hypothesis; *H2: perceived security has a positive effect on the intention of Saudi consumers to use e-payment.*

1.4. Cashback rewards

Any electronic payment system should have multiple advantages and benefits that attract consumers to take advantage of them, and one of the most important of these advantages is the cashback feature. Cashback is the process to get back part of the money you have spent on shopping online. In other words, it is a technology that allows the online shopper to recoup a portion of the money spent on online purchases. Recent studies examined the advantages and benefits of electronic payment systems in general. For example, based on Al-Yabis (2018) the impact of benefits and advantages on consumers in using electronic payment was studied, and it was found that they have a significant impact on consumers.

Additionally, consumers can get between 1 and 15% back on their spending depending on the program and the retailers' policy of the cashback program. Those programs have become increasingly popular in recent years, with e-commerce sites offering their cashback programs to their customers. Very popular in English-speaking countries, cashback programs are becoming more and more popular all over the world.

Consumers' perception of electronic payment and their acceptance of the electronic payment system might increase when some benefits and advantages accrue to them when using the system. Among these advantages, the most important of which is cashback. When the consumer performs the electronic payment process, a certain percentage of the amount they paid is returned the cash. Through this, the customer's loyalty is earned and motivated to return and make a purchase through electronic payment again in the future.

Passed on the above argument this research proposed the following hypothesis; *H3: providing cash-back has a positive effect on the intention of Saudi consumers to use e-payment.*

1.5. Ease of use

Any electronic payment system must have ease of use, clarity of the system icons, and clarity of how to use the site so that all users can use this system even if they do not have high knowledge of using technology. Alyabes and Alsalloum (2018) found that ease of use had a significant impact on consumers' adoption of the electronic payment system.

According to Alswaigh and Aloud (2021), ease of use is a very important factor and has a great impact on end-user situations. The ease of use is considered one of the important factors for the success of the electronic payment system because the more the system and the payment steps in it are clear and easy and do not need much time. The more consumers will accept the use of this system, and the more the payment steps are not clear and need a longer time, this reduces the chance of success of the electronic payment system.

Passed on the above argument this research proposed the following hypothesis; *H4: perceived ease of use has a positive effect on the intention of Saudi consumers to use e-payment.*

1.6. Perceived usefulness

According to new research by Alswaigh and Aloud (2021), their study was conducted on the extent of the effect of the perceived benefit on the consumer's adoption of the electronic payment service in the mobile wallet, and the results showed an important impact of the perceived benefit on the consumer's adoption of the electronic payment service in the wallet.

According to Garrouch (2022), perceived value is not a factor that has a significant impact on online shopping. The perceived usefulness factor is an important factor and has been measured in

many studies. It is a factor that has a significant impact on consumer behavior, and it will be conducted as a key factor in the current study.

Passed on the above argument this research proposed the following hypothesis; *H5: perceived usefulness has a positive effect on the intention of Saudi consumers to use e-payment.*

2. Methodology

Previous studies that examine the behavior of consumers through the use of websites and sharing their personal information measure the factors by using quantitative methods. They used surveys for example Alyabes and Alsalloum, (2018) asked 229 participants related to factors in Saudi consumer behavior using online surveys. Additionally, Alswaigh and Aloud, (2021) used an online survey to ask 394 participants to measure the factors that affect Saudi consumer behavior in using e-wallet payment. In addition, the previous study measures the intention to use mobile payment services by asking only 120 participants (Nirmawan & Astiwardhani, 2021).

In this research, the factors affecting the use of electronic payment in Saudi Arabia were measured by the method of collecting and analyzing quantitative data was conducted using a questionnaire with closed questions. It contains questions that were measured in previous research. A total of (203) random sample was collected.

2.1. Data collection

The online survey, which has 49 questions, was distributed online. The online survey featured has two sections. The first section is the respondents' demographic information that includes gender, age, qualification. The second section includes the 49 scales of the factors.

The survey has distributed to a random sample and participants had an equal chance to participate in surveys. The online survey was distributed among Saudi Arabian citizens which are native Arabic speakers, they received an Arabic copy of the survey to ensure the accuracy of the responses.

2.2. Data analysis procedure

Statistical Package for the Social Sciences (SPSS) software, Version 22, was used in this study to analyze the collected data. Where most of the researchers in business files have been frequently using SPSS to analyze data that were collected from surveys.

The current study applied the simple regression analysis to test the hypotheses (H1-H5), in which it tested the relative influence of the (IV) on the (DV). The next part will demonstrate the demographic data, reliability and validity to see the quality of the data, and liner regression analysis and correlation test.

2.3. Demographic data

The total of 203 participants includes 48.8% female and 51.2% male. The majority of participants have bachelor's degrees with a total percentage of 72.4% as shown in the Table 1.

Table 1: Demographic Data

Items	Categories	Frequency	Percent
Gender	Male	104	51.2%
	Female	99	48.8%
Age Group	18-25	54	26.6%
	26-35	66	32.5%
	36-45	65	32.0%
	46-60	18	8.9%
Qualification	Higher education	11	5.4%
	Bachelor	147	72.4%
	High school or below	35	17.2%
	Others	10	4.9%

3. Reliability and validity

It has examined the validity and reliability of the study to ensure that the online survey measured the factors correctly. The measurement instrument's reliability and validity were assessed using reliability and convergent validity criteria. it used Cronbach's alpha to measure the internal consistency of the survey instrument's reliability. It tested the reliability and content validity. The acceptable score as researchers illustrated to be reliable should be above 0.70. The conclusion in Table 2 all variables passed the reliability test and validity based on the correlation test which all variables are correlated with p-value (0.001).

Table 2: Reliability Test

Variable	Number of items	Cronbach's Alpha
Trust (TRU)	6 items	0.83
Security (SEC)	5 items	0.85
Cashback rewards (CSH)	4 items	0.82
Perceived usefulness (USE)	6 items	0.95
Ease of use (ESY)	5 items	0.93
Intention (INT)	4 items	0.94

4. Results and Discussion

First of all, a linear regression analysis is a technique used in this study to identify the relationship between variables as shown in Table 3. The independent variables in this study are the trust (TRU), security (SEC), cashback rewards (CSH), usefulness (USE), and ease of use (ESY), while the dependent variable is the Intention (INT) to use e-payments. In addition, to test the direction of the relationship between the DV and IVs, it used the correlation test.

Table 3: Liner Regression & Correlation

Hypothesis	Relationship	R ²	β	T	P-value	Pearson correlation	Results
<i>H1</i>	(TRU)→(INT)	0.127	0.404	5.405	0.001	0.356	Supported
<i>H2</i>	(SEC)→(INT)	0.126	0.356	5.390	0.001	0.355	Supported
<i>H3</i>	(CSH)→(INT)	0.463	0.708	13.153	0.001	0.680	Supported
<i>H4</i>	(USE)→(INT)	0.525	0.932	14.905	0.001	0.725	Supported
<i>H5</i>	(ESY)→(INT)	0.258	0.594	8.355	0.001	0.508	Supported

In terms of the trust, the results show a significant and positive influence of trust on intention to use e-payment (TRU→INT: β 0.404; p-value 0.001); thus, H1 is supported and confirmed that the correlation test of the trust factor has a direct and positive relationship with intention to use e-payment. The results of the current research match the results of previous studied such as Al-Sabaawi et al., 2021; Alswaigh & Aloud, 2021.

In addition, the results show a significant and positive influence of security on the intention to use e-payment (SEC→INT: β 0.356; p-value 0.001). H2 is supported and confirmed where security has a direct and positive relationship with the intention to use e-payment. Recent research found in their study that the security factor has a significant impact on the intention to accept and use e-payment, where the more perception of security is the safe perception toward e-payment.

Regards of cashback, the results show a significant and positive influence of cashback rewards on the intention to use e-payment (CSH→INT: β 0.708; p-value 0.001) which can explain 32.6% of this relationship; thus, H3 is supported and confirmed where cashback has a direct and positive relationship with intention to use e-payment. A similar study of perceiving benefits such as cashback incentives and rewards, influence using digital payment. Where the study found perceived benefits is positive and significant on the user opinion towards digital payment (Shah & Bhatt, 2023).

Finally, the results identify the direction of the relation between perceived usefulness on intention to use e-payment, and ease of use on intention. (USE→INT: β 0.932; p-value 0.001); (ESY→INT: β 0.594; p-value 0.001). Therefore, H4 is supported and confirmed where perceived usefulness has a direct and positive relationship with intention to use e-payment, and H5 is supported and confirmed as well where ease of use has a direct and positive relationship with intention to use e-payment. The results match prior research when examining relationship of perceived usefulness and ease of use toward intention to use e-payment. It illustrated significant relationship with consumers' intention to use of the e-payment with perceived usefulness and ease of use (Al-Sabaawi et al., 2021; Lai, 2016; Shah & Bhatt, 2023).

5. Conclusion

The conclusion of this research is to explain how the variables of trust, cashback rewards, perceived usefulness, and ease of use influence the dependent variable of Intention to use e-payment when shopping online in Saudi Arabia.

Showed that trust has a positive and significant influence towards Intention to use e-payment are the result on this research. These results match the analysis of other researchers such as Alswaigh and Aloud (2021) stated that trust influences the intention to use e-payment.

The results of current research also showed that perceived usefulness has a positive and significant influence toward intention to use e- payment. These results confirms the analysis of other researchers such as Nguyen and Huynh (2018); Alswaigh and Aloud (2021) stated that perceived usefulness influences the intention to use e-payment.

Showed that ease of use has a positive and significant influence toward intention to use e- payment are the result on this research. This confirms the analysis of Alyabes and Alsalloum (2018) stated that ease of use influences the intention to use e-payment.

This study has limitations, namely that is conducted only on Saudi Arabia shoppers. Further research is expected to expand the scope of this research to study the influence of those factors include cashback rewards.

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