

Generation Z Behavior towards Mobile Payment in Pakistan

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Abstract

The financial service industry is disrupting with the expansion of digital technologies to a great extent. However mobile payment is not commonly used in developing countries. Evidently, there is an absence of acknowledgment due to security challenges for customers. The objective of this research is to reveal insight into what factors decide generation z acceptance of portable financial applications. This examination uses the Technology Acceptance Model (TAM) as a speculative foundation, analyze data with structural equation modeling. The outcomes demonstrated that how attitude ascertains the utilization of mobile payment discarding ease of use and trust as a substantial determinant of customer behavioral intention.

Key words: *Digital Payment, Mobile Payment, E-Commerce, Generation Z, Trust, Pakistan, TAM, SEM.*

1. Introduction:

Throughout history, there has been a wide range of types of payment systems, including barter, gold, and paper money. During the 20th century, charge cards appeared. Since the time at that point, intellectuals have been anticipating the end of paper currency and the development of a cashless society. Today, we actually pay with money and checks, however certain payment cards are developing at a lot quicker rate than paper instruments.

As mentioned by [1], most advanced nations in the world are now beginning to move from paper-based payment instruments to the electronic-based, on which payment cards are being utilized intensively. Currently, cell phone advancement presented numerous creative solutions. Specifically, arrangements permitting buyers to pay with their mobile gadgets. Further, mobile payment importance keeps on expanding. To endorse the journey towards a cashless society, the persuasive technique is to focus on the age who are generally receptive to innovation and technology. Address generation Z, the age group born somewhere in the period from 1995 to 2010 [2]. Age Z has the most inclination for technology, it has always been a part of their lives.

Somewhat, mobile payment comparatively entails greater danger. For instance, remote networks are powerless against programmer assault and data block attempt. Mobile encryption frameworks are not as unblemished and strong as online encryption frameworks [3]. These security issues will expand clients' apparent danger and lessening their usage intention of mobile payment. Subsequently, developing users' trust and alleviating their perceived risk is basic for a mobile payment service organization. This features the need to build personal trust in mobile payment to promote their intention.

In this paper, we investigate the factor influencing Pakistani generation Z's trust in mobile payment. Generation Z rules Pakistani demography by 52% to the total population in Pakistan. However, the problem is that adoption of

digital payments is trivial regardless of fast-growing internet professionals [4]. This study might help the mobile service providers to embrace powerful measures to cause clients' underlying trust and encourage their usage intention.

2. Literature Review:

Mobile payments are defined as the utilization of a cell phone including wireless handsets, portable electronic devices such as a tablet enabling users to initiate, authorize, and complete financial transactions for products and services. It is charged to the client's cell phone bill or deducted from prepaid airtime of prepaid subscribers. The most well-known approach to conduct mobile payments is to call or send an SMS. Smartphones facilitate mobile payments by means of the Internet connection contrary to composing an SMS. Cell phones can likewise be utilized as an access channel to existing mobile payments implies, for example, financial balances, debit cards, and credit cards [5].

The emergence of digital payment channels empowers feasible and convenient transactions. Mobile phones are increasingly common and available they are storing personal information in them and facilitates their utilization as a payment instrument.

Mobile payments provide consumers with ubiquitous payment possibilities independent of time and location, it is cost-friendly and can be used in a variety of locations and situations [6]. Millennials and Gen Zers are the first digital natives. They are finding the world of cutting-edge innovation and steady network actually make up just a little part of mobile payments [7].

Trust has been recognized as a critical appropriation empowering agent for online exchanges, particularly for financial transactions. Reference [8] stated "trust" as the conviction of the trustor that the trustee will satisfy the trustor's expectations without exploiting the trustor's foibles. In the case of online transaction, [9] conceptualize trust as the belief which permits users to readily get powerless against online sellers for expected assistance after properly considering the seller characteristics. Insufficient user trust has been recognized as the main hindrance to the progress of e-commerce and mobile payment systems [10].

According to [11] confidentiality implies that the data must not be revealed to unapproved people, processes, or devices. It is expected that lone the sender and receiver can grasp the communicated messages in clear content. This is normally refined utilizing PC based cryptographic encryption. The significant assaults on secrecy are traffic investigation, eavesdropping, and man-in-the-middle attack. Clients care about how a portable installment technique is ensured against detached checking of installment subtleties. As indicated by [12] confidentiality is the property of the data framework that guarantees that exchange data can't be seen by unapproved people.

Authentication guarantees that the parties to the transaction are definitely not impostors and are trusted. Prior to business exchanges can be played out, participating entities must affirm the identity of one another. This is accomplished by utilizing network-based verification protocols and PIN.

The assaults on authenticity are session hijacking and replay attacks. Authentication from the customer implies getting a degree of comfort with a claimed identity [13] Authorization means procedure must be given to confirm that the client can make the mentioned purchase. This is normally guaranteed by the utilization of PIN and Passwords to approve the authority of the supplier to the services or transactions mentioned to be performed [14].

3. Methodological aspects: (Survey and measurement scale)

We build up a survey questionnaire for this investigation. The questionnaire was constructed based on the research conceptual model. Items were adapted from prior works. Feedback to the survey were entered on a five-point Likert-type scale as follows: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree.

We chose the sample of around 200 potential mobile payment device users for this research utilizing convenience sampling technique since this study emphasis customers' point of view and there is no population framework to facilitate random sampling process. The target population was residents in Lahore, Pakistan, utilizing cell phones and who expect to utilize this instrument as a future payment method. Residents in Lahore might be local people or foreigners who are studying or working in Lahore. This is to guarantee that the individuals who take part in this survey are not in transit or are in Pakistan for a short visit, say, under a quarter of a year. We then took measures to ensure data validity and reliability. At first, the questionnaire was pretested with twenty residents in Lahore. The questionnaire at that point be reconsidered for any possibly confusing items. A pilot study is pointed toward giving an opportunity to evaluate the validity and reliability of the questionnaire [15, 16]. In light of the above suggestions, a pilot study for this research was important in building up the survey questionnaire. The pilot study led by choosing a group of 20 residents in Lahore.

The suggestions and remarks from the pilot study were assessed, and those considered significant integrated into the test design before the actual study. We then utilized individual surveys to gather information for this examination. To determine the absence of non-response bias, it is preferable to gather information from a group of non-respondents and match it with the information provided willingly. For a considerable number of surveys and for all study items, this strategy is seldom attainable. A realistic approach, that has been claimed to give reliable outcomes, is to compare the mean estimations of responses for earlier returns with the mean from later returns [17].

This methodology has the ability to uncover any differences between early and late responders. It is assumed that late responders share likenesses with non-responders, and if no critical differences exist, the likelihood is solid that non-response bias doesn't exist [18]. We led tests for all the constructs between first-week respondents and the individuals who responded after five weeks, and then measure the differences between the two groups.

Table Convergent validity and internal consistency analysis.

Relationships between construct		Standard Coefficient	Cronbach's alpha	CR	AVE
Perceived Ease of use	PEOU1	0.941	0.925	0.952	0.869
	PEOU2	0.921			
	PEOU3	0.936			
Perceived Usefulness	PU1	0.887	0.892	0.933	0.822
	PU2	0.924			
	PU3	0.909			
Trust	TRU1	0.945	0.944	0.964	0.900
	TRU2	0.966			
	TRU3	0.934			
Attitude	ATT1	0.969	0.962	0.975	0.929
	ATT2	0.949			
	ATT3	0.973			
Intention to use	ITU1	0.956	0.946	0.965	0.903
	ITU2	0.931			
	ITU3	0.964			

4. Research findings (*Reliability and validity analysis*):

To evaluate the reliability of the scales, the Cronbach's alpha indicator was utilized, considering the reference esteem 0.6 [19], or to be more exclusive, 0.7. In a request to construct the convergent and divergent validity of the scales, a confirmatory factor analysis (CFA) was executed. This investigation incorporated all scales of estimation to extract the variance extracted from each one of them and correlations between constructs as well as their confidence intervals. In the bootstrap method, the p-value and the standard error corrections of the constructs were utilized [20]. Convergent validity was evaluated by the factor loadings of the indicator. It was discovered that the coefficients were significantly different from zero, loadings between latent and observed variables were high in all cases greater than 0.7, so we can say that latent variables explained the observed variables sufficiently.

Concerning the discriminant validity, it was discovered that the variances were significantly different from zero and the correlation between pairs did not transcend 0.9. Composite reliability of the construct and the assessment of the average variance extracted (AVE) were examined they exceed the limit of 0.7 and 0.5, respectively. On account of our investigation, it was revealed that the correlations between constructs (extricated from the CFA) were not too high, no construct had assessed 1 in its certainty and the correlation between indicators were under the root of the extracted variance of each of the constructs, which permitted us to infer that overall, there was discriminant validity between the different latent constructs.

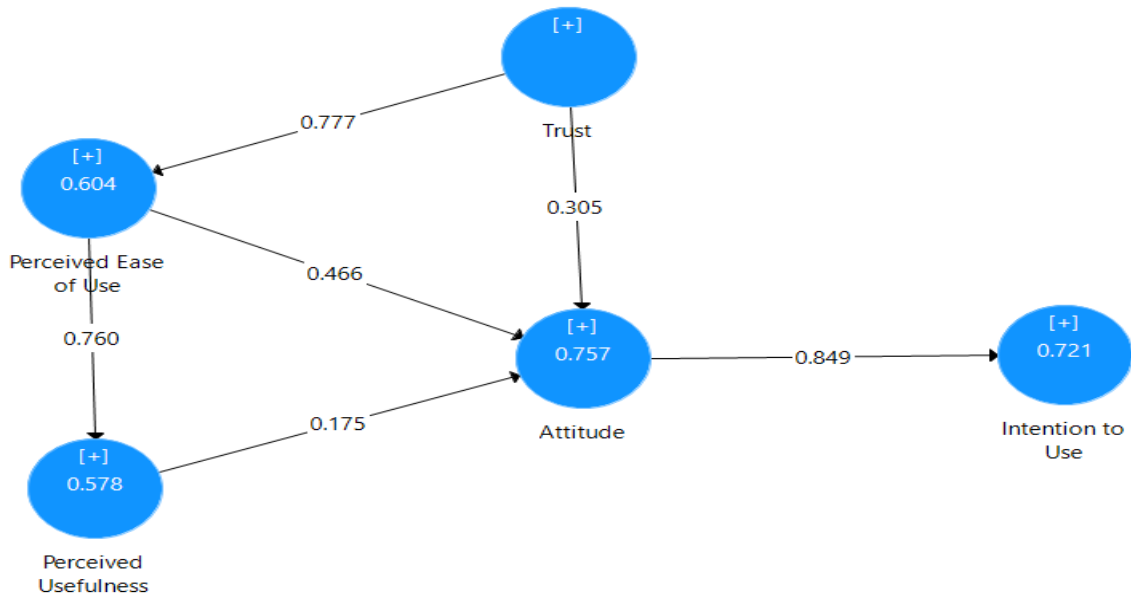


Figure Behavioral model (standardized betas).

After the analysis was done, we found that the attitude, with the strongest effect ($\beta = 0.849$, $p = 0.000$), indicating an inclination to utilize mobile payment services, as past researches discovered for instance [21]. There is also a positive effect

of ease of use on the usefulness of the mobile payment services ($\beta = 0.760$, $p = 0.000$), as noted in the research of [22,23]. They also confirmed that trust positively affects the ease of use of the mobile app.

Moreover, regarding the trust effect, there is empirical evidence indicating the positive effect on the ease of use ($\beta = 0.777$, $p = 0.000$) as can be seen in the researches by [24, 25, 26]. Also demonstrated is the significance of trust through the attitude ($\beta = 0.305$; $p = 0.000$), as noted in the study by [27].

5. Conclusion:

The purpose of this research is to consider those persuasion and behavioral factors that impact the utilization of financial portable applications. To accomplish the point of this research, we have relied on TAM model. For investigation of the proposed hypothetical model, a survey has been conducted.

Ease of Use has positive effect on the usefulness. It is also confirmed that Ease of Use has a positive effect on attitude but the relationship between perceived usefulness and attitude towards intention to use is weak. The attestation shows that this research is in accordance with past investigates. Trust has a positive effect on Ease of Use but weak positive on attitude to use mobile payments. However, the hesitance of consumers to use mobile payments is due to perceived issues of online security trust that assume a more grounded part in forming perspectives towards online payments.

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