

PROCEEDING

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**The 4th International Conference on Management Sciences
Universitas Muhammadiyah Yogyakarta, Indonesia**

“Disruptive Innovation in Modern Business Era”

held in UMY, Indonesia, on March 28, 2018

Department of Management

FACULTY OF ECONOMICS AND BUSINESS
Universitas Muhammadiyah Yogyakarta

in collaboration with:
Universiti Sains Islam, Malaysia
Tamkang University, Taiwan
Khon Kaen University, Thailand



**The 4rd International Conference on Management Sciences 2018
(ICoMS 2018)**

March 28 2018

Universitas Muhammadiyah Yogyakarta, Indonesia

Chair Person

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1. Prof. Shu Hsein Liao, Ph.D (Tamkang University, Taiwan)
2. Dr. Kawpong Polyorat (Khon Khaen University, Thailand)
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ROOM E : Dr. Arni Surwanti, M.Si.

Preface ICoMS 2018
The 4rd International Conference on Management Sciences 2018
(ICoMS 2018)
March 28 2018
Universitas Muhammadiyah Yogyakarta, Indonesia

Dear Presenters and Delegates,

Department of Management, Economics Faculty, University of Muhammadiyah Yogyakarta, in collaboration with the Tamkang University Taiwan, Khon Kaen University Thailand, USIM Malaysia, organized an International Conference which will be held on March 28 2018.

We are proud to know that there is a thick manuscript submissions came to our table for this conference. In detail, there are 42 international academic manuscripts which we received from Indonesia, Malaysia, Thailand. And in this conference we choose **Disruptive Innovation in Modern Business Era** as the main theme.

Our international conference is a manifestation of the Government of Indonesia through the Directorate General of Higher Education, which has encouraged the internationalization of research and teaching in order to foster high-caliber academic institutions globally and increase competitiveness in International Higher Education.

We are very confident that our presenters and delegates will get a lot of ideas together and experience of this conference. In addition, our participants will enjoy additional insight from our plenary session keynote speakers, namely, Prof.Dr.Shu-Hsien Liao from Tamkang University Taiwan, Dr. Kawpong Polyorat from Khon Kaen University Thailand, Prof. Dr. Syadiyah Abdul Shukor from USIM Malaysia, and Punang Amaripuja, S.E., S.T., M.IT. from Universitas Muhammadiyah Yogyakarta.

Through this conference, we are committed to promote and improve our mission and academic culture synthesize global progress with local knowledge. Therefore, it is my great honour to welcome you to ICoMS 2018 in great cultural city of Yogyakarta, Indonesia. I look forward to seeing you soon in the conference.

Best wishes,

Dr. Indah Fatmawati

Chair of ICoMS 2018

<http://icoms.umy.ac.id/call-for-papers>

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Analysing The Factors That Influence The Adoption Of Internet Payment System By Malaysian Public Users

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ABSTRACT

The goals of this study are to identify factors that influence internet-payment system adoption by the Malaysian public, and to comprehend the effect of these factors on their behavior toward adopting the system. A self-administered questionnaire was used and feedback from 308 individual users were gathered and analysed using structural Equation Modeling (SEM) techniques. Findings indicate that *perceived usefulness*, *ease of use* and *social influence* have an influence on the *behavioral intention* of users, which in turn, affect the *actual use* of the system by them. Moreover, it is also determined that *perceived risk* has a mediating effect on the relationship between *trust* and *behavioral intention* to usage. Results from this study contribute to the literature of user acceptance of Information systems and can help service providers, such as Malaysian commercial banks and government agencies, in enhancing their online payment systems that are provided to the general public.

Keywords: *User acceptance, Internet-payment System, technology adoption, technology management, online application, Malaysia*

1. Introduction

Internet payment system or “online payment” is online system that facilitates financial deals to be completed securely from a single organization or individual over the Internet (Allen, 2003; Shon & Swatman, 1998). Using it, users can go online to decide, order and perform payment processes online, and lessen theirs and their suppliers’ transactional efforts (Treiblmaier, Pinterits, & Floh, 2008).

The utilization of Internet technology by financial institutions internationally has been on the rise because it enables them to facilitate business payments by acting as a medium for network leeway, client gaining, social obligation (finance to the unfinanced segment), and funds transmission and

remittances (Wonglimpiyarat, 2009).

This rise in global adoption of Internet by the e-commerce industry goes along with the international acceptance of the Internet by their customers, as has been reported in a number of surveys. For example, a 2012 survey conducted by Nielsen indicated that in the United States, 59% of those surveyed favored internet purchases than in-store purchases (Nielsen, 2012).

In Malaysia, the overall number of Internet banking subscribers increased in 2005 from 2.5 million subscribers (9% penetration to population) to 15.2 million subscribers (50% penetration to population) in 2013. This showed a great potential for the Internet Payment System, however, this trend does not seem to be at par with the active

users in Malaysian Internet payment consumers since only 7.5 million or 50% out of 15 million are active users (BNM, 2014). In spite of the obvious benefits to be gained and the Malaysian government's effort in encouraging the utilization of the Internet and e-commerce to local businesses and general public, the lack of response by Malaysian consumers are "still far from maturity level" (Ecommerce-europe, 2012, p. 44)

With the population of almost 30 million (estimated in year 2014) in Malaysia and only 7.5 million (or 25%) are actively utilizing Internet payment, it is vital for the financial service providers to understand the present development of Internet payment applications (BNM, 2014). The study on buyer inclinations toward Internet payment implementation has not been comprehensively surveyed in the Malaysian background. This has incisive out the wants for an examination. Hence, an exhaustive investigation of the issues on the acceptance of Internet payment in Malaysia is essential not only to financial service managers, but also to the government policy-makers.

This study have identified many researches in Internet payment area of research that have successfully generated information on rates of on-line payment adoption and its related system application (e.g. website functionality and website cost, in addition to number of adopters). Nevertheless, the question of what encourages the acceptance itself has remained unanswered. This situation is clearer in the case of Internet application studies in Malaysia, where only a few studies have concentrated on the factors that affect the utilization of online payment system, especially from the point-of-view of Malaysian general public.

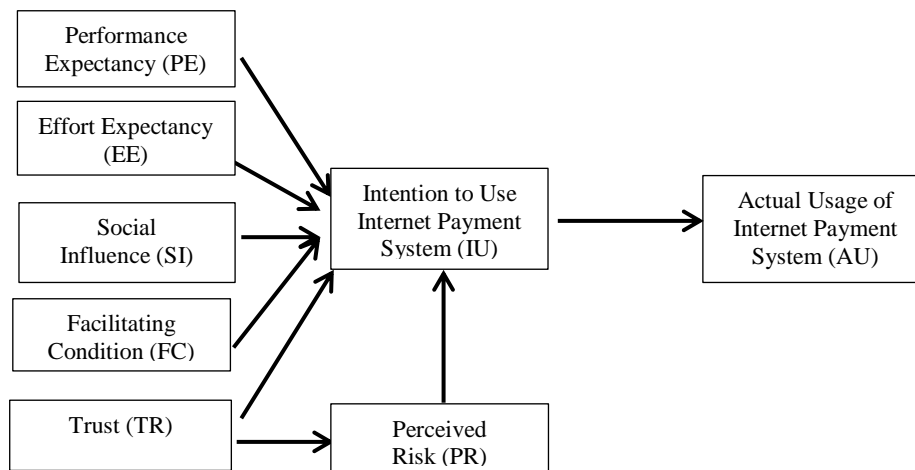
Thus, this study tries to close this gap. Its goals are to identify factors influencing internet-payment system utilization by the Malaysian retail (individual) users, and to comprehend the influence of these factors on their behavior in utilizing the system.

2. Research Framework and Hypotheses Development

To meet these objectives, this study analyzes influential factors on technology adoption that have been suggested by current literature, concentrating on those that influence acceptance of internet-based systems offered by government agencies to the general public and focusing on the utilization at individual level of adoption. It reviews several technology acceptance models including Technology Acceptance Model (TAM), Unified Theory of Acceptance and Use of Technology (UTAUT), The Innovation Diffusion Theory (IDT) and Model of Trust (MOT). From these models, this study chooses several variables to be included into its reseach framework (Figure 1), especially those recommended in UTAUT (Venkatesh, Morris, Davis, & Davis, 2003).

Based on UTAUT, this study identifies six variables that are relevant to its research context and incorporates them into its research framework; four are determined as independent variables (performance expectancy, effort expectancy, social influence and facilitating condition), one as mediating variable (intention to use internet payment system) and one as a dependent variable (Actual usage of internet payment system). Similarly, from the MOT, two variables are selected; one as a independent variable (trust) and the other, as the mediating variable (Perceived Risk). The chosen variables and their relationships to other variables are discussed as follow.

Figure 1: The research framework for this study



2.1. Performance Expectancy (PE)

Performance expectancy is outlined as the level to which a user thinks that using the system will support him or her to reach benefits in task performance (Venkatesh et. al., 2003). Some literature acknowledge this variable's similarity to usefulness, extrinsic motivation, relative advantage, outcome expectations and job-fit (Davis F. , 1989; Thompson, Higgins, & Howell, 1994; Moore & Benbasat, 1991; Compeau & Higgins, 1995; Venkatesh, Thong, & Xu, 2012). Previous literature have found that perceived usefulness is one of the vital usage aspects for online payment application (Pikkarainen, Pikkarainen, Karjaluoto, & Pahlila, 2004). In regard to this study's context, it postulates that users' performance expectancy is directly related to their intention to use the Internet payment system which users believe the Internet payment to be more strategic when contrasted to the conventional way of operating payment transactions. Furthermore, Internet payment system has allowed users to make modernized transactions, which some custom-made service transactions can be accomplished within a click of a

computer mouse, and the requirement to duplicate procedure filling has diminished. Thus, the relationship between performance expectancy and intention to use Internet payment system can be posited that for Internet payment to be used by customers, the system should be perceived useful to the extent that they expects that using the system will enhance their performance. Therefore, this study suggests that: *H1: Performance expectancy is significantly related to users' intention to utilize Internet Payment System.*

2.2. Effort Expectancy (EE)

Like performance expectancy, effort expectancy of use is also derived from UTAUT, which is originated from the study by Venkatesh et. al. (2003). Effort expectancy is described as the level of ease related to the use of the system (Venkatesh et. al., 2003). This variable has also been indorsed as an important determinant in adoption of information technologies, such as intranet (Chang, 2004), WWW (Lederer, Maupin, Sena, & Zhuang, 2000), online banking (Wang, Wang, Lin, & Tang, 2003) and wireless internet (Lu, Yu, & Yao, 2003; Shih & Fang, 2004). In the context of study, effort expectancy has a direct relationship with intention to use, which less effort to

operate the application will lead to an increase intention to use the system. Internet payment systems users expect the system to be sophisticated but with less effort to use, less complex task to pay online and it could be done in a user-friendly manner. This requirement can be shown by its ease of use. If the payment process takes a lot of time and is complicated, it will demotivate the users and they will refrain from using other online activities as well. Therefore, this study believes that: *H2: Effort expectancy is significantly related to users' intention to utilize Internet Payment system.*

2.3. Social Influence (SI)

Social influence is defined as the level to which a person perceives that others believe he or she should use the new application (Venkatesh, Morris, Davis, & Davis, 2003). In the context of consumer usage, social influence is the extent to which consumers perceive that vital others such as family members and friends believe they should use a certain technology (Venkatesh, Thong, & Xu, 2012). Many past studies, like Riquel & Rios (2010), propose that outward and social influence has an influence on the use of new technology because of their involvement to adoption behavior. Social Norms have been proven to be significant factor in studies such as e-mail usage (Karahanna & Limayem, 2000), wireless finance adoption (Kleijnen, Wetzels, & de Ruyter, 2004) and Internet banking (Chan & Lu, 2004). Most studies on mobile banking have found significant association among social influence and intention to adopt (Yu C. S., 2012). In the context of this study, it believes that social status of the user who adopted Internet payment system facilities are affected by the the positive or negative views of the systems by family, acquaintances or peers.

Therefore, it proposes that: *H3: Social Influence is significantly related to users' intention to utilize Internet Payment System.*

2.4. Facilitating Condition (FC)

Facilitating condition is stated as the level to which a person believes that an organizational and technical infrastructure occurs to reinforce use of the system (Venkatesh, Morris, Davis, & Davis, 2003). In the consumer perspective, facilitating condition denotes to consumers' insights of the resources and assistance accessible to achieve a behavior adapted (Venkatesh, Thong, & Xu, 2012). Information on past literature have found different environments of facilitating conditions affect the behavioral and the use of Internet payment. The study by Jaruwachirathanakul and Fink (2005) in Thailand for example, states that the adoption of the Internet payment is influenced by the user-friendliness to Internet as a fundamental requirement by consumers. Another study by Suganthi (2001) has found that reliable service conditions of Internet payment service provider's web site regardless of business hours is essential so that consumers can execute their payment transactions at their own suitability. In the context of this study, facilitating condition means consumer expectation on the internal idea of person capacity, and the external resource and support circumstances, such as computer and training, will influence the Internet payment system usage. Therefore, it suggests that: *H4: Facilitating Condition is significantly related to users' intention to utilize Internet Payment System.*

2.5. Trust (TR)

Trust is defined as the “willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party” (Mayer, Davis, & Schoorman, 1995, p. 712). The pivotal relations can be established between trusting beliefs and behavioral intentions to use. Moreover, beliefs, intentions, and behaviors that are appropriate and composed in a meaningful manner, as they are defined to be cohesive constructs, one leading to or predicting another. That is, trusting beliefs lead to intentions that, in turn, become visible in behaviors (McKnight, Choudhury, & Laczmer, 2002; Yousafzai, Pallister, & Foxall, 2005). In the context of this study, trust is suggested as a predictor to the intention to use. The relationship between these two variables is described whilst users’ readiness to execute payment transactions on the Internet, assuming that the service provider will fulfill its duties, irrespective of the users’ capacity to monitor or control the provider’s activities on the Internet. Furthermore, users trust on Internet is also related to the medium’s perceived technical expertise and implementation, and in the setting of Internet payment, users’ understanding of the fundamental characteristic and procedures that rule the medium’s behavior was truly essential. Therefore, this study proposes that: *H5: Trust is significantly related to users’ intention to utilize Internet Payment System.*

2.6. Perceived Risk (PR)

Perceived risk has been stated as a combination of uncertainty plus the seriousness of results (Bauer, 1967). It is also defined as uncertainty about the potential negative consequences of consuming a product or service (Kaplan

& Garrick, 1981). A study by Jarvenpaa, Tractinsky, & Vitale (2000) found that trust is connected with lesser perceived risk of purchasing on the Internet, and they discover that trust is influenced by the users’ perceptions of the size and reputation of the store which reduced perceived risks associated with buying from an Internet store, which in turn increases consumers’ willingness to purchase from Internet. Moreover, according to Yousafzai, Pallister, & Foxall (2009), perception of risk plays the mediating role of trust since earlier studies have stated that the “first and most necessary step” in founding users’ security is to offer them with the assurance that their private information will be protected (Cheskin Research, 1999). The study by Ratnasingham (1998) suggests that while consumers grow low level perceptions of risk, the self-confidence in the association will also rise and will encourage open, practical, and persuasive information interchange. The degree of trust is depended on one party’s readiness to relay on another party in certain conditions. In the setting of this study, Perceived risk is believed to have a major function in gaining users’ confidence in using the Internet payment. Once Internet payment applications are capable of providing good answers to authorization, authentication, privacy, integrity, redress mechanisms and procedures for reviewing and amending erroneous transactions, only then will a lower level of perceived risk in the system succeed. Therefore, this study believes that: *H6: Perceived risk significantly mediates the relationship between Trust and users’ intention to utilize Internet Payment System.*

2.7. System Intention to Use (IU) and System Actual Use (AU)

Behavioral intention is defined as “a person’s subjective probability that he will perform some behavior” (Fishbein & Ajzen, 1975, p. 288). On the other hand, actual use or usage is “determined by what people would like to do (attitudes), what they think they should do (social norms), what they have usually done (habits), and by the expected consequences of their behavior” (Thompson, Higgins, & Howell, 1991, p. 216). The positive correlation between system intention to use and system actual use has been well established in the Information system research stream. Many studies have provided significant evidence that tendency to perform a specific behavior can be anticipated from its initial behavioral intention (Venkatesh, Morris, Davis, & Davis, 2003; Venkatesh, Thong, & Xu, 2012). This study also accepts this same proposition and believes that users’ intention to use Internet payment system will be directly related to its actual use, which is based on their learning process about information and services by service provider of Internet payment within trial and error development. Therefore, this study proposes that: *H7: Users’ intention to use is significantly related to users’ actual use of Internet Payment System.*

3. Methodology

In this study, self-administrated questionnaires were distributed and collected by using judgmental sampling method. Individuals (Malaysian citizen or non-citizen) who have access to the Internet and used the Internet payment system while also having financial accounts are measures that were accepted in this research. In order to enhance the

representation of the sample, customers from eight commercial banks (Affin bank, Alliance bank, AmBank, CIMB Bank, Hong Leong Bank Berhad, Maybank, Public Bank and RHB) that are located in Klang valley were chosen as respondents. A total of 308 usable questionnaires were gathered and utilized for analysis using Structural Equation Modeling (SEM).

The appropriate scale and measurement techniques on dependent, independent and mediating variables were adapted from those utilized in the previous literature (Refer to Table1). The operationalization of PE was based on the five items adapted from Venkatesh et al. (2012), while for EE, the seven items were adapted from Davis (1989), Pavlou (2003), Venkatesh et al. (2012). In measuring SI, three items were adapted from Taylor and Todd (1995) and Venkatesh (2012). For FC, Five items were taken from Venkatesh et al (2003) and Venkatesh et al. (2012) including the measurement on users’ knowledge, helpdesk, best equipment and compatibility. For TR, Adapted from Gefen (2002), McKnight et al. (2002) and Yousafzai et al. (2009), the measurements were related to the ‘trust’ on service (Internet payment), entity (Service provider), and medium of transaction (Internet) and they were categorized into seven items. Measures for PR were operationalized as three items from Sitkin and Weingart (1995), and Jarvenpaa et al. (2000). IU was measured using three items adapted from Venkatesh et al (2012) and for AU, six items adapted from Thompson, Higgins, & Howell, (1991), and, Venkatesh et al. (2003). All items were processed using a five-point Likert scale.

Table1: Research Instrument and Measurement of Variables

No .	Variable	No. of items	Scale of Measurement	Source
1.	Performance Expectancy (PE)	5	Interval	Davis (1989) and Venkatesh et. al. (2003)
2.	Effort Expectancy (EE)	7	Interval	Davis (1989), Pavlou (2003), Venkatesh et. al. (2012)
3.	Social Influence (SI)	3	Interval	Taylor and Todd (1995) and Venkatesh et. al. (2012)
4.	Facilitating Condition (FC)	4	Interval	Venkatesh et al (2003) and Venkatesh et. al. (2012)
5.	Trust (TR)	7	Interval	Gefen (2002), McKnight et al. (2002) and Yousafzai, Pallister and Foxall (2009).
6.	Perceived Risk (PR)	3	Interval	Sitkin & Weingart (1995) and Jarvenpaa et al. (2000).
7.	Intention to Use (IU)	3	Interval	Venkatesh, Morris, Davis, & Davis, (2003) and Venkatesh et. al. (2012)
8.	Actual use (AU)	6	Interval	Thompson, Higgins, & Howell, (1991), Venkatesh, Morris, Davis, & Davis, (2003)

4. Results

4.1. Reliability and Validity

Each constructs in the study were tested for validity using convergent and discriminant validity test. At this stage, confirmatory factor analysis (CFA), average variance extracted results (AVE), composite reliability test and Cronbach's alpha were performed. Average variance extracted results (AVE) results are established when the variance has extracted an estimate to measure an amount of variance gained by a construct associated to the variance from the random measurement error. AVE value higher than 0.5 indicates the presence of

convergent validity and AVE variance from 0 to 1 refers to the ratio of the total variance. Composite reliability is the overall reliability of the whole scale. Composite reliability value is recommended to be above 0.7 and AVE above 0.50 (Hair, Tatham, Anderson, & Black, 2006). From Table 2, all factor loadings for the study are significant and exceed the 0.5 guideline recommended by Hair et al. (2006). All constructs variance extracted estimates are also found to surpass the 50 percent. The composite reliability values are higher than 0.6 ranging from 0.755 to 0.877. To sum up, these construct are proven adequate in term of convergent reliability.

Table 2: Reliability and Validity

No	Construct	Factor Loading	Average Variance Extracted (AVE)	Composite Reliability	Cronbach's Alpha
1.	Performance Expectancy		.544	.856	.912
	PE1	.676			
	PE2	.702			
	PE3	.743			
	PE4	.811			
	PE5	.750			
2.	Effort Expectancy (EE)		.505	.877	.946
	EE1	.682			
	EE 2	.715			
	EE3	.731			
	EE4	.725			
	EE5	.710			
	EE6	.736			
	EE7	.628			
3.	Social Influence (SI)		.643	.842	.960
	SI1	.815			
	SI2	.900			
	SI3	.674			
4.	Facilitating Conditions (FC)		.471	.780	.965
	FC1	.708			
	FC2	.698			
	FC3	.731			
	FC4	.601			
5.	Trust (TR)		0.461	.851	.972
	TR1	.629			
	TR2	.493			
	TR3	.420			
	TR4	.749			
	TR5	.809			
	TR6	.741			
	TR7	.803			
6.	Perceived Risk (PR)		.608	.823	.972
	PR1	.812			
	PR2	.823			
	PR3	.699			
7.	Intention to Use (IU)		.622	.831	.978
	IU1	.749			
	IU2	.796			
	IU3	.819			
8.	Actual Use (AU)		.362	.763	.807

	AU1	.491			
	AU2	.655			
	AU3	.723			
	AU4	.778			
	AU5	.522			
	AU6	.411			

4.2. Discriminant Validity

Discriminant validity is analyzed via correlation test of two (or more) independent variables that will differentiate the objects in the group. Discriminant validity measures whether one variable is internally correlated, unique and distinct from other variables. In this study, discriminant validity was evaluated by average variance extracted for all constructs which must be less than 0.9 as recommended by Hair, Bush & Ortinau (2003). From the results in Table

3, constructs with value less than 0.8 indicate the presence of discriminant validity. There are no correlations which show the value of Pearson's Correlation greater than 0.8. The constructs in the study are considered acceptable based on recommendation set by Hair et. al. (2006). Therefore the analysis indicates the scales developed for the study have good discriminant validity.

Table 3: Discriminant Validity

Variables	AU	PE	EE	SI	FC	TR	PR	IU
AU (Use)	1							
PE (Performance)	.602*	1						
EE (Effort)	0.238**	0.735**	1					
SI (Social)	0.344**	0.483**	0.710**	1				
FC (Facility)	0.351*	0.512**	0.507**	0.465**	1			
TR (Trust)	0.225**	0.606**	0.607**	0.588**	0.705**	1		
PR (Risk)	0.436*	0.542**	0.535**	0.473**	0.556**	0.625**	1	
IU (Intention)	0.194**	0.777**	0.702**	0.501**	0.482**	0.554**	0.467**	1
**Correlation is significant at the 0.01 level (2-tailed).								
*Correlation is significant at the 0.05 level (2-tailed).								

4.3. Revised Measurement Model

Confirmatory factor analysis (CFA) is used to improve the GOF indices of the model. After re-specification, the overall fit of the revised model was re-examined. A summary of results is presented in Table 4. The test of fitness of the model used on the whole sample produces a χ^2 value of 580.817 while the CMIN/DF is reported to be 1.335. Referring to the χ^2 value, the model

does not seem to be compatible. However, other indices are also used as indicators to determine the goodness of fit of this study's model. The TLI (0.967) and GFI (0.905) values are within desirable range, which suggest the model can fit the data. CFI and NFI show reasonable values which 0.972 and 0.900 (close to 1), which suggest that the model and the data are harmonious with one another, RMSE value is 0.033 within the desirable range

for model's fit. In other words, the re-specification process has improved the

model's fit.

Table 4: Goodness-of-fit for revised study model

GOF Indices	Value
CMIN	580.817
CMIN/DF	1.335
GFI	.905
NFI	.900
CFI	.972
TLI	.967
RMSEA	.033

As the revised measurement model has shown a good fit, it was used to examine the proposed hypotheses in this research. The relationship between the variables examined and Internet Payment system adoption were analysed

by examining the significance of the path coefficients in the model. The data were later analysed to determine its mediating effect. The results for the independent and mediating variables are shown in Tables 5 and 6.

Table 5: SEM output for hypothesis testing

Parameter			Estimate	S.E.	C.R.	P-value
PE	→	IU	.433	.086	5.048	***
EE	→	IU	.254	.081	3.130	.002
SI	→	IU	.145	.063	2.297	.022
FC	→	IU	.052	.083	.627	.531
TR	→	IU	-.038	.083	-.462	.644
IU	→	AU	.511	.102	5.028	***

Table 6: Test of Mediating Effects of Satisfaction on Perceived Risk → Intention Relationship.

Step				Estimate	SC	C.R/t	P-Value	Results
1.	Intention	←	Trust	.541	.146	3.694	0.000	Significant
2.	Perceived Risk	←	Trust	.549	.213	7.276	0.000	Significant
3.	Intention	←	Risk	.157	.065	2.410	0.016	Significant
	Direct Effect						.146	
	Indirect effect						.057	

The results show that *performance expectancy* (hypothesis H1, $\beta=0.433$, $C.R=5.048$, $p=0.000 < 0.05$), *Effort Expectancy* (hypothesis H2, $\beta=0.254$, $C.R=3.130$, $p=0.002 < 0.05$) and *Social influence* (hypothesis

H3, $\beta=0.145$, $C.R=2.297$, $p=0.022 < 0.05$) have a significant positive influence on users' intention to utilize Internet Payment System in Malaysia.

On the other hand, findings indicate that the hypothesis H4 is not supported. Base on the coefficient ($\beta=0.052$, C.R=0.083, $p=0.531 > 0.05$), *Facilitating Condition* is proven to have an insignificant correlation with the *behavioral intention* toward using Internet payment system. Similarly, results ($\beta=-0.038$, C.R=-0.462, $p=0.644 > 0.05$) do not support hypothesis H5. Thus, *Trust* is concluded to have an insignificant correlation with the intention to use Internet payment system. Thus the null hypothesis was accepted at $\alpha=0.05$.

The results also indicates that *Trust* has a significant effect on *Perceived risk*. Base on the coefficient (with $\beta=.549$, $p < 0.05$). A strong relationship is also concluded between *Perceived Risk* and *intention to use* ($\beta=.157$, $p < 0.05$), with direct effect determined to be 0.146 and an indirect effect as 0.057. Therefore, it is determined that perceived risk mediates the relationship between *trust* and *intention* to use Internet Payment system. These results also support hypothesis H6.

The findings also show a substantial relationship between *Intention to use* and *Actual Use of Internet Payment System* ($\beta=0.511$, C.R=5.028, $p=0.000 < 0.05$). In support of hypothesis H1, *intention to use* is found to have a significant and positive effect on *actual system utilization*. The implication of the results indicates that the greater the intention to use by Internet Payment users, the more tendency of willingness to actually use the system.

5. Discussions

This study's findings show that performance expectancy, effort expectancy and social influence have a considerable influence on the intention to adopt Internet payment system by the Malaysian users, which in turn is proven to have a strong affect on the actual use of the system by Malaysian general public. Results also indicates that perceived risk has a mediating effect on the relation between trust and behavioral intention. These findings help to enrich the literature on user acceptance of web-based systems and to propose other implications for the effective adoption of other online systems.

From the theoretical perspective, this study has adopted three variables from the UTAUT model (performance expectancy, effort expectancy and facilitating condition and behavioral intention) and findings from the analysis show that there are substantial relationships between performance expectancy and effort expectancy to behavioral intention. These results concur with those of past researches (Karahanna, Straub, & Chervany, 1999; Venkatesh, Morris, Davis, & Davis, 2003).

In regard to practical implication, the result from the study find behavioral factors, such as performance expectancy, effort expectancy, and social influence affect the use of Internet Payment system. The implication of the results provide significant benefits for public and privat sectors stakeholder i.e Bank Negara Malaysia and commercial banking. Thus, to improve service and acceptance of the system, the banks needs to convince Malaysians that making payment online are faster, more convenient and easier-to-

use, compared to making payments via the visits to physical offices or branches. There is a need for the banks and other service providers to increase efforts to improve Malaysian public awareness on the advantages of using Internet-payment system through advertisements and educational programs. Moreover, improving the rate of usage and acceptance should begin and be coordinated with those who have influence on Malaysian society, such as local social activists, celebrities and communities leaders.

The findings also have several policy implications. They indicate that the majority of individual retail bank consumers in Malaysia considered Internet Payment system as reliable and productive system. However there might be other online payment attributes such as satisfaction, information quality, product specificity and competitiveness which affects users' decision to accept or not to accept the system. These information can be used as an input in improving the system. In addition, the banks can also consider in making Internet Payment use as mandatory since its use is currently voluntary for all, perhaps this will increase the rate of usage by users.

Moreover, the findings have implications at the national level. For example, this research benefits policy makers such as Bank Negara Malaysia, Ministry of Finance, Malaysia Communication and Multimedia Commission (MCMC) in inventing meaningful online payment law and processing policies in line with the organization as well as infrastructure transformation.

6. Conclusion

This study attempts to fulfill a gap in a Consumer-to-business online payment literature by examining factors that influence the use of Internet payment system in Malaysia. Its research framework consists of five independent (performance expectancy, effort expectancy, social influence, facilitating condition and trust), two mediating (perceived risk and intention to use) and one dependent (actual usage) variables. Its results indicate performance expectancy, effort expectancy and social influence have an effect on the intention to use Internet payment system by Malaysian public, which in turn, influence the actual adoption of the system. Mediating effect of perceived risk is also identified in the findings. These results support the findings of previous researches, and confirm the model as fit. The findings, not only enriches the current literature on technology acceptance, also add value in understanding the behavior of users in adopting Internet payment system in Malaysia.

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