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E-WALLET ADOPTION: SHAPING CONSUMER DECISION-MAKING TOWARDS IMPULSE BUYING TENDENCIES

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Abstract : This study examines the impact of e-wallet usage on consumer decision-making, with specific emphasis on impulsive purchasing patterns. Utilizing the Technology Acceptance Model (TAM) and the Theory of Planned Behavior (TPB), the research explores the impact of perceived ease of use and usefulness on e-wallet adoption, considering the rising trend of cashless transactions in the Philippines. A quantitative study with 337 respondents from Colegio de San Juan de Letran, Manila, reveals that e-wallets improve convenience and may contribute to heightened impulsive purchasing, especially within certain demographic segments. These findings indicate that businesses can utilize e-wallets to enhance client engagement and sales, while simultaneously highlighting the necessity for financial literacy initiatives to promote responsible spending.

Keywords: *E-Wallet adoption, Impulse purchasing, consumer behavior, cashless transactions, Theory of Planned Behavior (TPB), Technology Acceptance Model (TAM)*

INTRODUCTION

Digital technology has rapidly evolved, significantly influencing consumer behavior, particularly during the COVID-19 pandemic (Netta, 2020). The increasing preference for cashless transactions has driven Filipinos toward digital payment methods, reshaping their purchasing habits (Endo, 2020). This shift is part of a broader trend in e-commerce, where digital wallets enable seamless transactions and enhance convenience.

According to the Philippines Central Bank, digital payments comprised 20.1% of financial transactions in 2020, amounting to $46.8 billion—an increase of 61% from the previous year. By 2023, the bank aimed to have 70% of adult Filipinos engaged in digital banking. The growing acceptance of digital wallets has positioned them as a financial revolution rather than a passing trend, providing users with greater opportunities to engage in a cashless economy (Saigutin, 2022).

The widespread adoption of digital wallets, such as GCash, Maya, and GrabPay, has facilitated transactions through mobile devices, desktops, and even wearable technology. These e-wallets are becoming more reliable as e-commerce and online services expand, increasing the number of suppliers and delivery networks (Abdullah, 2021). In 2022, over 58 million active users in the Philippines engaged with e-wallet applications for a total of 4.4 million hours (Simeon L., 2023).

With the rise of digital transactions, consumers may find themselves making impulsive or excessive purchases due to the convenience of electronic payments. Impulse buying occurs when individuals experience an immediate desire to make purchases, often without considering financial consequences. Since digital payments do not involve physically handing over cash, consumers may be less aware of their spending habits (Wallet Factory, 2023). Studies indicate that digital platforms have significantly increased impulse buying behaviors, as transactions can be completed almost instantly (Parameswaran, 2022).

This study uses theoretical models like the Theory of Planned Behavior (TPB) and the Technology Acceptance Model (TAM) to investigate the connection between e-wallet use and impulsive purchasing habits. By examining important adoption criteria like accessibility, convenience, and security, this study aims to shed light on how attitudes, subjective norms, perceived usefulness, ease of use, and user satisfaction affect impulsive buying behaviors in online transactions.

NEED OF THE STUDY

The widespread adoption of digital payment solutions presents both opportunities and challenges. On one hand, e-wallets provide efficiency, security, and accessibility, making transactions faster and more convenient. On the other hand, the frictionless nature of digital payments may lead to increased spending, particularly among consumers prone to impulsive buying behaviors.

Despite the increasing popularity of e-wallets, limited studies have explored their psychological and behavioral effects on consumer decision-making, particularly in the Philippine context. Most existing research focuses on the technological adoption of

e-wallets, but little attention has been given to their impact on spending behavior. This study seeks to bridge this research gap by examining how e-wallets influence consumer financial habits, particularly in terms of impulse buying.

Understanding these behavioral patterns is essential for various stakeholders. Businesses can utilize the findings to enhance their marketing strategies, banks and financial institutions can develop better financial literacy programs, and policymakers can establish regulations that promote responsible digital spending. Additionally, consumers can benefit by gaining awareness of how digital payment methods affect their purchasing decisions, allowing them to make more informed financial choices.

Theoretical Framework

This study is built upon two well-established models in technology adoption and consumer behavior research: the Technology Acceptance Model (TAM) and the Theory of Planned Behavior (TPB). These models provide a structured approach to understanding how individuals accept and use e-wallets, as well as how their behavioral intentions influence actual adoption.

Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM), developed by Davis (1989), is a widely used theory in information systems research that explains how individuals come to accept and use technology. TAM posits that two key factors determine an individual's intention to adopt a new technology:

Perceived Ease of Use (PEOU) – The extent to which an individual believes that using a particular system will be free of effort.

Perceived Usefulness (PU) – The degree to which an individual believes that using a system will enhance their performance or daily activities.

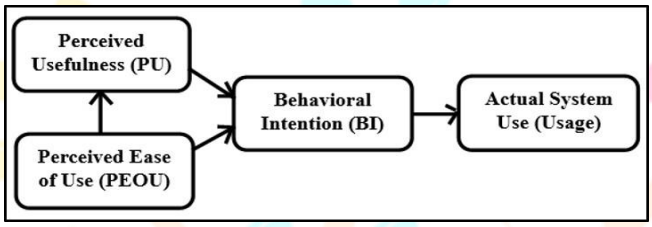


Figure 1. Technology Acceptance Model (TAM) by Davis, 1989

In this study, TAM is applied to examine how consumers perceive e-wallets in terms of usability and usefulness. A positive perception of these factors is expected to lead to higher adoption rates. The model suggests that when e-wallets are easy to use and beneficial, consumers are more likely to integrate them into their daily purchasing behaviors. This model serves as the foundation for understanding the cognitive processes behind e-wallet adoption and provides insights into how businesses and policymakers can enhance e-wallet usability to encourage adoption.

Theory of Planned Behavior (TPB)

The Theory of Planned Behavior (TPB), proposed by Ajzen (1991), extends the Theory of Reasoned Action (TRA) by incorporating perceived behavioral control as a factor influencing behavioral intention. This study employs TPB to investigate the external social and psychological influences that shape e-wallet adoption. The inclusion of subjective norms and perceived behavioral control helps in understanding why some individuals, despite recognizing the benefits of e-wallets, may still hesitate to adopt them. By integrating TPB, this study acknowledges the role of external influences, such as peer pressure and financial literacy, in shaping e-wallet adoption behaviors.

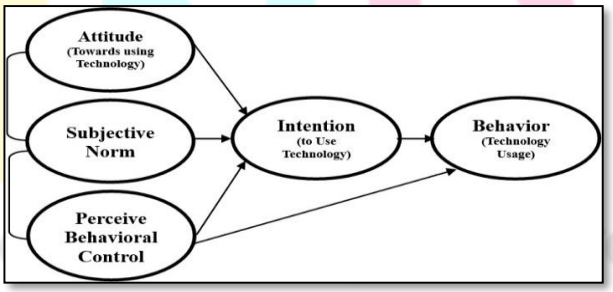
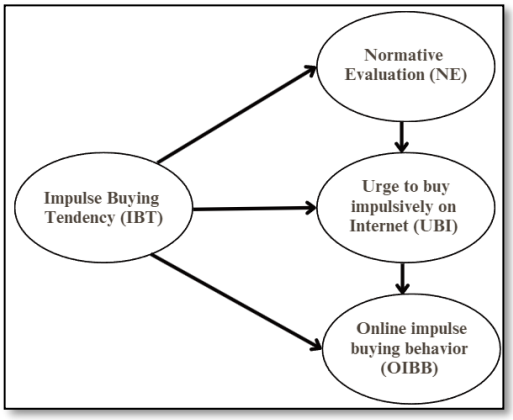


Figure 2. Theory of Planned Behavior (TPB)

Impulse Buying Tendency (IBT) as a Moderating Variable

Apart from TAM and TPB, this study also explores Impulse Buying Tendency (IBT) as a moderating factor in the relationship between e-wallet adoption and consumer decision-making. Impulse buying refers to unplanned, spontaneous purchases influenced by emotional or situational factors. Consumers with high IBT are expected to be more susceptible to making unplanned purchases when using e-wallets due to their convenience and ease of use. By integrating IBT, the study provides a more comprehensive understanding of how e-wallets influence consumer financial behavior beyond mere adoption.



METHODOLOGY

Research Design

This study employed a quantitative research design using a cross-sectional survey approach to examine the relationship between e-wallet adoption and consumer decision-making, particularly impulse buying tendencies. A survey-based research design was selected to gather numerical data that could be statistically analyzed to determine patterns, correlations, and differences between variables.

The study focused on the acceptance of technology through perceived ease of use (PEOU) and perceived usefulness (PU) and their impact on consumer decision-making (CDM), with Impulse Buying Tendency (IBT) as a moderating variable. The use of a structured questionnaire allowed for an objective and standardized data collection process, ensuring consistency in responses.

Population and Sample

The population of this study consists of students, faculty, and non-teaching staff from Colegio de San Juan de Letran, Manila. The target respondents were selected as they represent a diverse demographic, including individuals with varying levels of technological familiarity and spending behaviors.

A sample size of 337 respondents was determined using the Raosoft sample size calculator, with a 95% confidence level and a 5% margin of error. To ensure adequate representation, the proportionate stratified sampling technique was applied, dividing the population into relevant strata based on their roles within the institution. The breakdown is as follows:

Students: 294 respondents (87.2%)
Faculty: 28 respondents (8.3%)
Non-teaching personnel: 15 respondents (4.5%)

This approach ensured that the sample reflected the actual distribution of e-wallet users within the institution and minimized selection bias.

Data and Sources of Data

This study relied on primary data, collected through a self-administered survey questionnaire. The questionnaire was designed based on established measurement scales from previous studies related to the Technology Acceptance Model (TAM), Theory of Planned Behavior (TPB), and Impulse Buying Tendencies (IBT). The questions were adapted and modified to align with the study's context.

Secondary data from academic journals, industry reports, and statistical publications were also reviewed to provide supporting insights on e-wallet adoption and its impact on consumer spending behavior.

Research Instrument

The survey questionnaire was structured into four main sections:

- Demographic Profile: Collected information on age, gender, occupation, smartphone ownership, and e-wallet account ownership.
- Acceptance of Technology (AOT): Measured through Perceived Ease of Use (PEOU) and Perceived Usefulness (PU).
- Consumer Decision-Making (CDM): Assessed through respondents' intention to adopt and actual adoption of e-wallets.
- Impulse Buying Tendencies (IBT): Evaluated how impulsive purchasing behavior influences e-wallet adoption and spending decisions.

A five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree) was used for all attitudinal and behavioral questions to ensure consistency in responses.

Statistical Treatment

To analyze the collected data, the following statistical tools were utilized:

- Frequency and Percentage: Used to describe the demographic profile of respondents.
- Weighted Mean: Applied to measure respondents' perceptions regarding e-wallet adoption, perceived ease of use, and perceived usefulness.
- Pearson's Correlation Coefficient: Used to determine the relationship between Acceptance of Technology (AOT) and Consumer Decision-Making (CDM).
- One-Way Analysis of Variance (ANOVA): Employed to identify significant differences in AOT based on demographic variables.
- T-Test: Used to analyze gender-based differences in AOT and CDM.
- Simple Linear Regression: Applied to assess the predictive power of AOT on CDM.

- Mediation Analysis (Regression-based): Used to test whether Impulse Buying Tendencies (IBT) moderate the relationship between AOT and CDM.

RESULTS AND DISCUSSION

Demographic Profile of Respondents

- Age: The majority (86.6%) of respondents were 30 years old and below, indicating a younger demographic that is more likely to engage with digital technologies.
- Gender: 52.5% of respondents were male, while 47.5% were female.
- Occupation: The respondents were primarily students (87.2%), followed by faculty (8.3%) and non-teaching personnel (4.5%).
- Smartphone Ownership: A significant majority (90.5%) owned smartphones, which is essential for e-wallet usage.
- E-wallet Account Ownership: 82.2% of respondents had at least one e-wallet account, demonstrating widespread adoption.

These results suggest that younger individuals with smartphone access are the primary users of e-wallets, reinforcing existing literature that digital natives are more inclined to adopt new financial technologies.

Perceived Ease of Use and Perceived Usefulness

The respondents' perceptions of e-wallets were evaluated using a five-point Likert scale. The results indicate that:

- Perceived Ease of Use (PEOU): Respondents generally found e-wallets easy to use, with an overall mean score of 3.45. The highest-rated statement was "I feel that learning to use the e-wallet for transactions is easy" (Mean = 3.56), while "I feel comfortable using e-wallets" received a slightly lower score (Mean = 3.35).
- Perceived Usefulness (PU): Respondents were neutral on whether e-wallets improved their financial efficiency (mean score of 3.36). The highest-rated item was "Using the e-wallet application enables me to accomplish tasks more quickly" (Mean = 3.45), while "Transacting through e-wallet applications is more convenient than using cash" received a neutral rating (Mean = 3.28).

These findings suggest that while users recognize e-wallets as easy to use, they remain undecided on their overall usefulness in improving productivity.

Intention to Adopt and Actual Adoption of E-wallets

The results reveal mixed attitudes toward adopting e-wallets for daily transactions:

- Intention to Adopt: Respondents agreed that e-wallets would be essential in the future (Mean = 3.57), but remained neutral about using them for daily purchases within the next six months (Mean = 3.25).
- Actual Adoption: Respondents acknowledged that e-wallets align with their online shopping behavior (Mean = 3.45), but were neutral about using them for bill payments or making larger purchases.

This suggests that while e-wallets are widely accepted for online transactions, their integration into routine financial habits is still evolving.

Influence of Demographic Factors on E-wallet Adoption

Statistical tests were conducted to analyze differences in e-wallet adoption based on demographic characteristics:

- ANOVA results: Significant differences were found in the acceptance of e-wallets based on age and occupation ($p < 0.05$). Younger respondents and students reported higher adoption rates compared to older faculty members.
- T-test results: No significant difference was found between male and female respondents in their intention to adopt e-wallets ($p > 0.05$), suggesting that gender does not play a critical role in adoption.

Correlation Analysis Between AOT and CDM

Pearson's correlation analysis was conducted to test the relationship between Acceptance of Technology (AOT) and Consumer Decision-Making (CDM).

- A strong positive correlation was found between Perceived Usefulness (PU) and Intention to adopt e-wallets ($r = 0.72$, $p < 0.01$), supporting the hypothesis that perceived benefits drive adoption.
- A moderate correlation was found between Perceived Ease of Use (PEOU) and Actual Adoption ($r = 0.54$, $p < 0.05$), indicating that ease of use influences long-term adoption behavior.

These results confirm that users who find e-wallets useful and easy to use are more likely to adopt them for financial transactions.

Moderating Effect of Impulse Buying Tendency (IBT)

Regression-based mediation analysis was performed to assess the role of Impulse Buying Tendency (IBT) as a moderating variable.

- Mediation results: IBT significantly moderated the relationship between AOT and CDM ($\beta = 0.65$, $p < 0.01$), indicating that individuals with higher impulse buying tendencies are likelier to make spontaneous purchases when using e-wallets.
- Spending Behavior: Respondents who frequently use e-wallets for transactions reported higher impulsive spending patterns, particularly on non-essential items such as food delivery and online shopping.

The results confirm that e-wallet adoption is positively influenced by perceived ease of use (PEOU) and perceived usefulness (PU), as outlined in the Technology Acceptance Model (TAM). The findings align with previous studies, such as Davis (1989), which emphasized that users are more likely to adopt a technology when they find it easy to use and beneficial. Additionally, the study supports the Theory of Planned Behavior (TPB) by demonstrating that subjective norms and perceived behavioral control influence consumers' intentions to use e-wallets. Younger respondents, particularly students, exhibited a higher likelihood of adopting e-wallets due to their exposure to digital payment platforms and peer influence. Furthermore, the study found that Impulse Buying Tendency (IBT) significantly moderates the relationship between e-wallet adoption and consumer decision-making. This suggests that while e-wallets offer convenience, they also increase the likelihood of impulsive purchases, particularly for non-essential items such as online shopping and food delivery.

CONCLUSION

This study contributes to the growing body of research on digital payment adoption and consumer behavior. Findings suggest that while e-wallets provide convenience and efficiency, they also increase impulse buying tendencies, highlighting the need for financial literacy initiatives. Businesses, consumers, and policymakers should work together to ensure responsible digital financial management while maximizing the benefits of cashless transactions.

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