

Chapter 8

Structural Modelling on Factors of Adopting FinTech Among Malaysian Millennials: Perceived COVID-19 Risk as Moderator

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ABSTRACT

This empirical paper investigates the role of perceived usefulness (PU), perceived ease of use (PEU), social influence (SI), service trust (ST), user innovativeness (UI), and technological optimism (TO) on intention to adopt Fintech (ITAF) by Malaysian millennials with the moderation of perceived Covid-19 risk (PCR). Theory of planned behaviour, technology adoption model, and social cognitive theory are applied to amalgamate the concept. Data of 313 millennials who are in university were collected using

DOI: 10.4018/978-1-6684-6782-4.ch008

a convenient sampling technique and a structured questionnaire. The data was analysed in partial least squares structural equation modeling (PLS-SEM). The result shows that PU, SI, ST, and TO influence ITAF significantly. Surprisingly, PEU and UI did not evidence significant impact. Moreover, PCR did not show moderating influence. This study can provide important insights for the Fintech users, industry players, policymakers, and government to comprehend the concept so that the adoption of Fintech can be fostered towards achieving a smart and digital Malaysia.

1. INTRODUCTION

In the financial services industry, technological developments and digitalisation in every aspect of business process facilitated the increasing converging of the physical and virtual world (Macchiavello & Siri, 2022). Digitised business structures and procedures, new products and services came about as a result of the financial sector's digital transformation. Martinčević et al. (2020) gave several examples, such as digital consulting and trading systems, peer-to-peer (P2P) lending, crowdfunding, artificial intelligence and machine learning, mobile payment systems, and even new monetary capabilities have been cultivating over the past decade, with different types of digital money (such as Bitcoin and other crypto assets). Digital networks have accumulated a solid worldwide retail customer market share and continue to grow consistently. Thus it is not only a cheap way to communicate with clients.

In the financial world, conventional banks have played a key role. The world economy is gradually moving towards digital platforms due to rapid technological evolution. Financial technology (Fintech) firms have quickly changed the disrupted financial markets (Skan et al., 2015). Numerous business models, as well as new consumer requirements, have been developed by advanced financial technology. Payment services, the banking industry and financial regulations, like other aspects of the economy, are being affected (Alsmadi et al., 2022). The gaps in the financial market have been filled increasingly since electronic services were introduced to the market. The new technologies facilitated fast transactions and ease of use to provide a wide variety of service providers. The financial industry has been steadily digitised by the creations like PayPal's online payment portal or the bitcoin currency, followed by the launch of the world wide web (Butt & Khan, 2019; Goel et al., 2022).

"FinTech", a term combined with "finance" and "technology", is known as the advent of emerging information technologies. National Digital Research Centre in Dublin, Ireland, describes it as innovation in financial services. Fintech can be contemplated as any innovative idea that improves the financial service processes by proposing technology solutions in various business situations, according to Leong and Sung (2018, p.75).

Incremental development of innovation for financial service sector processes, applications, products and business models occurred because of FinTech stated by Alt and Puschmann (2012). This study focused on a developing country context, Malaysia. FinTech is challenging the status quo of the financial sector, stated Dato Muhammad bin Ibrahim former governor of the Malaysian central bank, in his speech on Global Islamic Finance Forum 5.0(GIFF 5.0). In the current condition, we will see new business models emerge, which will be challenged by distribution networks and will reduce transaction costs. Instead of referring to FinTech as an aggressive opponent, financial intuition should treat this as an opportunity for them (Vaicondam et al., 2021; Abd Hamid et al., 2023). In terms of attracting consumers

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