



Mobile Wallet Adoption Model for Improving MSME Performance in Indonesia's Tourism Sector

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Abstract

Mobile payment systems have an excellent opportunity to be widely adopted in Indonesia, as the number of smartphone users has risen to exceed the number of active bank accounts today. As consumers prefer to do business online rather than offline, MSMEs must modify their payment systems to reflect these changing customer preferences. The adoption of mobile payment systems by MSME operators is primarily driven by their desire to keep up with the latest developments in information technology. Many MSMEs in Indonesia still need access to the digital ecosystem, particularly mobile wallet initiation systems, despite the growing trend. The digitization process of Indonesian MSMEs is still in its early stages, and MSMEs in the country are still lagging and unprepared for digital transformation. As a result, it is imperative to start the digital transformation process. For Indonesian MSMEs, the use of digital technology can improve competitiveness and efficiency. The objectives of this study are to find variables that influence MSME readiness to embrace digital financial technology and analyze how financial technology adoption affects business performance.

Model Adopsi Dompot Seluler untuk Meningkatkan Kinerja UMKM di Sektor Pariwisata Indonesia

Abstrak

Sistem pembayaran seluler memiliki peluang besar untuk diadopsi secara luas di Indonesia, karena jumlah pengguna telepon pintar telah meningkat hingga melebihi jumlah rekening bank yang aktif saat ini. Karena konsumen lebih suka berbisnis secara daring daripada secara langsung, UMKM harus memodifikasi sistem pembayaran mereka untuk mencerminkan perubahan preferensi pelanggan ini. Adopsi sistem pembayaran seluler oleh operator UMKM sebagian besar didorong oleh keinginan mereka untuk mengikuti perkembangan terbaru dalam teknologi informasi. Banyak UMKM di Indonesia masih membutuhkan akses ke ekosistem digital, khususnya sistem inisiasi dompet seluler, meskipun trennya terus meningkat. Proses digitalisasi UMKM Indonesia masih dalam tahap awal, dan UMKM di negara ini masih tertinggal dan tidak siap untuk transformasi digital. Akibatnya, sangat penting untuk memulai proses transformasi digital. Bagi UMKM Indonesia, penggunaan teknologi digital dapat meningkatkan daya saing dan efisiensi. Menemukan variabel yang memengaruhi kesiapan UMKM untuk merangkul teknologi keuangan digital dan menganalisis bagaimana adopsi teknologi keuangan memengaruhi kinerja bisnis adalah tujuan dari penelitian ini.

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Significant technological developments in recent years have improved information availability and resource management effectiveness in Indonesia. Innovation in financial technology, particularly in mobile payment services, has been primarily fueled by the explosion in internet growth, providing the population with more financial accessibility (Namira, 2022). The technology landscape has also evolved to benefit micro, small, and medium enterprises (MSMEs), creating vast market opportunities for these businesses (Namira, 2022). Payment. Combining data from offline and online initiatives allows marketers to develop more targeted and customized campaigns that are more powerful and successful while also providing more value to their customers (Mew & Millan, 2021). Mobile wallets have the power to revolutionize the way that payments are made.

MSMEs currently have an essential role in the Indonesian economy because 99.99% of business forms in Indonesia are in the form of MSMEs (Ministry of Cooperatives, 2012). MSMEs have proliferated (Namira, 2022) in recent times. The use of technology is a challenge for MSMEs in order to survive in the current era. Unfortunately, in Indonesia, business people such as MSMEs do not use this convenience. Indonesia's digital transformation adoption rate is low, according to data from the 2019 CISCO APAC SMB Digital Maturity Index. About 5 percent of Indonesian MSMEs have yet to digitize. Notwithstanding the fact that using digital technology may boost their competitiveness and efficiency, Indonesian MSMEs are still lagging behind and unprepared for the digital revolution.

Other research related to MSMEs states that the problem of using and utilizing technology is still the main problem for MSMEs (Maier, 2016). In Indonesia, MSMEs primarily confront financial (capital) and non-financial (marketing, human resources, raw materials, etc.) resources. In order to support MSMEs, the government has taken a number of actions, particularly in the areas of

education support and information system adoption supervision in marketing and finance. There are technical and non-technical obstacles for MSMEs to gain access to financial institutions (Suryanto, 2023). Technical obstacles are faced, such as the completeness of business licenses, inadequate financial statements, and lack of collateral. Meanwhile, non-technical constraints include the need for more ability to prepare administrative requirements and limited access to information from banks or other financial institutions (Suryanto, 2023).

It is a restriction to be able to utilize contemporary technology in the form of software and hardware in their company. This is a challenge that MSME owners often encounter in this day and age, as it requires more ability and skills to use technology. Similar findings were found in one of the earlier research, which indicated that the community's capacity to utilize technology still has to be improved, which hinders the adoption or implementation of technology in MSMEs (Suryanto, 2023).

These obstacles impact the lack of funding from financial institutions for MSME actors. According to the findings of the consulting service company Pricewaterhouse Coopers (PwC), as many as 74% of MSMEs in Indonesia have not received financing. This is due to low literacy and financial inclusion among MSMEs, which reached 58.9 million in 2018 (Annur, 2019). MSME actors prefer to use financing sources from relatives, relatives, and even loan sharks (Suryanto, 2023). Financing through these methods is simple in preparing administrative requirements, but the process is also faster (Alam & Utami, 2021).

LITERATURE REVIEW

Mobile Wallet (M-Wallet)

The money is saved electronically on a physical device or server, and a mobile wallet is an electronic service that may store payment information and funds to conduct payments (Gorshkova, 2020). An

electronic wallet is a service that stores information about payment instruments, such as those that use cards or electronic money, and that may also hold money for payments, according to Bank Indonesia (Bank Indonesia, 2016). E-wallets are now very popular everywhere; many people use them because of the ease of transactions. In other studies, the expectation of habits and efforts did not significantly impact hedonistic motivation; security and privacy had a more significant role (Soodan & Rana, 2020). Consumer behavior and desire to use e-wallets are significantly influenced by perceived ease of use (PEOU), perceived usability (PU), trust, security, facilitating circumstances, and lifestyle suitability (Chawla & Joshi, 2019).

Compatibility

Compatibility according to Rogers (2003) described as "the degree to which an innovation is thought to be in line with current values, prior knowledge, and the requirements of possible adopters." Due to the lack of a common standard for using mobile technology, companies may have to deal with a variety of solutions (Mallat *et al.*, 2006). Customers may wish to avoid the hassle of carrying several e-wallets and financial applications, which may lead to issues with system incompatibilities. This can generate confusion and additional challenges for businesses, particularly when it comes to check-out. Guo & Bouwman (2016) additionally, it was shown that the Chinese market's continuous adoption of mobile payments is impacted by the high degree of compatibility with current merchant payment systems. Because of this, businesses want a standardized system that can manage various payment methods and react to client inquiries (Mobilepaymentstoday.com, 2015). Mishra *et al.* (2018) additionally, it was decided that mobile payment solutions have to fit the merchant's way of life. Since the resemblance of the mobile payment process to the current transaction method is the definition of mobile payment

compatibility. As a result, businesses are more inclined to stick with mobile payments when they think they fit in with their current payment methods and lifestyles, which will improve business performance even more.

H1: The Effect of Compatibility on Mobile Wallet Adoption in MSMEs in Indonesia

Relative advantage

One of the key factors in the body of research on technology adoption is relative advantage, which includes things like perceived advantages or usefulness. The degree to which companies experience the advantages of using mobile payments is its definition. Because of this, when businesses embrace mobile payments, they will anticipate more additional value for their company (Apanasevic *et al.*, 2018). Thoi (2016) highlights that when a business obtains sufficient value, such as cost savings and risk reduction, it is a significant motivator for merchants to adopt mobile payments. Customers might be satisfied with a seamless procedure since it makes things convenient (Gpkretail cited in Mahakittikun *et al.*, 2021), additionally, it is believed that dependable and efficient services may have a big influence on corporate development (Nyaga, 2013). Technology's advantages may be quantified by increased efficiency, effectiveness, and time savings (Davis, 1989b; Moore & Benbasat, 1991) and delivery speed (Premkumar & Roberts, 1999). Merchants will so gain from these advantages when they accept mobile payments, which will improve business success. As a result, the following theory is put forth:

H2: The effect of relative advantage on Mobile wallet adoption of MSMEs

Innovativeness

Personal innovation, often known as a person's readiness to attempt a certain invention, is one of the individual characteristics employed in this research (Prasad & Agarwal, 1998). Individuals with more personal innovations are believed to

have more positive perceptions and intentions to use specific innovations. Pham & Ho (2015) examined how Taiwanese consumers' intentions to use mobile payment services relate to their level of personal innovation. Early adopters and creative people are highly motivated to study and use mobile payment systems, confirming a beneficial association. People who have a strong interest in learning about and researching novel concepts are often referred to as inventive individuals. Other similar studies related to personal innovation include Shaw (2015) and Yang *et al.* (2012). Since they have little trouble adjusting to such new technology, innovative people are said to find m-wallets simple to use.

H3: The Effect of Innovativeness on Mobile Wallet Adoption of MSMEs

Mobile Wallet knowledge

Mobile wallet knowledge can increase the level of understanding regarding technology adoption by increasing the ability of individuals to adopt innovations (Tornatzky & Fleischer, 1990). In line with research conducted by Mahakittikun *et al.* (2021), Nair *et al.* (2019) and Chiu *et al.* (2017) stated that businesses are more likely to successfully adopt mobile payment systems and have favorable business outcomes if they have a greater degree of expertise in their usage.

H4: The Influence of Mobile Wallet Knowledge on Mobile Wallet Adoption of MSMEs

Perceived Ease of Use

Davis (1989) describes the meaning of PEU (Perceived Ease of Use), which refers to how far a person believes that no effort is needed in using a particular system. Nangin *et al.* (2020) outlined how a person's perception of their ability to comprehend and use technological equipment is measured by their PEU on technology usage. Ramli *et al.* (2017) examined the PEU factor in technology adoption. They concluded that PEU is described as user confidence in adopting technology that is less complicated and easier to use, as well as easy to

understand. It can be concluded that perceived ease of use is a measure by which a person is confident in using a technology because the technology is easy to understand and easy to use to help his needs.

H5: The Effect of Perceived Ease of Use on MSME Mobile wallet Adoption

Perceived Usefulness

PU (Perceived Usefulness) is described by Davis (1989) as how far a person thinks that using a certain method will improve their job performance. In addition, he also concluded that PU is a strong correlation for those trying to develop or implement a successful system by not ignoring perceived utility. Another finding conducted by Dahlberg *et al.* (2015) outlining the size of PU includes performance development, productivity development, effectiveness, overall benefits, time savings, and job performance progress. In the research of (MN & Warningsih, 2021), perceived usefulness can be explained as an assumption about the added value that will be received. Suppose financial technology can fulfill a person's benefits such as the realization of effectiveness and efficiency. In that case, this will certainly create a positive impression on the service, so the intention to use it will also increase. It can be concluded that perceived usefulness is a measure of a person's confidence in using a particular technology can provide benefits in terms of improving work performance and saving time, as well as the realization of effectiveness and efficiency.

H6: The Effect of Perceived Usefulness on MSME Digital Wallet Adoption

Business Performance of MSMEs

Innovation in information and communication technology has a big impact on the business and will continue to drive innovation in the future (Park *et al.*, 2019). Businesses must therefore make an effort to understand the external dynamics involved in company growth. In order to help the business stay competitive in the global market, it is

essential to acknowledge recent technical advances and launch an internal plan. The success of the business is also impacted by suppliers, therefore managers need to have positive connections with them. There are two reasons why MSMEs' performance is impacted by information and communication technologies. First, supplier knowledge and consumers (users) may be easily and affordably accessed via information and communication technology, which fosters innovation. Second, since they can now handle their finances without the need for big computers, the most recent advances in financial technology have lowered operating expenses.

H7: The effect of mobile wallet adoption on MSME business performance

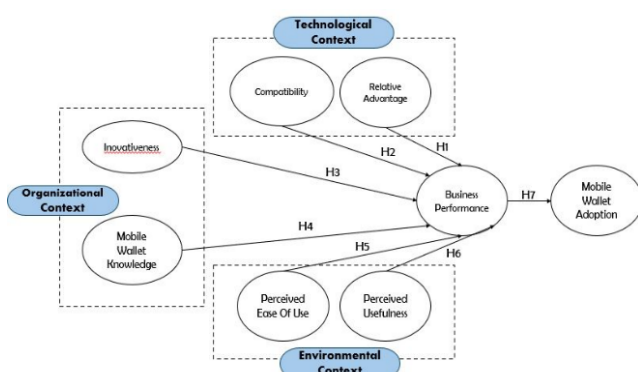


Figure 1. Research Framework

RESEARCH METHOD

Data and sample

The method applied in this study is a quantitative method. The population in this study is food and beverage MSME actors in Pangandaran who use mobile wallets in their business transactions. The purposive sampling technique is used in sample collection, where the criteria include food and beverage MSME actors located in Pangandaran who actively use mobile wallets for business transactions and are willing to participate in the study by filling out a closed-ended questionnaire. This study uses a data collection technique: a closed-ended questionnaire distributed for three months, from April to June 2024. To ensure diverse representation of MSMEs throughout Pangandaran, the questionnaire was distributed both directly and online.

Data Analysis

Relative advantage, compatibility, innovativeness, mobile payment expertise, perceived ease of use, perceived utility, mobile payment uptake, and MSME success are the eight factors that this research shows including in the model based on Figure 1. Table 1 displays all of these variables' indicators, which are also included in the results section. To examine the association between those factors, this study uses a variance-based structural equation model using Smart-PLS.

Table 1. Operational Variable

Variable	Definition	Source	Scale
Relative Advantage	An organization's perception of the advantages or benefits gained by adopting digital wallet technology.	Thoi (2016)	Likert
Compatibility	The degree to which an invention is seen to be in line with current beliefs, prior knowledge, and prospective users' demands	Rogers (2003)	Likert
Innovativeness	The level of willingness of a person to try a particular innovation	Prasad & Agarwal (1998)	Likert
Mobile Wallet Knowledge	Mobile wallet knowledge can increase the level of understanding regarding technology adoption by increasing the ability of individuals to adopt innovations	Tornatzky & Fleischer (1990)	Likert
Perceived Ease of Use	How far a person believes that no effort is needed in using a particular system	Davis (1989)	Likert
Perceived Usefulness	How far a person thinks that using a certain method will improve their job performance	Davis (1989)	Likert
Mobile Wallet Adoption	The level of use of digital wallet technology in business processes by the organization.	Venkatesh <i>et al.</i> (2003)	Likert
Business Performance	Business success rate in financial and non-financial aspects.	Park <i>et al.</i> (2019)	Likert

Source: Data processed by researchers

RESULT AND DISCUSSION

A total of 200 valid responses were collected as primary data for this study, which were measured using a Likert scale to assess the variables.

Table 2. Characteristic Sample

Characteristic	Total	Percent
<i>Gender</i>		
Man	65	32%
Woman	135	68%
<i>Age (year)</i>		
<25	18	9%
26-30	37	19%
31-35	40	20%
36-40	31	16%
>40	72	36%
<i>Education</i>		
SD	10	5%
SMP	19	10%
SMA	89	45%
Sarjana/Diploma	76	38%
Pasca Sarjana	4	2%
<i>Use of E-Wallet</i>		
Yes	151	76%
No	47	24%
<i>Long time using e-wallet (year)</i>		
<1	91	46%
1-5	93	47%
>5	14	7%
<i>Number of Employees</i>		
1-5 Employees	185	93%
6-10 Employees	13	7%
<i>Revenue Per Year</i>		
<200 million/Year	195	98%
200-500 million/Year	2	1%
500 million - 1 M/Year	1	1%
<i>Types of E-Wallets</i>		
GoPay	41	16%
DANA	115	44%
QRIS	7	3%
OVO	27	10%
LinkAja	14	5%
ShopeePay	56	21%
BJB Digi	3	1%

Source: Data Processed by Smart-PLS (2024)

Descriptive Statistics

The results of the descriptive analysis are summarized in Table 3 as the mode, minimum, maximum, standard deviation, and average values

of the study variables. There are four statement items for each of the relative variables: relative advantage, compatibility, innovativeness, and mobile wallet adoption. Next, there are three statement items for the variables of mobile wallet knowledge, perceived usefulness, and ease of use, and five statement items for business performance. It is evident from the table that each person's average score is larger than their standard deviation. This suggests that the data quality of the questionnaire responses is excellent. As a result, the data distribution seems normal and is free of bias. The descriptive features of the study's sample are shown in Table 3.

Table 2. Descriptive Statistics

Variable	Mean	SD	Min	Max
Relative Advantage	23.18	6.04	4	28
Compatibility	22.47	6.20	4	28
Innovativeness	21.42	5.86	4	28
Mobile Wallet Knowledge	14.62	5.52	3	21
Perceived Ease of Use	17.48	4.66	3	21
Perceived Usefulness	17.27	4.52	3	21
Mobile Wallet Adoption	22.50	6.20	4	28
Business Performance	27.97	7.52	5	35

Note: SD= Standard Deviation Source: Data Processed by Smart-PLS (2024)

Validity and Reliability Test

According to Table 4's findings, each indicator's loading value factor is higher than 0.70. All of the indicators utilized in this research may be valid for measuring their respective variables, according to the evidence. Additionally, the Average Variance Extract (AVE) value for each variable is greater than 0.50. This shows that each indicator has sufficient reliability to measure the factors that are related to it. All of the indicators used to assess the variables we provide are tested for validity and reliability in Table 4.

Tabel 4. Validity and Reliability Test

Indicator	Factor Loading	AVE
<i>Relative Advantage</i>		
I feel that using a digital wallet can help my work at my place of business more easily	0.901	0.856
I feel that using digital wallets improves the quality of work in my business	0.939	
I find it easier to use a digital wallet than a cash payment system	0.940	
I feel that using a digital wallet is more profitable on sales in my business	0.919	
<i>Compatibility</i>		

Indicator	Factor Loading	AVE
I feel that using a digital wallet is in accordance with the payment system in my business	0.943	0.892
I feel that using a digital wallet is in accordance with my current business situation and conditions	0.949	
I feel that using a digital wallet is suitable for my type of business	0.940	
I feel that digital wallets are the most appropriate payment method applied in my current business	0.947	
<i>Innovativeness</i>		
I feel that using a digital wallet is the most appropriate payment method to apply in my current venture	0.920	0.695
I feel confident that using a digital wallet can advance my business	0.906	
I feel that using a digital wallet is often considered new by customers	0.771	
I feel that digital wallets have only minor changes from the usual payment methods	0.719	
<i>Mobile Wallet Knowledge</i>		
I feel that using a digital wallet often puts me in front of new competitors	0.858	0.829
My employees have been trained in using digital wallets	0.929	
My employees are experts in using digital wallets	0.942	
<i>Perceived Ease of Use</i>		
I feel like learning to use a digital wallet won't be too difficult	0.937	0.894
I feel like digital wallets make transactions more flexible	0.958	
I find the digital wallet payment system easy to use	0.941	
<i>Perceived Usefulness</i>		
I feel that the use of digital wallets will improve the quality of transactions	0.947	0.843
I feel that using a digital wallet will improve transaction accuracy	0.935	
I feel that using a digital wallet reduces transaction time	0.871	
<i>Mobile Wallet Adoption</i>		
Digital wallets have been carefully implemented in my endeavors	0.939	0.873
The digital wallet has been integrated online with other companies that support my business (Ex: Banks, suppliers, etc.)	0.912	
I try to be a pioneer of technology users in this business	0.929	
I'm satisfied with the technology provided by the digital wallet service provider	0.956	
<i>Business Performance</i>		
By using digital wallets, our sales increased	0.958	0.885
By using digital wallets, our business profits increase	0.929	
By using digital wallets, business performance has improved	0.960	
By using digital wallets, our business can compete with other businesses in the same industry	0.903	
By using digital wallets, we can increase interaction with consumers	0.952	

Source: Data Processed by Smart-PLS (2024)

The Fornell-Larcker criteria may be used to examine the validity of discrimination. This measurement demonstrates that a variable's correlation with itself shouldn't be less than that with other variables. Table 4 satisfies the previously

stated requirements. The Larcker Criteria of Fornell have been satisfied; Therefore, it can be interpreted that all latent variables have passed the validity test.

Table 5. Discriminant Validity

	BP	COM	INN	MWA	MWK	PEU	PU	RA
Business Performance	0.941							
Compatibility	0.933	0.945						
Innovativeness	0.899	0.896	0.833					
Mobile Wallet Adoption	0.985	0.941	0.895	0.934				
Mobile Wallet Knowledge	0.788	0.685	0.667	0.776	0.911			
Perceived Ease of Use	0.883	0.826	0.802	0.891	0.718	0.946		
Perceived Usefulness	0.889	0.842	0.820	0.898	0.695	0.927	0.918	
Relative Advantage	0.911	0.914	0.851	0.925	0.680	0.862	0.869	0.925

Source: Data Processed by Smart-PLS (2024)

The following Table 6 is the result of the calculation of reliability values using Cronbach alpha and composite reliability. According to the test findings above, each variable satisfies the Cronbach's reliability and alpha composites requirements > 0.7 . Consequently, it can be said that the measures used in this research instance have successfully passed the reliability test.

Tabel 6. Cronbach's Alfa and CR

	Cronbach's Alpha	Composite Reliability
Business Performance	0.967	0.975
Compatibility	0.960	0.971
Innovativeness	0.855	0.900
Mobile Wallet Adoption	0.951	0.965
Mobile Wallet Knowledge	0.896	0.936
Perceived Ease of Use	0.941	0.962
Perceived Usefulness	0.907	0.941
Relative Advantage	0.944	0.960

Source: Data Processed by Smart-PLS (2024)

Tabel 7. Hypothesis Testing

	Original Sample (O)	T Statistics (O/STDEV)	P Values
Relative Advantage \rightarrow Mobile Wallet Adoption	0.173	2.301	0.022*
Compatibility \rightarrow Mobile Wallet Adoption	0.370	4.383	0.000**
Innovativeness \rightarrow Mobile Wallet Adoption	0.119	2.758	0.006
Mobile Wallet Knowledge \rightarrow Mobile Wallet Adoption	0.159	5.492	0.000**
Perceived Ease of Use \rightarrow Mobile Wallet Adoption	0.109	2.182	0.030
Perceived Usefulness \rightarrow Mobile Wallet Adoption	0.128	2.431	0.015
Mobile Wallet Adoption \rightarrow Business Performance	0.985	322.762	0.000**

Source: Data Processed by Smart-PLS (2024)

The following Table 7 presents the analysis of the pathway in the test hypothesis. The relative advantage variable significantly and favorably influences the adoption of mobile wallets, according to the bootstrapping test findings (H1 supported). The significance is shown by a p-value of $0.022 < 0.05$, with a path coefficient of 0.173 and a t-statistic of 2.301. Likewise, the use of mobile wallets was strongly favorably impacted by the compatibility variable (H2 supported). The adoption of mobile wallets is significantly impacted by compatibility, as shown by the coefficient parameter value of 0.370, t-statistic of 4.383, and p-value of $0.000 < 0.05$. The Innovativeness variable shows a significant favorable influence on mobile wallet adoption (H4 supported). The value of the coefficient parameter of 0.119 with a t-statistic of 2.758 and a p-value of $0.006 < 0.05$ confirms that innovativeness significantly impacts mobile wallet adoption. Next, there was a significant positive impact of the Mobile Wallet Knowledge variable on the usage of mobile wallets (H4 supported).

With a t-statistic of 5.492, a p-value of $0.000 < 0.05$, and a coefficient parameter of 0.159, it is evident that mobile wallet adoption is highly impacted by mobile wallet knowledge. Mobile wallet uptake was strongly impacted by the variable Perceived Ease of Use (H5 supported). With a t-statistic of 2.182, a p-value of $0.030 < 0.05$, and a coefficient parameter of 0.109, it is evident that perceived ease of use influences significantly the uptake of mobile wallets. Perceived usefulness had a substantial positive impact on the uptake of mobile wallets (H6 supported). With a t-statistic of 2.431, a p-value of $0.015 < 0.05$, and a coefficient parameter of 0.128, it is evident that perceived usefulness significantly influences the adoption of mobile wallets. The variable of mobile wallet uptake has a strong beneficial impact on business performance (supported by H7). A t-statistic of 322.762, a p-value of $0.000 < 0.05$, and a coefficient parameter of 0.985 all support the idea that the use of mobile wallets significantly affects business performance.

DISCUSSION

Compatibility to Mobile Wallet Adoption

Compatibility, with a t-statistical value of 4.383 and a p-value of 0.000 (< 0.05), had a significant effect on the adoption of mobile payments among MSMEs in Pangandaran. These findings are in line with previous research (Baig *et al.*, 2019; Khan & Ali, 2018; Mahakittikun *et al.*, 2021; Setiyani & Yeny Rostiani, 2021), emphasized that its high level of compatibility with the adoption of mobile payments affects its continued use among merchants. When companies consider mobile payments to be highly compatible with their current payment systems and lifestyles, they will continue to use them, thus providing benefits to their business performance. Based on Rogers (2003) The link between compatibility and mobile payment acceptance is measured using the Diffusion of Innovation (DOI) hypothesis, which influences businesses' persistent adoption of new technological systems. As a result, MSMEs that use mobile payment solutions may do better.

Relative Advantage to Mobile Wallet Adoption

The t-statistic value is high in the technological context, namely the Relative Advantage component, suggesting a favorable impact on the uptake of mobile payments. These findings are in line with previous research (Alaimo *et al.*, 2020; Mahakittikun *et al.*, 2021; Maroufkhani *et al.*, 2020), It claims that retailers are encouraged to utilize mobile payments by advantages including cost savings, risk reduction, and easy procedures. The adoption of mobile payments and relative advantage are positively correlated, according to Rogers' Innovation Diffusion Theory (DOI), especially when it comes to increasing productivity and efficiency while saving time. This conclusion emphasizes how crucial the advantages are in promoting Pangandaran MSMEs' use of mobile payment technology.

Innovativeness to Mobile Wallet Adoption

With a t-statistic of 2.758 and a p-value of 0.006 (where the t-statistic > 1.96 and the p-value < 0.05), innovation is shown. This is regarded as influential, indicating that it has a favorable effect on the uptake of mobile payments. These results align with previous research conducted by Yasar *et al.* (2019), showing that for businesses, ongoing innovation may produce remarkable outcomes.

As a result, when a business actively implements innovation, its overall performance will improve. Based on Rogers (2003) According to the Innovation Diffusion (DOI) hypothesis, the introduction of novel concepts, methods, or items that users of mobile payment technology find novel characteristics of the link between innovation and adoption of mobile payments.

The introduction of innovation by a business that has not been previously explored differentiates it and contributes to improving business performance. As a result, Pangandaran's MSMEs are very innovative, and their use of mobile payment solutions is probably going to improve their company success. This suggests that these MSMEs might also actively look for and use innovations to further enhance their company operations. Therefore, the degree of innovation among Pangandaran's MSMEs is essential.

Mobile wallet Knowledge to Mobile wallet

With a t-statistic of 5.492 and a p-value of 0.000, awareness of mobile payments has a major influence on how MSMEs in Pangandaran use them. This is in line with Schillewaert *et al.* (2005) discovering that small firms' adoption of new technologies is sometimes influenced by their expertise of them. Formal training is usually necessary for MSMEs to embrace technology, depending on individual evaluation. In the framework of TOE according to Tornatzky & Fleischer (1990), better technical competency is correlated with greater owner knowledge, but operational issues are implied by lesser expertise. Regardless of educational background, MSMEs in

Pangandaran depend on self-evaluation and prior expertise to successfully manage the deployment of mobile payments.

Perceived Ease of Use to Mobile Wallet Adoption

The degree to which someone thinks using a technology would be effortless is known as perceived ease of use (Jogiyanto, 2017). This is also supported by (Davis, 1989), he claims that the degree to which a person feels that using information technology is simple and doesn't take effort on their part is known as their impression of ease of use. The degree to which people think a given system will be error-free is known as their individual notion of perceived ease of use. Several previous studies have shown that the perception of ease of use positively affects interest in using e-payment, including (Rahmatsyah, 2011). This result is based on the benefits provided by interest in using e-payment to consumers as users interested in using e-payment, namely in the form of electronic money, which is very easy to use, easy to understand, practical, and flexible.

Perceived Usefulness to Mobile Wallet Adoption

The degree to which an individual thinks that using a certain system might enhance his or her performance at work is known as perceived usefulness (Jogiyanto, 2017). This is also supported by (Davis, 1989) he said that a person's degree of trust that using technology would enhance his ability to accomplish his job is known as the perception of advantages. The degree to which the advantages of a medium are perceived increases with its effectiveness. Arif (2012) explained that the dimension of the usefulness of information technology includes benefits and effectiveness. The benefit dimension is to make work easier, useful, and increase productivity. Meanwhile, the effectiveness dimension includes increasing effectiveness and developing work performance. Based on these several criteria, it

can be inferred that a person would use a technology if it benefits him and may enhance his performance, hence increasing his productivity. Numerous earlier research has shown that interest in using payments is positively impacted by the sense of rewards including Candraditya (2013), Miliani & Indriani (2013), and Rahmatsyah (2011). In other words, the perception of benefits greatly affects interest, because it is considered the most capable of explaining the benefits of interest in using e-payment. Individuals argue that the benefits of using e-payment interest can provide convenience and speed in making payment transactions.

Mobile Wallet Adoption to Business performance

Perceived ease of use is another crucial factor that influences consumer adoption of mobile wallets. Customers are more inclined to utilize mobile wallets if they think they're simple to use. Easy-to-use and low-effort mobile wallets have a higher chance of being adopted by consumers. The effectiveness of MSMEs' ICT expenditure is a characteristic of their marketplaces and policies. This technological advancement in accounting promotes corporate development and innovation by streamlining transactions and reducing fraudulent activity. In summary, MSMEs in Pangandaran see a radical change as a result of integrating mobile payment solutions, which boosts overall company performance, lowers expenses, and increases efficiency.

CONCLUSION

A number of conclusions provide a thorough summary derived from the examination of MSME data on Pangandaran Company Performance. First, the adoption of mobile payments has been shown to be favorably impacted by relative advantage. Mobile payments provide business owners a number of advantages, including increased productivity and time savings, which boost company success. Second, the

adoption of mobile payments is being favorably impacted by the excellent performance of mobile knowledge. For MSMEs to embrace technology, formal training is usually necessary based on individual evaluation. According to Tornatzky & Fleischer (1990), higher owner knowledge is associated with greater technical competency in the TOE framework, but lesser knowledge suggests operational difficulties. Adoption has been shown to be hampered by awareness of mobile payments, however. No matter how much formal education they have, MSME owners often depend on their own expertise, which has a negative impact on the use of mobile payments. In the meantime, advancements in the use of mobile payments also improve the operation of businesses. MSMEs that are very innovative often make beneficial company improvements that greatly enhance performance.

Finally, implementing mobile payments has a direct beneficial impact on the performance of the business. Using mobile payments enhances company performance by lowering the risk of fraud and facilitating transactions, which enables MSMEs to see significant gains in performance. Mobile wallet knowledge, perceived benefits, perceived ease of use, innovation, relative advantages, and mobile compatibility all play a part in the adoption of mobile payments and their effects on Pangandangan MSME company performance.

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