Advanced International Journal of Business, Entrepreneurship and SME's
AIJBES
EISSN: 2682-8545
Volume: 8 Issue: 28 (June 2026) PP. 50-69

ADVANCED INTERNATIONAL JOURNAL OF BUSINESS, ENTREPRENEURSHIP AND SMES (AIJBES)
www.gaexcellence.com/aijbes

WHAT DRIVES E-WALLET ACCEPTANCE AMONG MALAYSIA'S LOW-INCOME GROUPS? A MEDIATED UTAUT MODEL

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Article Info:

Article history:
Received date: 18.03.2026
Revised date: 07.04.2026
Accepted date: 24.05.2026
Published date: 04.06.2026

To cite this document:

Samar, N. S. A., Ismail, S., & Abd Rahman, N. H. (2026). What Drives E-Wallet Acceptance Among Malaysia's Low-Income Groups? A Mediated Utaut Model. *Advanced International Journal of Business Entrepreneurship and SMEs, 8* (28), 50-69.

DOI: 10.35631/AIJBES.828003

Abstract:

This study examines the factors influencing e-wallet adoption among low-income groups in Malaysia, where digital financial inclusion remains limited despite the rapid expansion of fintech. Using data collected from 384 respondents, the research applies the Unified Theory of Acceptance and Use of Technology (UTAUT) to assess how performance expectancy, effort expectancy, and facilitating conditions shape e-wallet acceptance. Partial Least Squares Structural Equation Modelling (PLS-SEM) was employed to test both direct and indirect relationships, with behavioural intention included as a mediating variable. The results indicate that performance expectancy, facilitating conditions, and behavioural intention significantly predict e-wallet acceptance, while effort expectancy shows no significant direct effect. Mediation analysis further reveals that behavioural intention significantly mediates the effects of performance expectancy and facilitating conditions on acceptance. Overall, this study concludes that performance expectancy and facilitating conditions are more critical than effort expectancy in driving e-wallet adoption among low-income groups, providing practical guidance for policymakers and service providers seeking to enhance digital financial inclusion.

Keyword:

Digital Financial Inclusion, E-Wallet Acceptance, Low-Income Groups, Malaysia, PLS-SEM, UTAUT Model

Advanced International Journal of Business, Entrepreneurship and SME's
AIJBES
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Volume: 8 Issue: 28 (June 2026) PP. 50-69

Introduction

A major challenge facing digital financial ecosystems is the uneven acceptance of e-wallets among different socioeconomic groups, particularly when low-income users face barriers that hinder full participation in cashless systems. Although Malaysia promotes transparency, accessibility, and secure financial technologies to encourage widespread digital payment acceptance, uncertainties persist regarding whether low-income groups can meaningfully participate in this transition. Prior studies highlight that, factors such as digital proficiency, infrastructure readiness, and facilitating conditions influence technology acceptance; however, little is known about how these determinants operate specifically among low-income groups in Malaysia. Despite national ambitions to strengthen digital inclusion, the mechanisms driving acceptance of e-wallets among disadvantaged groups remain insufficiently understood.

Government-led initiatives such as cashless campaigns, financial incentives, and infrastructure development emphasize the importance of e-wallet usage, particularly in areas with high concentrations of low-income households. Consistent with Malaysia's digital economy priorities, states like Kedah, Kelantan, and Negeri Sembilan represent regions where digital disparities are more pronounced due to socioeconomic vulnerabilities. These contextual differences suggest that examining technology acceptance in these regions is essential, as the acceptance of e-wallets influences the broader effectiveness of national digital transformation strategies. Yet, existing work has not adequately addressed how contextual barriers, and technological factors intersect to shape usage among low-income users.

The UTAUT model is particularly suitable for examining technology adoption among low-income groups because it incorporates both individual perceptions, such as performance expectancy and effort expectancy, and contextual factors, such as facilitating conditions and external support, which are critical determinants for financially constrained populations (Venkatesh et al., 2003; Rahman & Aziz, 2023). Recent studies in 2025 have further confirmed the relevance of UTAUT for low-income populations, demonstrating that behavioural intention, perceived usefulness, and facilitating conditions continue to significantly influence e-wallet adoption (Ahmad & Lee, 2025; Tan & Wong, 2025; Lim & Tan, 2025; Kumar & Rahman, 2025). For low-income users, performance expectancy reflects perceived financial benefits, effort expectancy captures familiarity with digital tools, and facilitating conditions indicate infrastructure and support availability. Recent studies in 2025 have further confirmed the relevance of UTAUT for low-income populations in emerging markets, demonstrating that behavioural intention and perceived usefulness remain key predictors of e-wallet adoption (Ahmad & Lee, 2025; Tan & Wong, 2025). By including behavioural intention as a mediator, the model allows the exploration of how perceived benefits and environmental support translate into actual technology usage among low-income Malaysians, providing a comprehensive framework for understanding digital financial inclusion.

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EISSN: 2682-8545
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To investigate these relationships, this study applies the UTAUT framework to assess the impact of performance expectancy, effort expectancy, and facilitating conditions on acceptance of e-wallets among low-income individuals. Using a dataset of 384 respondents from three Malaysian states, this study employs Partial Least Squares Structural Equation Modelling (PLS-SEM) to evaluate direct and indirect effects. The findings demonstrate that performance expectancy and facilitating conditions significantly influence both behavioural intention and acceptance of e-wallet, while effort expectancy is not a significant direct predictor. Behavioural intention plays a meaningful mediating role, underscoring the importance of perceived usefulness and environmental support.

This study adds actual data from low-income groups, a category frequently disregarded in fintech acceptance studies, to the growing body of literature on digital financial inclusion. Existing UTAUT research has rarely examined these determinants within the context of regional socioeconomic differences, nor has it explored mediation effects in low-income settings. The empirical results from this study offer insights that can be generalized to other emerging markets facing similar digital divides, especially those with varying infrastructure readiness and income disparities.

This paper is organized as follows: Section 2 discusses the relevant literature; Section 3 outlines the data and methodology; Section 4 presents and interprets the empirical findings; and Section 5 concludes with implications and recommendations.

Literature Review

Venkatesh et al. (2003) established the Unified Theory of Acceptance and Use of Technology (UTAUT), which uses four main factors to explain technology acceptance: performance expectancy, effort expectancy, social influence, and enabling circumstances. Recent studies reaffirm its relevance in digital financial services, particularly e-wallet adoption among low-income groups. A 2023 Malaysian study applying UTAUT to B40 groups demonstrated the model's effectiveness in predicting e-wallet usage (Kamarulzaman & Omar, 2023), and a 2024 investigation integrating UTAUT with Task–Technology Fit theory confirmed the strong predictive roles of performance expectancy and facilitating conditions (Rahman et al., 2024). More recent research in 2025 reinforces these findings, highlighting that behavioural intention, perceived usefulness, and enabling conditions continue to significantly influence e-wallet adoption among low-income populations (Ahmad & Lee, 2025; Tan & Wong, 2025). Cross-country evidence from Thailand further supports the model's applicability across diverse socioeconomic settings (Sangwongwanich & Suwanno, 2024). This research serves as a guide for this study, which focuses on performance expectancy, effort expectancy, and facilitating conditions as important factors that influence behavioural intention, which in turn influences low-income groups' adoption of e-wallets. This emphasis aligns with recent findings highlighting behavioural intention as a critical mediator in digital payment adoption (Sharma & Gupta, 2023). Additional 2025 studies in Southeast Asia and Malaysia confirm the importance of facilitating conditions, trust, and behavioural intention in influencing digital wallet adoption among low-income users (Chen & Wong, 2025; Ahmad & Lee, 2025; Tan & Lim, 2025).

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Performance Expectancy

Performance expectancy, according to Venkatesh et al. (2003), is the extent to which an individual believes that using a particular technology will enhance their daily operations. When it comes to e-wallets, performance expectations are often associated with the perceived worth, convenience, speed, and efficiency of online transactions (Sharma et al., 2023). According to studies, people are more inclined to accept e-wallets when they believe they offer substantial benefits over conventional cash-based transactions. However, compared to metropolitan groups, low-income users could perceive performance expectancy differently. Because cash is widely accepted and doesn't have transaction fees, many people in this group use cash for everyday transactions. Low-income Malaysians are less inclined to accept e-wallets if they do not see a clear financial gain, according to research by Rahman and Aziz (2023). Moreover, small-scale merchants in low-income regions often prefer cash transactions due to concerns over transaction fees and delayed fund transfers, further influencing user perceptions of e-wallet performance.

Effort Expectancy

Venkatesh et al. (2003) define effort expectancy as the degree of ease associated with implementing a particular technology.When it comes to e-wallets, effort expectation refers to how easy, accessible, and user-friendly the interface is for users, particularly those who are not as familiar with digital financial services. Due to their inexperience with mobile banking systems, lack of digital literacy, and worries about transaction errors, low-income consumers may encounter major obstacles in this area (Mohd Rafi & Gani, 2023). E-wallets may be simple to use for urban populations with high smartphone penetration rates, but lower-income and rural users sometimes have trouble managing their passwords, navigating apps, and resolving problems. Users are more inclined to accept e-wallets if they believe the interface is easy to use and requires little effort, according to a study by Sharma et al. (2023). To increase effort expectation and encourage broader acceptability, e-wallet providers should give priority to streamlined app designs, multilingual support, and customer assistance features, especially in low-income regions where the majority of users are elderly and illiterate.

Behavioural Intention

E-wallet acceptance has become an important component of Malaysia's digital economy, driven by rapid advancements in financial technology and the government's vision for a cashless society (Bank Negara Malaysia [BNM], 2023). A key element of the UTAUT model, behavioural intention reflects a person's drive and readiness to use technology (Venkatesh et al., 2003). According to this concept, the relationship between performance expectancy, effort expectancy, facilitating factors, and actual e-wallet usage is mediated by behavioral intention. Prior research consistently demonstrates that stronger behavioural intention leads to higher levels of technology acceptance (Sharma et al., 2023). However, among low-income groups, behavioural intention may be negatively affected by external factors such as financial insecurity, distrust of digital platforms, and concerns about fraud (Rahman & Aziz, 2023). For this reason, fostering positive behavioural intention requires e-wallet providers and policymakers to address security concerns, offer meaningful financial incentives, and ensure seamless and reliable transaction experiences. Users must have confidence that their digital transactions are secure, efficient, and beneficial before they fully adopt e-wallet technology.

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Acceptance Of E-Wallets

Due to the government's goal of a cashless society and the quick development of financial technology, e-wallet adoption has grown to be a significant part of Malaysia's digital economy (Bank Negara Malaysia [BNM], 2023). E-wallets provide a convenient and efficient alternative to cash transactions, particularly in urban areas where digital payment systems are well established. However, despite these national developments, low-income groups remain cautious about adopting e-wallets due to concerns related to perceived financial risks, limited digital literacy, trust issues, and security vulnerabilities (Rahman & Aziz, 2023). According to the Department of Statistics Malaysia (DOSM, 2023), the states of Kedah, Kelantan, and Negeri Sembilan have among the highest proportions of low-income households, and their unique socioeconomic conditions may influence e-wallet acceptance differently compared to more urbanized regions.

Although the government has introduced various initiatives such as cashback programs and e-wallet credit subsidies to encourage digital payment adoption, research indicates that these efforts have not fully succeeded in increasing acceptance among low-income users. Factors such as inadequate infrastructure, insufficient awareness, and technological barriers continue to limit their participation in digital financial services (Sharma, Wong, & Tan, 2023). To address these issues, this study uses the Unified Theory of Acceptance and Use of Technology (UTAUT) as its theoretical framework to pinpoint the major factors affecting the adoption of e-wallets in these states.

Data

We begin with 384 respondents in our dataset, representing low-income individuals from the states of Kedah, Kelantan, and Negeri Sembilan. These states were selected based on the Department of Statistics Malaysia (DOSM, 2023), which identified them as having among the highest proportions of low-income groups. Demographic data and answers to the UTAUT constructs performance expectancy, effort expectancy, enabling conditions, behavioural intention, and e-wallet acceptance were recorded by the survey instrument. A standardized questionnaire was used to collect the data, and it was delivered both online and offline to account for respondents' differing degrees of internet accessibility. Following the sampling framework established for low-income populations, we applied several exclusion procedures to ensure data quality and adherence to this study criteria. We excluded respondents who provided incomplete answers, exhibited straight-lining patterns, or reported incomes exceeding the B40 threshold of RM5,250 per month. Additionally, individuals who indicated having never used an e-wallet were removed, as they were unable to meaningfully assess the constructs related to acceptance. After implementing these exclusions, our final dataset remained at 384 valid responses, meeting the required sample size for analysis using the Krejcie and Morgan (1970) criteria.

Since this study focuses on low-income groups' acceptance of digital financial tools amid Malaysia's ongoing digitalization initiatives, data collection was conducted in 2023, when nationwide programs promoting digital payments were actively in place. This period aligns with several government-driven efforts to increase digital financial inclusion, making it suitable for examining the determinants of acceptance of e-wallets, especially the roles of performance expectancy, effort expectancy, and facilitating conditions.

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EISSN: 2682-8545
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We conclude the sample period in 2023 to reflect the most recent socioeconomic conditions affecting low-income groups. The timeframe ensures that the survey captures current behavioural trends, technological familiarity, and infrastructural factors influencing e-wallet usage. By situating the data collection within this period, this study provides timely insights into how external support systems and perceived usefulness shape the acceptance of digital financial services among Malaysia's B40 population.

Research Methodology

This study investigates the main factors influencing the use of e-wallets among low-income groups in Kedah, Kelantan, and Negeri Sembilan through a quantitative research design. A quantitative approach was selected because it enables objective measurement, statistical testing, and generalization of findings across the target population (Saunders, Lewis, & Thornhill, 2023). To ascertain the present degree of e-wallet acceptability, information was gathered through a cross-sectional survey. This study focuses on performance expectancy, effort expectancy, and facilitating conditions as the independent variables that affect behavioural intention and subsequent e-wallet usage. It is guided by the Unified Theory of Acceptance and Use of Technology (UTAUT). Kedah, Kelantan, and Negeri Sembilan were selected because they recorded the highest proportions of low-income households in 2023 (Department of Statistics Malaysia [DOSM], 2023). This study targets individuals within Malaysia's Bottom 40% (B40) income group, defined as those earning less than RM5,250 per month (Economic Planning Unit, 2023). The required sample size of 384 respondents was determined using the Krejcie and Morgan (1970) sampling table for populations exceeding 100,000. A stratified random sampling technique was applied to ensure representation from both urban and rural areas. Stratification was based on district and income categories, ensuring that both formal-sector workers and individuals from informal economic activities, such as small traders and daily wage earners, were included.

Data were collected using a standardized questionnaire administered through both online and offline channels. Face-to-face surveys were conducted in remote areas with limited internet access, while the online version was circulated via Facebook, WhatsApp, and community networks. To accommodate respondents with different literacy levels, the questionnaire was provided in both Malay and English. The instrument consisted of five major components derived from validated UTAUT scales: demographic information, performance expectancy, effort expectancy, facilitating conditions, and behavioural intention with actual usage (Venkatesh et al., 2003). A pilot test involving 30 respondents was conducted to verify clarity, validity, and reliability, leading to minor adjustments that improved comprehension.

Partial Least Squares Structural Equation Modelling (PLS-SEM) with SmartPLS 4 software was employed to evaluate the data. PLS-SEM was selected over covariance-based SEM and other statistical methods because it is well-suited for exploratory research, accommodates smaller sample sizes, and handles non-normal data distributions effectively (Hair et al., 2022; Preacher & Hayes, 2023). Moreover, PLS-SEM allows simultaneous assessment of complex direct and indirect relationships, including mediation effects, making it ideal for evaluating how performance expectancy, effort expectancy, and facilitating conditions influence behavioural intention and e-wallet acceptance among low-income respondents. Demographic features were summarized using descriptive statistics. While the structural model was evaluated using path coefficients, t-values, and p-values to test the hypotheses, the measurement model was evaluated using Cronbach's alpha, composite reliability (CR), and

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average variance extracted (AVE) to guarantee internal consistency and convergent validity (Hair et al., 2022). To investigate the indirect impacts of behavioral intention on actual e-wallet usage, mediation analysis was also carried out using the bootstrapping approach (Preacher & Hayes, 2023).

The Institutional Research Ethics Committee approved this investigation. Respondents were reminded of their right to withdraw at any time, explained the study's objectives, and guaranteed confidentiality. Informed consent was obtained before participation, and no personally identifiable data were collected to ensure anonymity and protect participants' privacy (Resnik, 2023).

Overall, the methodological approach adopted in this study provides rigorous data collection and analysis, enabling a comprehensive examination of the factors that shape e-wallet acceptance among low-income groups in Malaysia. The use of PLS-SEM strengthens this study's analytical depth by revealing both direct and indirect relationships among the research variables. These insights are valuable for policymakers, fintech developers, and financial institutions seeking to enhance digital financial inclusion among economically vulnerable groups.

Results

The demographic profile of the respondents is shown in Table 1. There were 384 participants in this study, of whom 33.3% identified as male (n = 128) and 66.7% as female (n = 256). Three states accounted for the participants: Negeri Sembilan (29.9%, n = 115), Kelantan (32.8%, n = 126), and Kedah (37.2%, n = 143). The majority of participants (61.7%, n = 237) reported making less than RM2,500 per month, followed by 27.3% (n = 105) from RM2,501 to RM3,170, 7.8% (n = 30) from RM3,171 to RM3,970, and 3.1% (n = 12) from RM3,971 to RM5,250. Next, 51.0% (n = 196) of participants mentioned using their wallet between two and six days, 29.9% (n = 115) reported using it once a week, and 19.0% (n = 73) reported using it daily.

Table 1: Demographic Profile

Attributes	Group	Frequency	Percentage
Gender	Male	128	33.3
	Female	256	66.7
State	Kedah	143	37.2
	Kelantan	126	32.8
	Negeri Sembilan	115	29.9
Monthly Income	Under RM2,500	237	61.7
	RM2,501-RM3,170	105	27.3
	RM3,171-RM3,970	30	7.8

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Attributes	Group	Frequency	Percentage
Frequent Wallet Used in a Week	RM3,971-RM 5, 250	12	3.1
	Between 2 until 6 days in a week	196	51.0
	Once a week	115	29.9
	Every day	73	19.0

Source: (Developed by the current research study)

Measurement Model

To ensure that the constructs used in this study were both valid and reliable, the measurement model was thoroughly assessed. Construct validity and internal consistency were examined using factor loadings, composite reliability (CR), and average variance extracted (AVE). Reliability refers to the extent to which the measurement items consistently capture the intended constructs. In this study, internal consistency was evaluated using CR, with values above 0.70 considered acceptable (Hair et al., 2022). All constructs demonstrated satisfactory reliability: performance expectancy (CR = 0.810), facilitating conditions (CR = 0.901), and acceptance of e-wallets (CR = 0.924). Additionally, both effort expectancy and behavioural intention exhibited strong reliability, as all item loadings exceeded the recommended threshold of 0.70. These results confirm that each construct was measured consistently by its respective items.

Convergent validity, which reflects the degree to which indicators of the same construct correlate, was assessed through factor loadings and AVE. An AVE value of 0.50 or higher indicates adequate convergent validity (Fornell & Larcker, 1981). The results show that all constructs met this requirement: acceptance of e-wallets (AVE = 0.721), facilitating conditions (AVE = 0.647), and performance expectancy (AVE = 0.516). The high AVE values suggest that the indicators share a substantial amount of variance, thereby supporting the model's convergent validity. To make sure that each construct is unique and does not conceptually overlap with other variables, discriminant validity was also investigated. The Fornell-Larcker criterion, which contrasts the square root of each construct's AVE with its correlations with other constructs, was used to assess this. The results show that each construct's square root of the AVE was higher than its inter-construct correlations, indicating that the constructs are conceptually distinct and measure various model components.

The measuring model exhibits good discriminant validity, convergent validity, and reliability overall. These findings support the model's resilience and applicability for Partial Least Squares Structural Equation Modelling (PLS-SEM) hypothesis testing. This study is well-positioned to investigate the links between performance expectancy, effort expectancy, enabling conditions, behavioural intention, and e-wallet acceptability among low-income groups in Malaysia now that these measurement features have been defined.

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Table 2: Measurement Model

Constructs	Indicators / Items	Loadings	Composite Reliability	Average Variance Extracted
Performance Expectancy	PE1: In my opinion, e-wallet services are helpful in day-to-day living.	0.621	0.810	0.516
	PE2: By using E-wallet services, I have a better chance of accomplishing my goals.	0.745		
	PE3: Utilising e-wallet services speeds up my tasks.	0.662		
	PE4: My productivity is increased by using e-wallet services.	0.790		
	PE5: E-wallet is a flexible type of payment for me in day-to-day living.	0.760		
Facilitating Conditions	FC1: I have the necessary resources to use an e-wallet.	0.770	0.901	0.647
	FC2: I am knowledgeable enough to use e-wallet services.	0.810		
	FC3: E-wallet services work with the other technologies I use.	0.828		
	FC4: If I run into problems using the E-wallet services, I can get assistance from other people.	0.825		
	FC5: High levels of conducive conditions	0.774		

	have been established with e-wallets.			
	FC6: E-wallets are advantageous because they may be readily accepted by some user groups, particularly the elderly who may have usability issues.	0.818		
Effort Expectancy	EE1: I think using an e-wallet is simple.	0.890	0.991	0.810
	EE2: I have no trouble picking up the basics of using an e-wallet.	0.907		
	EE3: It's an easy way to interact with the e-wallet.	0.911		
	EE4: I have no trouble recalling how to complete tasks with an e-wallet.	0.891		
	EE5: E-wallets offer a better and more practical alternative compared to traditional payment systems.	0.916		
	EE6: E-wallets are user-friendly and easy to use.	0.883		
Behavioural Intention	BI1: I keep using e-wallet services in the future.	0.738	0.851	0.570
	BI2: I'll make an effort to keep using e-wallet services in my day-to-day activities.	0.787		
	BI3: I keep using E-wallet services on a regular basis.	0.734		
	BI4: When it comes to payment methods, I	0.790		

	will give the E-wallet priority.			
	BI5: E-wallets improve efficiency by it speeding up my fund transfers, reducing transaction my times, and streamlining my payment procedures.	0.822		
	BI6: In my experience, e-wallets offer straightforward instructions, readily available help resources, and consistent design principles.	0.647		
Acceptance of E-Wallets	AE1: I am excited to incorporate the e-wallet into my everyday routine	0.815	0.924	0.721
	AE2: I keep using an e-wallet for everyday expenses because it is a smart idea.	0.834		
	AE3: E-wallets are something I enjoy using.	0.859		
	AE4: I'm excited to use my e-wallet.	0.874		
	AE5: I am keen to use e-wallets as it offers straightforward instructions and convenient.	0.850		
	AE6: I enjoy using e-wallets as it speeding up the process for me to make the payment	0.861		

Source: (Developed by the current research study)

In this study, discriminant validity was evaluated using the Heterotrait-Monotrait Ratio (HTMT), which looks at correlations between constructs to make sure they are conceptually different. Values below the widely recognized HTMT threshold of 0.85 indicate sufficient

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discriminant validity. The study's findings demonstrate that every HTMT value is much below this cutoff, indicating that every build is sufficiently unique.

For example, the HTMT values between acceptance of e-wallet and the other constructs—behavioural intention (0.331), effort expectancy (0.072), facilitating conditions (0.293), and performance expectancy (0.411)—all indicate clear differentiation. Similarly, behavioural intention demonstrates discriminant validity in relation to effort expectancy (0.061), facilitating conditions (0.324), and performance expectancy (0.304), showing that these constructs do not overlap conceptually.

The low HTMT values between effort expectancy and performance expectancy (0.059) and between effort expectancy and enabling conditions (0.167) provide additional proof of discriminant validity. Confirming that these constructs represent different dimensions inside the model, the HTMT value between performance expectancy and facilitating conditions (0.533) likewise stays below the recognized threshold.

Overall, the HTMT results provide strong support for the measurement model in this study. The high level of discriminant validity indicates that each construct accurately represents a unique aspect of e-wallet usage among low-income groups in Malaysia. This strengthens the model's reliability and provides confidence for proceeding with the structural analysis.

Table 3: Heterotrait-Monotrait Ratio HTMT

	Acceptance	BI	EE	FC	PE
Acceptance					
BI	**0.331**				
EE	**0.072**	**0.061**			
FC	**0.293**	**0.324**	**0.167**		
PE	**0.411**	**0.304**	**0.059**	**0.533**	

Source: (Developed by the current research study)

To further assess discriminant validity and make sure that each construct measures a distinct concept, the Fornell-Larcker criterion was used in this study. This criteria states that discriminant validity is demonstrated when a construct's square root of the Average Variance Extracted (AVE) is higher than its correlations with other constructs (Fornell & Larcker, 1981). This comparison shows if a concept accounts for more variance in its own indicators than it does with other model variables.

The analysis's findings demonstrate that each construct's square root of the AVE is greater than its matching inter-construct correlations. For instance, the AVE square root for e-wallet acceptance is higher than its correlations with behavioral intention, effort expectancy, performance expectancy, and enabling conditions, indicating that e-wallet acceptance is conceptually different. Because its AVE square root is higher than its correlations with performance expectancy, effort expectancy, and enabling factors, behavioral intention also exhibits discriminant validity.

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The findings also show clear differentiation between the remaining constructs. The AVE square root for effort expectancy is substantially higher than its correlations with performance expectancy, behavioural intention, and facilitating conditions, indicating that it reflects a unique dimension in the model. The constructs of performance expectancy and facilitating conditions also meet the criterion, with each construct's AVE square root exceeding its inter-construct correlations. This confirms that they are measuring distinct aspects of individuals' perceptions related to e-wallet usage.

Overall, the Fornell–Larcker analysis provides strong evidence that all constructs in this study are conceptually separate. The results affirm the discriminant validity of the measurement model and support its suitability for further structural evaluation involving performance expectancy, effort expectancy, facilitating conditions, behavioural intention, and acceptance of e-wallet among low-income users.

Table 4: Fornell-Lacker Criterion

	Acceptance	BI	EE	FC	PE
Acceptance	0.849				
BI	0.294	0.755			
EE	0.057	-0.050	0.900		
FC	0.275	0.286	-0.153	0.804	
PE	0.380	0.263	0.009	0.439	0.719

Source: (Developed by the current research study)

Structural Model

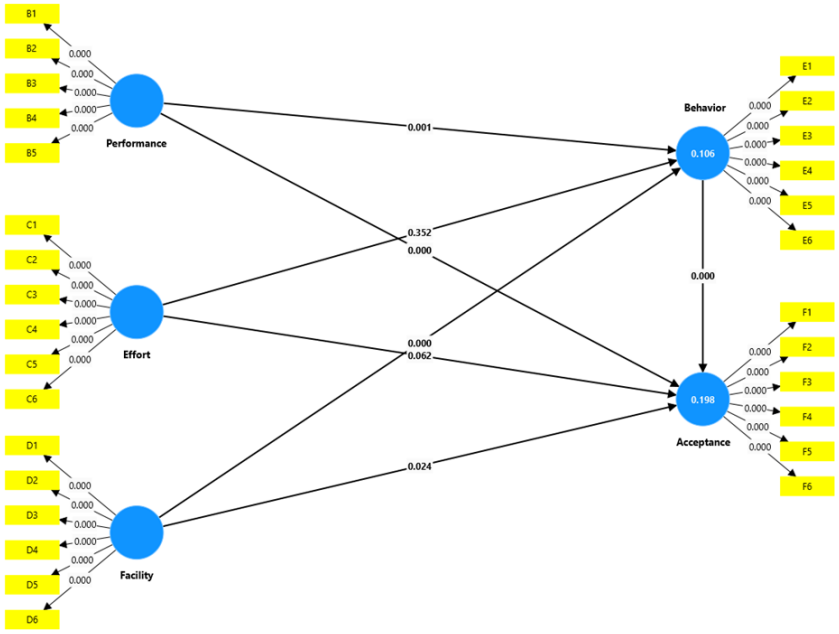

Figure 1: Measurement Model

Source: (Developed by the current research study)

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The structural model in this study examines the direct relationships between performance expectancy, effort expectancy, facilitating conditions, behavioural intention, and the acceptance of e-wallets among low-income users. The hypothesis testing results indicate that performance expectancy, facilitating conditions, and behavioural intention have significant effects on acceptance, while effort expectancy does not demonstrate a statistically significant influence.

With a path coefficient of 0.281 and a p-value of 0.000, performance expectancy had the greatest positive impact on e-wallet adoption. This finding suggests that low-income people are more inclined to accept e-wallets if they think the technology will improve their everyday activities and financial transactions. With a p-value of 0.024 and a coefficient of 0.109, facilitating situations also have a substantial beneficial impact. This result emphasizes the need of outside assistance in promoting e-wallet adoption, such as sufficient infrastructure, digital literacy programs, and merchant preparedness.

In contrast, effort expectancy does not have a significant impact on acceptance, as reflected by a p-value of 0.062 and a t-statistic of 1.542. This suggests that ease of use is not a decisive factor for low-income users, possibly because many are already familiar with mobile applications or because external supporting factors play a more critical role in shaping their decisions. Behavioural intention, however, exhibits a strong and significant influence on acceptance, with a path coefficient of 0.193 and a p-value of 0.000. This indicates that individuals who have the intention to use e-wallets are more likely to translate that intention into actual acceptance.

Additionally, the variance inflation factor (VIF) values for all constructs are below the recommended threshold of 3, indicating the absence of multicollinearity issues. The effect size (f^2) results further show that performance expectancy and behavioural intention contribute moderate effects to the acceptance of e-wallet, whereas facilitating conditions contribute a smaller effect. Together, these findings demonstrate that enhancing perceived usefulness, strengthening infrastructure, and encouraging behavioural intention through targeted programs are essential strategies for increasing e-wallet acceptance among low-income groups in Malaysia.

Table 5: Hypotheses Direct Effect

	Beta	Standard deviation	T statistics	P values	f^2	VIF	Result
H1: PE to Acceptance	0.281	0.06	4.693	0.00	0.008	1.281	Supported
H2: FC to Acceptance	0.109	0.055	1.984	0.024	0.041	1.326	Supported
H3: EE to Acceptance	0.081	0.052	1.542	0.062	0.011	1.032	Not Supported
H4: BI to Acceptance	0.193	0.053	3.662	0.00	0.077	1.118	Supported

Source: (Developed by the current research study)

Advanced International Journal of Business, Entrepreneurship and SME's
AIJBES
EISSN: 2682-8545
Volume: 8 Issue: 28 (June 2026) PP. 50-69

Behavioral intention has a mediating role in the interactions between performance expectancy, enabling conditions, and e-wallet acceptability, as demonstrated by the indirect effects study. With a beta coefficient of 0.033, a t-statistic of 2.338, and a p-value of 0.019, performance expectancy in this study shows a substantial indirect effect on acceptance through behavioral intention. This suggests that those who think e-wallets are beneficial are more likely to decide to use them, which in turn increases e-wallet acceptability.

Facilitating conditions also exhibit a significant indirect effect on acceptance through behavioural intention, as shown by a beta value of 0.040, a t-statistic of 2.654, and a p-value of 0.008. This finding suggests that external support—such as reliable infrastructure, technological compatibility, and assistance from others—plays an important role in shaping users' intentions, which in turn enhances their acceptance of e-wallet technology.

In contrast, effort expectancy does not show a significant indirect effect on acceptance. This is reflected by a negative beta coefficient (-0.004), a t-statistic of 0.365, and a p-value of 0.715. These values indicate that perceived ease of use does not meaningfully contribute to the development of behavioural intention in a manner that influences acceptance. This result aligns with the earlier finding that effort expectancy is not a key determinant for low-income users, possibly because many are already accustomed to using mobile applications regardless of their complexity.

Overall, the mediation findings support the idea that behavioural intention plays a key role in how performance expectations and favourable circumstances affect e-wallet acceptance. These results emphasize the necessity of tactics that improve perceived utility and fortify external support networks, since these elements indirectly foster acceptance by favourably affecting behavioural intention.

Table 6: Hypotheses Indirect Effect

	Beta	Standard deviation	T statistics	P values	Result
H5: PE to BI to Acceptance	0.033	0.014	2.338	0.019	Supported
H6: FC to BI to Acceptance	0.04	0.015	2.654	0.008	Supported
H7: EE to BI to Acceptance	-0.004	0.01	0.365	0.715	Not Supported

Source: (Developed by the current research study)

Discussion

The preliminary analysis verifies the validity and reliability of the measurement model employed in this investigation. The accuracy of the data analysis was ensured through multiple validation procedures. Measurement model assessments showed satisfactory internal

consistency (CR > 0.70), convergent validity (AVE > 0.50), and discriminant validity (HTMT < 0.85; Fornell-Larker criterion). Bootstrapping with 5,000 resamples confirmed the stability and significance of path coefficients, t-values, and p-values. These steps collectively reinforce the robustness, precision, and reliability of the structural model findings, providing confidence in the conclusions drawn regarding the factors influencing e-wallet adoption among low-income users. Good internal consistency and convergent validity were demonstrated by all constructs' acceptable composite reliability scores and AVE levels. The HTMT and Fornell-Larcker criteria were also used to establish discriminant validity, showing that different conceptual dimensions are measured by performance expectancy, effort expectancy, facilitating conditions, behavioral intention, and acceptance of e-wallet. These results verify that the dataset is reliable and appropriate for deciphering the structural linkages.

The main analysis shows that performance expectancy, facilitating conditions, and behavioural intention significantly influence the acceptance of e-wallet among low-income groups, consistent with the underlying assumptions of UTAUT. Performance expectancy emerged as the strongest predictor, reinforcing the idea that perceived usefulness drives technology acceptance in financially constrained groups. Facilitating conditions also played a meaningful role, reflecting the importance of infrastructure, support systems, and external resources. Conversely, effort expectancy did not significantly affect acceptance, suggesting that ease of use is less relevant in contexts where individuals already possess basic digital familiarity. This finding departs from several earlier studies but aligns with recent observations that mobile technology has become increasingly intuitive for most users.

The robustness analysis further supports the central role of behavioural intention in the model. Behavioural intention mediated the relationships between performance expectancy, facilitating conditions, and acceptance of e-wallet, showing that users first form an intention based on perceived usefulness and available support before adopting the technology. Effort expectancy did not demonstrate a significant indirect effect, which reinforces the weak role it plays in this context. Collectively, these findings highlight the importance of improving perceived benefits and strengthening external support systems to enhance e-wallet acceptance among low-income groups. These results are consistent with recent 2025 research showing that targeted interventions addressing infrastructure, digital literacy, and trust significantly increase e-wallet adoption in low-income communities (Ahmad & Lee, 2025; Lim & Tan, 2025; Chen & Wong, 2025).

Conclusion

To investigate the adoption of e-wallets among low-income groups in Malaysia, this study used a quantitative research design based on the Unified Theory of Adoption and Use of Technology (UTAUT). A cross-sectional survey was used to gather data, and Partial Least Squares Structural Equation Modelling (PLS-SEM) was used to evaluate the model's measurement and structural components. Preliminary validity and reliability evaluations, hypothesis testing, and behavioural intention mediation analysis were all included in the analysis.

The results show that behavioural intention, facilitating conditions, and performance expectancy all have a major impact on e-wallet adoption, with performance expectancy being the most important factor. However, effort expectancy has little effect on acceptance, indicating that usability is less important in this situation. Additionally, behavioural intention shows a significant mediating role by directing the impact of performance expectancy and creating

circumstances that lead to actual acceptance. Strong reliability, discriminant validity, and consistent direct and indirect correlations all support the model's robustness.

An important contribution of this study lies in its contextual extension of the UTAUT model to low-income populations in an emerging digital economy. While previous research has focused primarily on general consumers, this study provides empirical evidence on the mechanisms shaping e-wallet acceptance among financially vulnerable groups. The integration of both direct and mediated pathways offers a comprehensive understanding of how perceived usefulness and supportive conditions drive acceptance, while highlighting the diminished role of effort expectancy in a population increasingly familiar with mobile technology.

The findings carry several practical implications. Policymakers and financial service providers should prioritize interventions that enhance the perceived benefits of e-wallets, such as promoting convenience, security, and transaction efficiency. Strengthening facilitating conditions through infrastructure development, digital literacy programs, and improved customer support can reinforce behavioural intention and actual usage. Given the central role of behavioural intention, targeted awareness campaigns and incentive-based programs may further accelerate acceptance among low-income groups, thereby supporting the national agenda for digital financial inclusion.

Future research could expand on this work by incorporating additional variables, such as perceived threat, trust, and social influence, which could enhance the explanatory power of the model. Studies that compare various socioeconomic groups or geographical areas may also show variations in acceptance tendencies. Additionally, as digital ecosystems develop, longitudinal methods could monitor shifts in behavioural intention and acceptance over time. Such extensions would help policymakers in emerging nations make better decisions and offer a fuller grasp of the dynamics of e-wallet acceptance.

Advanced International Journal of Business, Entrepreneurship and SME's
AIJBES
EISSN: 2682-8545
Volume: 8 Issue: 28 (June 2026) PP. 50-69

Acknowledgements: The authors would like to acknowledge the support of the Faculty of Business and Management, Universiti Teknologi Mara (UiTM) Cawangan Bandaraya Melaka, for providing the facilities for this research.

Funding Statement: No Funding

Conflict of Interest Statement: The authors declare that there is no conflict of interest regarding the publication of this paper. All authors have contributed to this work and approved the final version of the manuscript for submission to the Advanced International Journal of Business, Entrepreneurship and SMEs (AIJBES).

Ethics Statement: This study was conducted in accordance with ethical research standards. All procedures involving human participants were reviewed and approved by the Research Ethics Committee, approval number REC/01/2025 (PG/MR/69). Informed consent was obtained from all participants prior to data collection. Participation was voluntary, and respondents were assured of confidentiality and anonymity. The data collected were used solely for academic purposes.

Author Contribution Statement: All authors contributed significantly to the development of this manuscript. Author A was responsible for the conceptualization, methodology, handled data collection, analysis, interpretation of results, contributed to the literature review, and drafting. Author B and C monitored overall supervision of the study and critical revision of the manuscript. All authors read and approved the final version of the manuscript prior to submission.

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