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ELECTRONIC WALLET ADOPTION AND CONSUMER FINANCIAL BEHAVIOR IN DIGITAL PAYMENT SYSTEMS: A LITERATURE STUDY

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ABSTRACT

The rapid advancement of information technology has accelerated the shift from cash-based transactions toward digital payment systems, placing electronic wallets (e-wallets) at the core of contemporary financial ecosystems. This study aims to synthesise existing literature on digital payment systems, with particular attention to e-wallet adoption and its implications for consumer financial behavior. Using a qualitative literature review approach, this research integrates theoretical perspectives and empirical findings from prior studies in the areas of technology acceptance, digital finance, and consumer behavior. The review indicates that e-wallet adoption is primarily driven by perceived usefulness, perceived ease of use, and trust-related factors, which are especially salient in financial technology contexts. Beyond adoption, the findings reveal that e-wallet usage produces varied behavioral outcomes. While increased payment convenience and reduced transaction friction may encourage impulsive spending, informational features embedded in e-wallet applications can enhance financial awareness and support more disciplined consumption decisions. These contrasting effects suggest that the influence of e-wallet usage on consumer behavior is context-dependent and shaped by application design, user engagement, and situational factors. Overall, this study concludes that e-wallet adoption and post-adoption behavior are interconnected processes that jointly influence individual financial behavior and the broader evolution of digital payment systems. By integrating insights from technology acceptance theories and consumer behavior research, this literature-based study contributes to a more comprehensive understanding of digital payment dynamics and provides a foundation for future empirical research and policy development in the digital finance domain.

Keywords: *digital payment systems; electronic wallets; technology adoption; consumer financial behavior;*

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INTRODUCTION

Advancements in information technology have significantly transformed the way financial transactions are conducted, leading to a gradual shift from cash-based payments toward digital alternatives that emphasize convenience, efficiency, and security (Ramli, 2021). Within this transformation, electronic wallets (e-wallets) have emerged as an important innovation that enables users to perform financial transactions through mobile devices and digital platforms. The increasing prominence of e-wallets reflects broader structural changes in the digital economy, where daily financial activities are becoming increasingly integrated with digital payment infrastructures (Liswanty et al., 2023).

In recent years, the adoption of e-wallets has grown rapidly, particularly in emerging economies where improvements in smartphone penetration and digital infrastructure have expanded access to digital financial services (Aji et al., 2020). This growth became more pronounced during the COVID-19 pandemic, as consumers increasingly preferred contactless payment methods to reduce physical interaction and perceived health risks (Candy et al., 2023). Beyond pandemic-related considerations, the expansion of e-commerce and the introduction of promotional incentives by digital payment providers have also contributed to the widespread adoption of e-wallets across various consumer segments (Sarmah et al., 2021).

A substantial body of academic research has examined the factors influencing e-wallet adoption using established technology acceptance frameworks. The Technology Acceptance Model (TAM) explains technology adoption by emphasizing the roles of perceived usefulness and perceived ease of use in shaping individuals' behavioral intentions (Davis, 1989). Building on this foundation, the Unified Theory of Acceptance and Use of Technology (UTAUT) highlight the importance of social influence and facilitating conditions in explaining the acceptance and continued use of digital technologies (Venkatesh et al., 2012).

Empirical studies applying these frameworks to digital payment systems indicate that trust and perceived security are particularly important in the context of financial technologies, as users must evaluate potential risks alongside expected benefits before adopting e-wallet services (Haedar & Marsasi, 2024). These findings suggest that e-wallet adoption is influenced not only by technological perceptions but also by users' confidence in the reliability and safety of digital payment systems.

Beyond adoption-related determinants, recent research has increasingly explored the implications of e-wallet usage for consumer financial behavior. Prior studies suggest that digital payment systems may alter spending patterns by reducing transaction friction and increasing payment convenience, which can lead to a higher tendency toward impulsive purchasing behavior (Lee et al., 2022). At the same time, other studies highlight the potential of e-wallet features, such as transaction histories and spending notifications, to support financial awareness and more disciplined consumption decisions (Junianto & Suudiah, 2025).

Despite the growing literature on e-wallet adoption and usage, important gaps remain. Many existing studies tend to examine adoption determinants and post-adoption behavioral outcomes separately, resulting in a fragmented understanding of how e-wallet usage relates to broader consumer behavior and the evolution of digital payment systems (Ramli, 2021). Consequently, there is a need for integrative research that synthesizes these perspectives to provide a more comprehensive understanding of digital payment dynamics.

In response to these gaps, this study aims to provide a structured synthesis of prior research on digital payment systems, with a particular focus on e-wallet adoption and usage. By integrating insights from technology acceptance theories and consumer behavior research, this literature-based study seeks to identify key patterns, address inconsistencies in existing findings, and outline directions for future research related to the development and sustainability of digital payment ecosystems.

LITERATURE REVIEW

1. Digital Payment Systems and the Role of Electronic Wallets

The rapid development of digital payment systems has reshaped the structure of modern financial transactions by reducing reliance on cash-based payments (Ramli, 2021). Within this evolving ecosystem, electronic wallets have emerged as an important payment instrument that enables users to conduct transactions through digital platforms and mobile devices (Liswanty et al., 2023). The increasing use of e-wallets reflects broader changes in payment preferences, where convenience and efficiency have become central considerations in daily financial activities (Bank for International Settlements, 2020).

Previous studies indicate that the expansion of e-wallet usage has altered traditional transaction patterns by increasing the role of non-bank financial technology providers within payment systems (Arner et al., 2017). These developments suggest that digital payment systems should be understood not merely as technological tools but as integral components of contemporary financial infrastructures (Gomber et al., 2018). As e-wallets become more widely adopted, their integration into payment ecosystems may influence transaction flows and reshape interactions among consumers, merchants, and financial institutions (Ramli, 2021).

2. Electronic Wallet Adoption and Technology Acceptance

Research on e-wallet adoption is largely grounded in technology acceptance theories that explain how individuals evaluate and adopt new technologies. The Technology Acceptance Model emphasizes that perceived usefulness and perceived ease of use are fundamental determinants of users' intention to adopt digital systems (Davis, 1989). Building on this framework, the Unified Theory of Acceptance and Use of Technology extend the analysis by incorporating social influence and facilitating conditions as additional drivers of adoption behavior (Venkatesh et al., 2012).

Empirical studies applying these frameworks to e-wallet contexts consistently show that users are more likely to adopt digital payment applications when they perceive clear benefits and minimal effort in their use (Sarmah et al., 2021). In financial technology environments, trust has also been identified as a crucial factor, as users must be confident in the security and reliability of digital payment services before adopting them (Haedar & Marsasi, 2024). These findings indicate that e-wallet adoption is shaped by a combination of technological perceptions and users' confidence in the payment system.

3. E-Wallet Usage and Consumer Financial Behavior

Beyond initial adoption, an expanding body of literature has examined how e-wallet usage influences consumer financial behavior. Digital payment methods are widely understood to alter spending patterns by lowering transaction friction and increasing payment convenience, which may encourage more frequent or spontaneous purchasing behavior (Lee et al., 2022). From a behavioral economics perspective, non-cash payment instruments are associated with a reduced psychological "pain of paying," potentially leading consumers to spend more

compared to traditional cash-based transactions (Soman, 2003).

Empirical research in the context of mobile wallet applications supports this mechanism by showing that specific application characteristics can shape consumer behavior. Features such as interactivity, visual attractiveness, and ease of navigation have been found to enhance perceived enjoyment, which in turn increases the likelihood of impulse buying in online environments (Lee et al., 2022). These findings suggest that e-wallets do not merely function as neutral payment tools but actively influence consumption behavior through experiential and psychological channels.

However, the behavioral consequences of e-wallet usage are not uniform across all contexts. Other studies highlight that mobile technologies used during shopping activities can increase cognitive engagement and emotional involvement, which may stimulate impulse buying even in physical retail settings (Aiolfi et al., 2022). This evidence indicates that the influence of mobile payment technologies extends beyond digital environments and interacts with situational factors during the shopping process.

Conversely, recent literature also emphasizes the potential of e-wallet applications to support more rational financial behavior. Features such as transaction records, spending summaries, and notification systems can increase users' awareness of their financial activities and promote greater self-regulation (Junianto & Suudiah, 2025). These contrasting outcomes suggest that e-wallet usage can facilitate both impulsive and disciplined spending behaviors, depending on application design, user engagement, and situational context.

Taken together, prior studies indicate that the impact of e-wallet usage on consumer financial behavior is multifaceted and context-dependent. By shaping enjoyment, engagement, and perceptions of payment effort, e-wallets influence consumption decisions through both psychological and experiential mechanisms, underscoring the importance of considering behavioral implications alongside technological adoption in digital payment research.

RESEARCH METHOD

This study adopts a qualitative literature review approach to explore electronic wallet adoption and its effects on consumer financial behavior within the context of

digital payment systems. The research was carried out through a series of structured steps. Initially, relevant literature was identified through searches of scholarly databases and publisher platforms, focusing on peer-reviewed journal articles, academic publications, and reports issued by international institutions addressing digital payments, technology acceptance, and consumer behavior. Subsequently, the collected materials were evaluated and filtered based on their relevance to the study objectives, academic rigor, and thematic consistency. The selected literature was then examined in depth to identify key theoretical insights, conceptual models, and empirical evidence related to e-wallet adoption and usage behavior. In the final stage, findings from the reviewed studies were systematically compared and synthesised to reveal common patterns, divergent results, and unresolved research gaps. This structured review approach allows for a comprehensive analysis of how technology adoption factors are associated with consumer financial behavior in digital payment environments. The study primarily relies on international peer-reviewed journal articles, supplemented by reports from reputable global institutions in the field of digital payments and financial technology.

RESULT AND DISCUSSION

The synthesis of prior studies shows that the adoption and use of electronic wallets (e-wallets) are influenced by an interplay of technological features, user behavior, and contextual conditions that recur across the digital payment literature. A key finding is the persistent importance of perceived usefulness and perceived ease of use in shaping users' decisions to adopt e-wallet services, particularly when these tools are seen as practical and efficient for routine transactions (Davis, 1989). These perceptions serve as the primary foundation of user acceptance and remain influential despite ongoing technological advancements.

Beyond functional considerations, the reviewed literature underscores the critical role of trust and perceived security in encouraging e-wallet adoption. In the context of financial technologies, users tend to carefully assess risks related to data protection and transaction safety before engaging with digital payment platforms (Haedar & Marsasi, 2024). This suggests that adoption behavior is shaped not only by

expected performance benefits but also by confidence in the integrity and reliability of the payment system.

The findings further indicate that external and situational factors can significantly accelerate e-wallet adoption. Periods of heightened uncertainty, such as the COVID-19 pandemic, have reshaped consumer payment preferences by increasing the perceived necessity of contactless transactions (Candy et al., 2023). This pattern demonstrates that e-wallet adoption is not always a gradual process but may be rapidly influenced by environmental conditions that alter consumer priorities.

In terms of post-adoption outcomes, the literature reveals that e-wallet usage has notable implications for consumer financial behavior. Several studies suggest that digital payment systems reduce transaction barriers and enhance payment convenience, which may lead to more frequent purchases or spontaneous spending decisions (Lee et al., 2022). From a behavioral economics perspective, the diminished psychological “pain of paying” associated with non-cash payments can encourage consumers to spend more readily than when using cash (Soman, 2003).

Nevertheless, the behavioral impact of e-wallet usage varies across contexts. Other studies highlight that the use of mobile technologies during shopping activities can heighten cognitive engagement and emotional involvement, which may further stimulate impulsive purchasing, particularly in physical retail environments (Aiolfi et al., 2022). This indicates that the effects of e-wallet usage are shaped by situational factors and the manner in which mobile technologies are embedded within the shopping experience.

At the same time, the literature also identifies more positive behavioral outcomes associated with e-wallet usage. Features such as transaction histories, spending summaries, and real-time notifications can increase users’ awareness of their financial activities and support greater self-control in spending decisions (Junianto & Suudiah, 2025). This finding suggests that e-wallet applications may also function as tools for financial management, depending on how users interact with the technology.

At a broader level, the synthesis of prior research indicates that the widespread adoption of e-wallets may generate implications beyond individual consumer behavior. As e-wallet platforms become increasingly interconnected with merchants and financial institutions, shifts in payment behavior at the consumer level may influence transaction flows and the overall structure of digital payment ecosystems (Ramli,

2021). Although much of the existing literature focuses on micro-level adoption and usage, these findings highlight the importance of considering system-level effects as digital payment usage continues to expand.

The synthesis of existing studies suggests that determinants of e-wallet adoption and post-adoption behavioral outcomes are closely linked and should not be treated as separate phenomena. Core adoption factors, such as perceived usefulness, ease of use, and trust, extend beyond the initial acceptance stage and continue to influence how users engage with digital payment applications over time. This interconnected relationship helps explain why similar e-wallet technologies may lead to different behavioral consequences, including tendencies toward impulsive spending or, conversely, greater financial self-regulation. Accordingly, understanding e-wallet usage requires a holistic perspective that integrates adoption-related considerations with subsequent behavioral responses.

CONCLUSION AND SUGGESTION

A. Conclusion

This literature-based study aimed to consolidate prior research on digital payment systems by examining electronic wallet (e-wallet) adoption and its consequences for consumer financial behavior. The synthesis reveals that users' decisions to adopt e-wallets are largely influenced by perceived functional benefits, ease of operation, and trust-related factors, which are particularly salient in financial technology contexts. Together, these elements shape both initial acceptance and continued use of digital payment services.

The review also shows that e-wallet usage produces varied behavioral outcomes. On one hand, greater payment convenience and lower transaction barriers may increase the likelihood of impulsive spending through psychological responses to non-cash payments. On the other hand, built-in informational features, such as transaction tracking and expenditure notifications, can enhance financial awareness and support more controlled spending behavior. These findings indicate that the behavioral impact of e-wallet usage is not uniform but depends on application design, user interaction, and situational factors.

In conclusion, this study addresses its research objective by demonstrating that e-wallet adoption and post-adoption behavior are interrelated processes that jointly shape consumer financial behavior and the ongoing development of digital payment systems. By integrating perspectives from technology acceptance and consumer behavior literature, this review offers a more holistic understanding of digital payment dynamics.

B. Suggestion

To support the sustainable development of digital payment systems, policymakers and financial authorities should prioritize strengthening consumer protection frameworks and data security regulations to maintain public trust in e-wallet services. As e-wallets increasingly shape everyday financial behavior, regulatory attention is needed to ensure that convenience-driven innovations do not undermine consumers' financial well-being. In parallel, e-wallet service providers are encouraged to design applications that integrate spending awareness and self-regulation features along with transaction efficiency, thereby supporting more responsible usage patterns. Future research requires empirical investigations to further examine how e-wallet adoption and use interact to influence consumer financial behavior across different demographic groups, usage contexts, and regulatory environments..

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