

CASHLESS PAYMENT IN TOURISM: CURRENT PROBLEMS AND PROSPECTS OF DEVELOPMENT

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Technology has given a profound impact on how tourism industry develops in the recent decades. One of the important technology advancement is cashless payment system. It has been suggested to enhance tourism experience, providing competitive advantage to market destinations as well as a solution to the creation of black money in tourism destinations. Currently, governments are actively promoting a cashless society in tourism sector. However, the study of the acceptance of tourists on cashless payment technology in destinations is still rarely found. This study aims to investigate the acceptance of cashless payment using Technology Acceptance Model (TAM). To achieve the objective, the study investigated the tourist's perspective of cashless payment system by a focus groups discussion involving young-independent travellers in Indonesia. A survey was also carried out to confirm the relationship between cashless acceptance, attitude and the behavioral intention of cashless technology. In addition, Perceived Risk and Familiarity were also introduced to the model. The study found three drivers of attitude regarding acceptance of cashless payment system and an understanding on how customers response to the idea of using cashless payment in tourism setting.

Key-words Consumer Behavior, Destination Marketing, Tourism, Cashless, Payment System

Introduction

Information and Communication Technology (ICT) is increasingly playing a critical role for competitiveness of tourism organizations and destinations as well as for the entire industry as a whole (Buhalis & Law, 2008; UNWTO, 2011). Internet technology has dramatically affected the changes in behavior of tourist (Mills & Law, 2004, Mihaljovic, 2014). Users of ICT can easily booking online ticket and rooms (Morrison, Jing, O'Leary, & Lipping, 2001) search information and make payment using their mobile. Understanding how IT impacts the behavior of consumers is critical foundation to develop sustainable marketing communication strategies (Xiang, Magnini, & Fesenmaier, 2015).

One of the areas in tourism and technology, which become the focus of interest, was in the cashless payment system. The advancement of technology such as Radio Frequency Identification (RFID) and Near Field Communication (NFC) have enable ease of payment thus it provide seamless experience for tourists. Cashless transaction has been suggested to increase efficiency thus it is faster and cheaper in handling.

Tourism and hospitality industry is actually one of the first industries that adopt non-cash transaction, however the implementation is mostly in in the gaming industry (Parke, Rigbye, & Park, 2008). Studies on how tourist accepts cashless payment system in tourism destination still needs further support. This study departs from an unique angle of consumers

in destination who were in early stages of adopting cashless payment system. Within this destination, understanding of the acceptance of the relatively new technology is crucial to serve as base for the implementation. Destination stakeholders needs to understand explore role of payment system in destination and the factors driving the acceptance of cashless payment system in tourism context.

Findings and Discussion

The findings show all of measurements have met the criteria of validity and reliability (Composite Reliability (CR) ≥ 0.7 , Average Variance Extracted (AVE) ≥ 0.5 and Loading criteria ≥ 0.6). Range of item's loading fall between 0.649 to 0.971. AVE from 0.596 to 0.30 and CR from 0.889 to 0.962. Meanwhile, hypotheses test result significant (T-value > 1.96) and positive relationships for all relationship tested (Figure 1).

The research result indicated that the intention of using cashless payment transaction is contributed highly by attitude a person's has toward the system. Attitude explains 88% of behavioral intention variance, while 18% is explained by other factors. The creation of positive attitude towards the system is mainly driven by the perception that the system is easy to use (52%) rather than the perception of usefulness (25.5%) and Perceived Risk (19.9%). Nevertheless all three constructs, perceived ease of use, perceived usefulness and perceived risk have significant and positive contribution to attitude of using a cashless payment system in a destination. Altogether the three drivers contribute to 97.7% to attitude, which will lead to intention to use the cashless payment system. Another important finding is the role of Familiarity. Familiarity is proved to explain 54.7% the variance of perceived ease of use while the rest is explained by other factors.

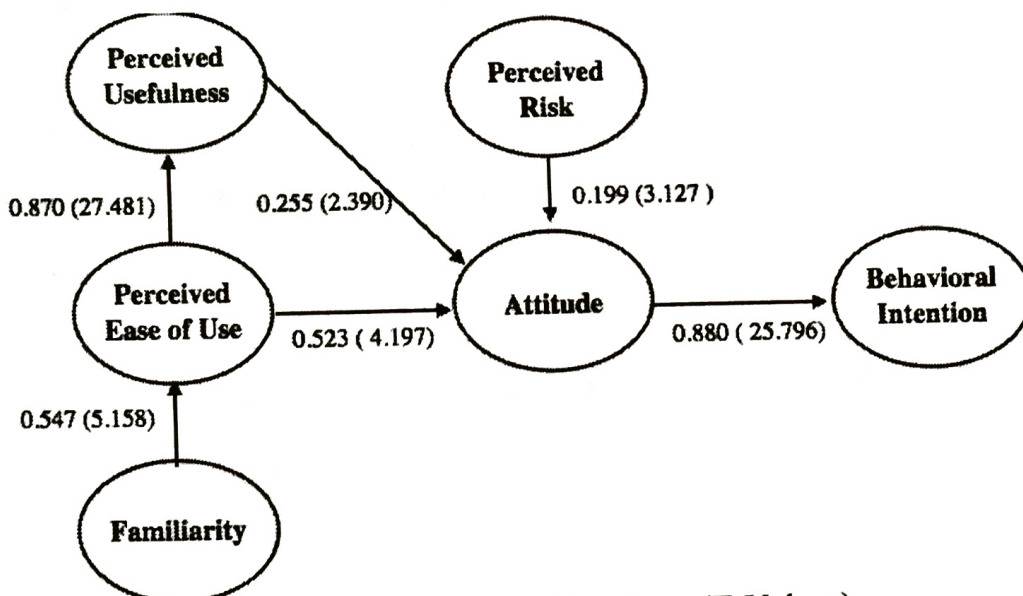


Figure 1. Result – Factor Loadings (T-Values)

The study adds to the literature by providing confirmation of the TAM model specifically in payment system area within context of holiday destination. It has confirmed the drivers of attitude towards cashless implementation, which will strongly led to behavioral intention of adopting the system. Two of them are perceived of usefulness and perceived ease of use which had been suggested by previous literature (Davis, 1989; Venkatesh et al, 2003). Most

importantly, the study contributes by validating the construct of Perceived Risk as the third drivers of attitude in the model. This findings inline with studies where perceived risk were found to be associated with technology adoption (Kleijnen et al., 2004; Luarn and Lin, 2005; Lee, 2008).

Comparing the three drivers, the result confirmed that Perceived ease of use had the greatest contribution to attitude. This is inline with Lee (2008) empirical evidence, however it differs from the previous studies by Kleijnen et al., (2004) and Leung and Wei (2000) which found Perceived Usefulness to be the strongest factor predicting intention to adopt a technology. In addition, the study also proved that familiarity is important in creating perceived ease of use. This is inline with previous studies by Hackbarth, et al (2001) and implies the more experience a tourist had gained in using cashless in various setting, the more he would feel effortless in using the payment system.

Implication of the result in marketing practice is in the area promotion strategy. For example, the communication regarding the campaign of using cashless can be developed around the idea of ease of use of the user experience with the system, along with its benefit of cashless and minimizing risk from having cash during vacation. It is also suggested increase the acceptance of cashless in tourism setting is to induce trial of using the system.

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