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Factors Influencing User Preferences for E-Wallets Compared to Traditional Payment Methods

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ABSTRACT

E-wallets have emerged as popular digital payment systems, offering contactless transactions and enhanced convenience. However, traditional methods such as cash and cards remain widely used, often perceived as more secure. This study aims to examine the key factors influencing user preferences between e-wallets and traditional payment methods in Malaysia, focusing on perceived ease of use, convenience and usability, privacy and security, and user satisfaction. A mixed methods approach was adopted, combining quantitative and qualitative designs. The quantitative component involved a purposive sample of 115 e-wallet and traditional payment users who completed a structured questionnaire distributed online. Qualitative insights were gathered through open-ended survey responses and user observations. Data were analyzed using SPSS 27, applying reliability tests, descriptive statistics, correlations, and regression analysis. The results reveal that satisfaction is the most influential factor ($\beta = 0.272$, $p < 0.1$), followed by convenience and usability ($\beta = 0.267$, $p < 0.1$), and privacy and security ($\beta = 0.220$, $p < 0.5$). Perceived ease of use had a weaker, non-significant effect ($\beta = 0.173$). These findings highlight the importance of improving user satisfaction, trust, and usability to promote digital payment adoption.

Keywords: Consumer Behavior; Digital Payment Systems; E-Wallet Adoption; Mobile Financial Services; Privacy and Security; Technology Acceptance; User Satisfaction

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INTRODUCTION

Payment is the process of exchanging money, goods, or services for something of value. It can be done using various methods such as cash, checks, wire transfers, credit or debit cards, and even digital currencies (Kenton, 2024). As technology continues to advance, people now rely more on digital tools and the internet to make daily tasks easier, including financial transactions. One of the most popular innovations is the electronic wallet, or e-wallet, which is considered one of the greatest technologies of the 21st century (Tan et al., 2019). A digital wallet allows users to store their credit or debit card details and use them to make transactions quickly and securely. Compared to traditional banking, e-wallets offer faster and more convenient options that save both time and money (Alam et al., 2021; Gan et al., 2025).

The use of mobile applications for payments is growing because they provide comfort, ease of use, and flexibility. Many customers feel safer making purchases using e-wallets, as they can pay anytime and anywhere (Liébana-Cabanillas et al., 2014). Besides being fast and secure, e-wallets are especially suitable for small, everyday transactions and are easy to operate (Edeh et al., 2021; Punwatkar & Verghese, 2018). The rise of information technology supports this shift by offering more efficient and innovative ways to handle payments. However, although people are increasingly moving toward cashless transactions, fully transforming into a non-cash society is still challenging because cash-based practices are deeply rooted in many communities (Yaokumah et al., 2017). In Malaysia, the growth of e-wallet usage is mainly driven by the convenience of cashless payments, increased security, and potential cost savings (Nizam et al., 2019).

Erik Erikson's stage of human development states that a teenager is between the ages of 13 and 18, and a young adult is between the ages of 19 and 39. Young adults who were born in the age of new technologies are represented by Millennials (born 1981–1997) and Generation Z (born 1997 onward) (Turner, 2015). Generation Y saw a significant shift in technology. Compared to earlier generations, the greatest technical development has occurred, and globalization has changed their attitudes and perspectives (Zhang et al., 2017). Generation Z is considered to be the generation that grew up with the internet and technology (Szymkowiak et al., 2021). These younger generations want to explore new applications and their simplicity of use, security, and privacy while they browse smart technology. However, given the rise in information violation cases and difficulties worldwide, including in Malaysia, it is imperative to consider information security and privacy (Wies et al., 2021). According to Barrett-Maitland et al. (2016), ignorance of information protection gives privacy violators the chance to violate someone's privacy through identity theft, credit card fraud, and cybercrimes.

Cash continues to play a vital role in various industries, particularly retail businesses like coffee shops and convenience stores. The absence of transaction fees is a significant advantage of cash for small businesses. Debit and credit card transactions often include processing fees, which can erode profit margins for small enterprises operating on tight budgets (Fidow et al., 2022). By accepting cash, these businesses can avoid these additional costs, making cash a cost-effective choice. However, cash management has its challenges. Physical cash can be easily lost, stolen, or damaged, necessitating security measures like safes or secure transit services, especially when dealing with large sums, which adds complexity and cost to its handling. While it aids in budgeting and spending control, it does not build credit, incur ATM fees, or have a digital spending record (Budiarti et al., 2021).

In conclusion, the rapid integration of digital technologies has transformed the financial landscape, introducing innovative payment solutions that challenge traditional methods. Among these, e-wallets, such as Touch 'n Go e-wallet, have emerged as a popular alternative, offering convenience, efficiency, and a seamless user experience (Kee et al., 2022). However, traditional payment methods like cash remain deeply rooted in everyday transactions, especially in regions where digital literacy and trust in technology may lag.

This research investigates the factors that influence user preferences between e-wallets and traditional payment methods, with a specific focus on the Malaysian context. As digital transactions rise in popularity, understanding the drivers behind user adoption becomes increasingly important, particularly in Malaysia, where e-wallet usage is growing yet still competes with traditional cash payments. The primary objective of this study is to examine how perceived ease of use, convenience, usability, privacy, security, and overall satisfaction shape consumer choices regarding payment methods (Chong et al., 2022).

The significance of this research lies in its ability to inform both service providers and policymakers about the evolving preferences and concerns of digital payment users. By identifying the strengths and weaknesses of current systems, this study offers practical insights that can enhance user experience and promote broader adoption of secure and efficient digital payments.

Unlike prior studies that may focus on either user behavior or system features in isolation, this research integrates multiple psychological and functional variables within a single model, offering a comprehensive view of user decision-making. This provides a novel perspective on the interplay between satisfaction, trust, and usability in influencing payment preferences.

Ultimately, the study contributes to the literature on digital financial behavior and offers actionable recommendations to improve user-centered payment solutions. It also supports ongoing efforts to enhance financial inclusion by identifying barriers faced by different user demographics, thereby helping to close the digital divide in emerging economies like Malaysia.

LITERATURE REVIEW

User Payment Method Preference

The concept of user payment method preference explores the factors that influence consumers when selecting how they pay for goods and services. User payment method preference refers to the factors that influence individual choices between e-wallets and traditional payment methods. This includes the perceived ease, convenience, usability, privacy, security, and satisfaction. According to Hopalı et al. (2022), mobile wallets are gaining popularity due to their speed, security, and the ability to make payments without needing to carry physical cash or cards. However, traditional payment methods like cash and credit cards are still prevalent due to their universal acceptance, despite the rise of mobile wallets.

A study by Angusamy et al. (2023) found that payment method preferences among users aged 18-34 were largely driven by convenience and the perceived technological sophistication of digital platforms. The users aged 50 and above showed a strong preference for traditional methods like cash or checks due to their simplicity and established trust in these systems. Another example, reported by Bongomin et al. (2021),

highlighted that preferences for digital payments surged during the COVID-19 pandemic, as contactless payments became essential for reducing physical contact.

E-Wallet Payment Method

E-wallets, also known as digital wallets, are applications that store users' payment information, enabling them to make secure electronic transactions through mobile devices anytime and anywhere. These wallets can hold not only credit and debit cards but also gift cards, loyalty cards, tickets, and even personal identification for some services (Shukur et al., 2022). E-wallets work through various technologies, including Near Field Communication (NFC), which allows for quick, tap-based payments (as seen with Apple Pay and Google Pay), and QR codes, where users can scan a code to make payments. Yathiraju and Dash (2023) emphasize that e-wallets are convenient, offering users a more streamlined payment experience compared to carrying physical cards or cash. However, concerns about security still persist for some users, especially in terms of personal data protection.

An e-wallet works by enabling users to store and manage their money digitally, making payments convenient, fast, and secure. To start using an e-wallet, users must fund the wallet, which can be done in several ways. They can transfer money from their bank account, link their credit or debit cards to the wallet, or receive payments from other users (Hopalı et al., 2022). Once the wallet is funded, users can make payments by scanning QR codes, tapping their device for contactless payments (using NFC technology), or entering credentials for online purchases. Many e-wallets are integrated with online shopping platforms, utility bill systems, and public services, allowing users to pay for goods, services, and bills all in one place (Abdullah et al., 2020). This seamless integration enhances the user experience, making e-wallets a convenient option for managing daily transactions without needing physical cash or cards. According to Malik et al. (2020), e-wallets are the digital counterpart to traditional methods. They attract users with their convenience, speed, and reward systems, but may face resistance due to trust issues, lack of awareness, or accessibility challenges.

Traditional Payment Method

Traditional payment methods refer to older, more familiar ways people used to make transactions without relying on modern digital technology. These include using cash, writing checks, making bank transfers, or swiping physical credit and debit cards. Many people still prefer these methods because they are simple to use, widely accepted, and do not require internet access or a smartphone. According to Camilleri and Agius (2021), traditional payments are appreciated for their straightforward process, ease in solving problems when something goes wrong, and their dependable nature, especially in areas with limited digital infrastructure. Unlike e-wallets or mobile apps that require a stable internet connection and a certain level of digital knowledge, traditional payments offer a hands-on and secure feeling that some users trust more (Putrevu & Mertzanis, 2024). This is especially true for older generations or those living in rural areas who might not be as comfortable using online systems. Traditional methods continue to play a key role in society, proving that even in the age of digital innovation, many still rely on what they know and trust. For small vendors, markets, and even some businesses, cash and card payments remain crucial for daily transactions. While digital tools grow in popularity, traditional methods provide a reliable backup when technology fails or is not available.

Hypotheses Development

Perceived Ease

Perceived ease is a key factor influencing user preferences when comparing e-wallets to traditional payment methods. It refers to the degree to which individuals believe that

using a particular payment method is free from effort and simple to operate. E-wallets thrive on their ability to make transactions quick and effortless, thanks to features like biometric authentication, one-click payments, and QR code scanning (Efendi et al., 2024). The ease with which users can link bank accounts, store cards, and make purchases with a few taps makes e-wallets an attractive option for tech-savvy individuals (Singh et al., 2018). However, for people less familiar with digital tools, the initial setup or issues with connectivity can create barriers, lowering their perception of ease. This factor is particularly important in markets where consumers might be transitioning from traditional payment methods.

According to Raninda et al. (2022), perceived ease of use had a strong positive effect on the behavioral intention to use mobile wallets. The more effortless the interaction with the e-wallet application, the more likely consumers are to prefer it over traditional methods. In studies by Saadé and Bahli (2005), perceived ease was shown to directly impact the acceptance of new technologies. Users adopt systems when they feel the technology reduces effort rather than increases it. This principle applies to payment methods, where e-wallets must compete against the long-standing familiarity of cash and cards. Perceived ease refers to how users evaluate the simplicity and effort required to use a particular system or method. It plays a crucial role in determining whether individuals adopt a new technology or stick to traditional methods.

H1: Perceived ease of use significantly influences user preference for e-wallets over traditional payment methods.

Convenience and Usability

This sense of convenience and usability is fundamental in influencing consumer behavior, making e-wallets a preferred option for many, especially those looking for faster and easier transactions. Belmonte et al. (2024) explain that e-wallets provide unmatched convenience by allowing users to store all their payment details in one place and make purchases with a simple tap on their smartphones. This instant accessibility makes e-wallets highly appealing, especially for younger, tech-savvy consumers.

The ability to complete transactions seamlessly, without needing physical cash or cards, is a key selling point. This convenience has contributed to the rapid adoption of digital wallets, particularly in urban areas where speed and ease are prioritized. With contactless payments and apps that store multiple cards, users experience an immediate and seamless transaction process (Chelvarayan et al., 2022). Zaman et al. (2025) also highlight that usability plays a key role, as e-wallets are designed to be user-friendly with features like one-click payments and integration across multiple devices. For many users, the ease of accessing funds with just a phone and an internet connection is a clear advantage over traditional methods, which may involve more steps or physical effort.

The concepts of convenience and usability are closely related, especially in the context of payment methods, as they both influence user preferences. Based on a study by Hopalı et al. (2022), convenience could drive users toward e-wallets because they save time and eliminate the need for physical money or cards, while usability ensures users can actually interact with the system effectively. Even the most convenient system will fail if it is too complex or hard to use.

H2: Convenience and usability significantly influence preference for e-wallets over traditional payment methods.

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Privacy and Security

Privacy and security are important factors influencing user preferences for payment methods, particularly in adopting e-wallets over traditional payment methods. Research consistently highlights that a secure perception of e-wallets enhances trust and adoption rates (Prasetya & Shuhidan, 2023). Users are more likely to choose e-wallets when confident that their financial data is safe, emphasizing the need for strong privacy measures to build trust. This aligns with the findings from Gómez-Hurtado et al. (2024), who emphasized that privacy and security are significant predictors of behavioral intention to use e-wallets, particularly among younger demographics.

H3: Privacy and security significantly influence user preference for e-wallets over traditional payment methods.

Satisfaction

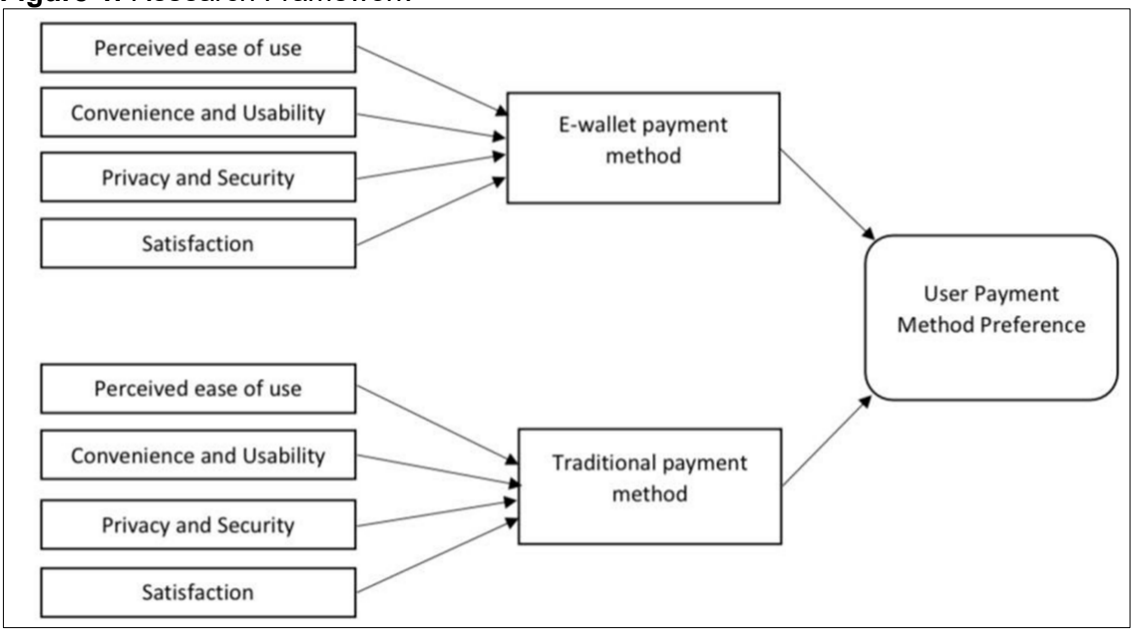
User satisfaction is a critical determinant of the adoption and continued use of e-wallets. Research indicates that higher satisfaction levels lead to increased loyalty and a greater likelihood of users preferring e-wallets over traditional payment methods (Purnama et al., 2021). The structure and design of e-wallet applications also influence user satisfaction. A well-structured e-wallet enhances usability and builds trust among users, which is essential for encouraging ongoing engagement with these platforms. (Apriliani et al., 2024). The findings suggest that optimizing user satisfaction through improved usability, security features, and overall user experience is crucial for e-wallet providers aiming to compete with traditional payment methods. By prioritizing customer satisfaction, e-wallet services can enhance loyalty and increase their market share in the evolving digital economy.

H4: Satisfaction significantly influences user preference for e-wallets over traditional payment methods.

Conceptual Framework

The study framework model is depicted in Figure 1.

Figure 1. Research Framework



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RESEARCH METHOD

Research Approach

This study adopted a mixed methods approach, integrating both quantitative and qualitative research designs to provide a comprehensive understanding of user experiences with e-wallets and traditional payment methods. The qualitative component utilized inductive reasoning through in-depth surveys and observational studies. These methods identified key factors influencing user preferences, including perceived ease of use, convenience and usability, privacy and security, and satisfaction.

Sample and Procedure

The targeted respondents of this research were individuals who use payment methods, including both e-wallet and traditional payment options like cash, credit, or debit cards. The sample size of this survey was approximately 115 respondents, ensuring sufficient data for basic statistical analysis. Quantitative data was obtained via a Google Form questionnaire and was distributed through university groups (WhatsApp and Telegram) and social media platforms. Respondents were required to provide informed consent before participating in the study. The selection of participants utilized a non-probability sampling method, specifically purposive sampling, to ensure that only individuals with experience using digital payment platforms were included. This approach aimed to gather relevant and focused insights aligned with the objectives of the research. To enhance the reliability of the collected data, the questionnaire was pre-tested with a small group before final distribution. Additionally, all responses were kept confidential and used solely for academic purposes, following ethical research standards and ensuring anonymity for each participant involved in the survey.

Measures

The survey questionnaire included sections on demographic information and key variables for both independent and dependent variables. All items, except for demographic information, were assessed using a Likert scale ranging from 1 to 5, where 1 indicates ‘Strongly Disagree’ and 5 indicates ‘Strongly Agree,’ to measure respondents’ level of agreement. Results were presented in tables, aligned with the study’s objective.

Data was analyzed using SPSS 27 to measure significance and reliability. The digital survey method restricted follow-up questions, and differences in comprehension may influence the results. In order to minimize these issues, efforts were made to ensure clarity in the questions.

Furthermore, the items used in the questionnaire were adapted from previously validated studies to enhance content validity. Each construct was measured using multiple indicators to capture the full dimension of the variable. Reliability testing, including Cronbach’s Alpha, was applied to confirm internal consistency of the instruments. Additional statistical tests, such as descriptive statistics, correlation, and regression analysis, were conducted to examine the relationships among variables and support hypothesis testing based on the study framework.

RESULTS

Table 1. Respondents’ Profile Summary (N=115)

Response	Frequency	Percentage (%)
Gender		
Male	47	40.9
Female	68	59.1

Age Group		
20 years and below	55	47.8
21 - 30 years	42	36.5
31 - 40 years	15	13
41 - 50 years	3	2.6
Ethnic Background		
Malay	88	76.5
Chinese	18	15.7
Indian	9	7.8
Highest Education Level		
Primary school	1	0.9
Secondary school	7	6.1
Diploma	20	17.4
Bachelor's Degree	81	70.4
Master's/Professional Degree	5	4.3
Doctoral Degree	1	0.9
Occupation		
Student	84	73
Private sector	15	13
Government sector	9	7.8
Self-employed	5	4.3
Unemployed	2	1.7
Monthly Income		
Less than RM 2,000	35	30.4
RM 2,000 - RM 4,999	14	12.2
RM 5,000 - RM 7,999	7	6.1
RM 8,000 - RM 10,999	2	1.7
Unsure/Prefer not to say	57	49.6
Current Payment Preference		
Which payment method do you use most frequently?		
E-wallet	86	74.8
Credit Card	3	2.6
Debit Card	12	10.4
Cash	14	12.2
How often do you use E-wallet?		
Daily	77	67
Weekly d	27	23.5
Monthly	9	7.8
Rarely	1	0.9
Never	1	0.9
How often do you use traditional payment method?		
Daily	50	43.5
Weekly	35	30.4
Monthly	21	18.3
Rarely	9	7.8

Table 1 shows that the majority of respondents are female (59.1%), with a large proportion being young adults, particularly those aged 20 years and below (47.8%), and 36.5% in the 21 - 30 years age group. Ethnically, the respondents are predominantly Malay (76.5%), followed by Chinese (15.7%) and Indian (7.8%). A significant portion of respondents hold a Bachelor's Degree (70.4%), and 73 are students, reflecting the academic orientation of the sample. The data also reveals that (30.4%) of the

respondents earn less than RM 2,000 monthly, indicating a younger, lower-income demographic.

Regarding payment preferences, the survey shows a strong inclination towards digital payment methods, with 74.8% of respondents using e-wallets most frequently. In fact, 67% use e-wallets daily, highlighting the growing popularity of mobile payments among younger, tech-savvy individuals. In contrast, traditional payment methods such as cash, debit cards, and credit cards are less frequently used, with only 43.5% reporting daily use of these methods. These findings suggest that younger, educated individuals in the sample are shifting toward digital payment systems, likely due to convenience and technological development.

Table 2. Descriptive Statistics, Cronbach's Coefficient Alpha, and Zero-order Correlations for all study variables

Variables	1	2	3	4	5
Perceived Ease	0.931				
Convenience and Usability	0.836**	0.974			
Satisfaction	0.835**	0.767**	0.972		
Privacy and Security	0.825**	0.798**	0.828**	0.984	
User Payment Method Preference	0.805**	0.796**	0.804**	0.801**	0.970
Mean	4.3113	4.3522	4.3101	4.3087	4.4122
Standard Deviation	0.58351	0.52276	0.62082	0.57619	0.53264

Note. N=115; *p < 0.05, **p < 0.01, ***p < 0.001. The diagonal entries represent Cronbach's Coefficient Alpha.

The result in Table 2 indicates that the coefficient alpha values for the variables range from 0.93 to 0.97, demonstrating excellent internal consistency and reliability across all constructs. The zero-order correlations reveal statistically significant positive relationships ($p < 0.01$) among the variables, with the strongest correlation, 0.836**, observed between Perceived Ease and Convenience and Usability. Privacy and Security also exhibit strong correlations, particularly with Satisfaction 0.828**, emphasizing its importance in shaping user experiences. Additionally, the standard deviations, ranging from 0.52 to 0.62, indicate minimal variability in responses and a high level of agreement among participants. These findings not only confirm the robustness and reliability of the measurement tools but also highlight the interconnectedness of the variables, reinforcing the strength of the conceptual framework.

Table 3. Regression Analysis

Variables	User Payment Method Preferences		
	Unstandardized B, β	Standard Error	Standardized Coefficient Beta, β
Perceived of Ease	0.158	0.099	0.173
Convenience and Usability	0.273	0.095	0.267**
Satisfaction	0.233	0.084	0.272**
Privacy and Security	0.203	0.092	0.220*
R^2	0.747		
Adjusted R Square	0.738		

Note: N=115; *p < 0.05, **p < 0.01, ***p < 0.001

The regression analysis presented in Table 3 examines the influence of four independent variables—perceived ease of use, convenience and usability, satisfaction, and privacy

and security—on user preferences for e-wallets over traditional payment methods. The results reveal differentiated impacts across these factors.

In support of H4, satisfaction emerges as the strongest and most significant predictor of user payment method preference, with a standardized beta coefficient of 0.272 ($p < 0.1$). This indicates that users who are satisfied with the overall experience of using e-wallets—likely due to reliability, service responsiveness, and added value—are significantly more inclined to prefer them over traditional alternatives. This confirms that emotional and experiential satisfaction play a critical role in fostering user loyalty and preference.

The findings also support H2, as convenience and usability show a significant positive influence ($\beta = 0.267$, $p < 0.1$) on user preferences. This suggests that users favor digital payment methods that are easy to navigate, time-saving, and integrated with everyday needs. Practical elements such as intuitive interfaces, fast transactions, and ease of access clearly contribute to user decisions in favor of e-wallets.

H3 is also supported, albeit with slightly lower statistical significance. The analysis indicates that privacy and security have a positive impact on user preferences ($\beta = 0.220$, $p < 0.5$), highlighting that users care about the protection of their financial data. Secure systems, encryption, and trust in the provider's commitment to safeguarding personal information remain important drivers in the choice of digital payment platforms.

Conversely, H1 is not supported, as perceived ease of use, although positively associated ($\beta = 0.173$), does not show a statistically significant effect on user preference in this model. This suggests that ease of use, while appreciated, may now be an expected baseline feature of digital services and is not sufficient by itself to influence preference significantly in the presence of stronger factors like satisfaction and usability.

Overall, the regression model is robust, explaining 74.7% ($R^2 = 0.747$) of the variance in user payment method preferences. The adjusted R^2 value of 0.738 further validates the model's explanatory power, accounting for the number of predictors. These findings suggest that enhancing user satisfaction, improving convenience and usability, and reinforcing data security are the most effective strategies for increasing user preference and long-term adoption of e-wallets.

DISCUSSION

The findings of this study highlight the importance of psychological and functional factors in shaping user preferences for digital payment methods, particularly e-wallets. Among the examined predictors, user satisfaction emerged as the most influential factor, aligning with H4, which posited that satisfaction significantly influences user preference. This result suggests that the emotional and experiential outcomes associated with using an e-wallet, such as perceived reliability, ease of transaction, and fulfillment of expectations, play a central role in determining whether users prefer it over traditional payment methods. Satisfied users are more likely to remain engaged with a platform and recommend it to others, indicating that service consistency and customer support are critical to fostering loyalty (Kumar et al., 2025).

Convenience and usability were also found to significantly impact user preferences, providing empirical support for H2, which predicted a positive influence of these factors. This confirms that users value practical benefits such as faster transactions, intuitive interfaces, and integration with other digital services like rewards programs or bill

payments. E-wallets that offer seamless navigation and reduce transaction time are seen as more efficient, enhancing their appeal. These findings support previous research asserting that users gravitate toward systems that simplify their routines and offer flexibility (Hassan et al., 2021). Features such as automatic transaction tracking, bill reminders, and real-time notifications further contribute to ease and convenience, ultimately boosting user preference and sustained adoption.

Privacy and security, though slightly less influential than satisfaction and usability, still demonstrated a statistically significant effect, thus validating H3, which asserted their influence on user preference. In today's digital environment, security remains a non-negotiable condition for adoption. Users expect e-wallet systems to implement robust protective measures such as data encryption, two-factor authentication, and clear privacy policies. Trust in the platform's ability to safeguard sensitive information influences not only adoption but also long-term engagement. This finding is consistent with the work of Prasetya and Shuhidan (2023), who emphasized that building user trust through transparent communication and security reinforcement is essential for digital financial services. Moreover, consistent system performance, low failure rates, and responsive technical support help reinforce user confidence in the reliability and integrity of the platform.

In addition to functionality and trust, the convenience of e-wallets, such as rapid transactions and eliminating the need to carry physical cash, further strengthens user preference over traditional payment methods. These findings reinforce H2 once again, highlighting usability and convenience as key determinants. This is supported by Alam et al. (2021), who emphasized that speed, cashless transactions, and 24/7 accessibility significantly contribute to users' perceived benefits of digital payments. These convenience features become especially influential in fast-paced urban settings, where users seek payment options that align with their mobile and on-the-go lifestyles. As these platforms continue to integrate with other financial and lifestyle services, their appeal as an all-in-one digital wallet grows.

Interestingly, perceived ease of use was found to be a weaker and statistically nonsignificant predictor in this study, thus not supporting H1. While ease of use has been highlighted in previous technology acceptance models as a key determinant (e.g., the Technology Acceptance Model), the findings suggest that in mature digital payment environments like Malaysia's, basic ease of use may have become a hygiene factor—something expected by default. This implies that once a system is deemed easy enough to operate, additional gains in preference are more likely driven by satisfaction, trust, and added functionality than by further simplification alone.

In contextualizing these findings, it is important to consider demographic and geographic nuances, especially in emerging markets. Prior research has shown that younger users in urban areas are typically more inclined to adopt e-wallets due to their technological familiarity and digital-first lifestyles. For instance, Karim et al. (2020) observed that urban consumers are more exposed to digital ecosystems and more comfortable with online transactions. Conversely, older individuals and rural users often show greater reluctance, largely due to concerns about security, lack of digital literacy, or limited infrastructure (Osman & Yi, 2021). Although demographic data were not the focus of this study, these contextual insights provide a backdrop for interpreting the findings and identifying opportunities for future research and outreach.

This study's model explains 74.7% of the variance in user payment method preferences, indicating strong explanatory power and validating the relevance of the chosen

predictors. The findings offer important theoretical and practical implications. Theoretically, they enrich existing literature by affirming that satisfaction (H4), convenience and usability (H2), and security (H3) are not only critical but also interdependent in shaping user choices. From a practical perspective, the results suggest that e-wallet providers should prioritize strategies that enhance user satisfaction, streamline usability, and strengthen trust mechanisms to attract and retain users in a competitive digital finance landscape.

Furthermore, service providers must recognize that retention and preference are no longer driven solely by functional attributes. Users expect emotionally satisfying and secure experiences tailored to their needs. Personalized communication, loyalty rewards, seamless integration with lifestyle apps, and localized marketing efforts can deepen engagement and promote long-term adoption. In markets where digital penetration is growing, these strategies can bridge gaps in digital literacy and build trust among hesitant users.

CONCLUSION

This research aimed to explore the factors influencing user preference for e-wallets over traditional payment methods, particularly within the Malaysian context. The study identified four primary factors: perceived ease of use, convenience and usability, privacy and security, and overall satisfaction. The regression analysis revealed that satisfaction was the most influential determinant of user preference, highlighting that emotional engagement, platform reliability, and positive user experience strongly drive continued usage and loyalty. This supports prior findings by Purnama et al. (2021), who emphasized that increased satisfaction leads to higher user retention and recommendation rates.

Convenience and usability also significantly influenced consumer behavior, indicating that users favor e-wallet systems that streamline transactions and offer flexible features such as fast checkouts and seamless integration with other services. This aligns with Belmonte et al. (2024), who noted that the ability to store payment details and complete transactions efficiently is particularly appealing to younger, digitally savvy users.

Privacy and security showed a moderate yet statistically significant effect, reinforcing that trust remains an essential factor in technology adoption. As supported by Gómez-Hurtado et al. (2024), users are more likely to adopt digital payments when they feel confident that their financial data is protected. E-wallet providers must therefore continue to invest in robust security measures such as encryption and multi-factor authentication to build and sustain user trust.

Contrary to traditional expectations, perceived ease of use was not a statistically significant predictor in this study, suggesting that in a mature digital environment like Malaysia's, ease of use is already considered a baseline expectation rather than a competitive differentiator. While Kumar et al. (2025) previously highlighted the importance of ease in encouraging adoption, our findings imply that its relative influence has diminished as user familiarity with digital payments increases. Nonetheless, maintaining an intuitive design remains important, especially for onboarding less tech-savvy users.

In summary, this research provides valuable insights into the dynamics of user payment preferences in the digital age. The findings suggest that to promote wider e-wallet adoption, service providers should prioritize enhancing user satisfaction, improving

usability and convenience, and ensuring high standards of security. Addressing these key drivers holistically can lead to more responsive, trustworthy, and engaging digital payment experiences. These insights are crucial for businesses and policymakers seeking to accelerate the transition toward a cashless society while addressing the barriers that still exist for certain user segments.

LIMITATION

The research acknowledges a number of limitations that could affect the findings' applicability and depth. As the study primarily focuses on urban populations with more access to technology and digital literacy, one of the main weaknesses is the possibility of sample bias. Due to restricted access to digital infrastructure, rural customers frequently rely more on traditional payment methods; hence, this approach may ignore their opinions and payment behaviors. Furthermore, the fact that digital payment technologies are developing so quickly presents a problem because new platforms, improved security features, and changing user expectations could render the findings irrelevant. The research's focus on important elements like security, usability, and convenience limits its depth, leaving other significant aspects like cultural effects, the state of the economy, and regulatory frameworks unexplored. Additionally, a large portion of the data comes from self-reported questionnaires, which run the risk of bias and inaccurate user memories and experiences. The study's regional focus further restricts the data's generalizability to other regions with distinct socioeconomic or technological environments. In order to provide a more comprehensive picture of user preferences in the digital payment ecosystem, future research must acknowledge these limitations and broaden its demographic and geographic coverage, include longitudinal data, and investigate a wider range of influencing factors.

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The authors have declared no potential conflicts of interest concerning the study, authorship, and/or publication of this article.

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