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Analysis of influencing factors of e-wallet adoption in Nepal

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Abstract

The rapid growth of digital payment options, particularly E-wallets, has transformed the financial landscape. This research study employs a quantitative approach to explore the critical determinants influencing the widespread adoption of E-wallets among users. The study hypothesizes six key factors driving E-wallet adoption: ease of use, social influence, security, occupation, frequency of financial transactions, and literacy. A detailed survey was conducted to collect primary data from a diverse sample of E-wallet users, and quantitative analysis techniques, including descriptive analysis and correlation tests, were utilized to analyze the data. The results confirm the significant impact of these factors on users' decisions to adopt E-wallets. Understanding the factors that influence E-wallet adoption is essential for aiming to enhance user experiences and encourage the widespread adoption of E-wallets in the digital payment ecosystem.

Keywords: Adoption of e-wallet; Digital payments; Influencing factors; Nepal.

1. Introduction

The 21st century's electronic cashless transactions are made possible by all technological advancements and the widespread use of the internet. The e-wallet system is endowed with special payment features that let customers use their phones to make online purchases without using actual cash, and it's done with just a single touch on your mobile device[1] .

An e-wallet serves as a substitution for a physical wallet, in digital format, and it stores digitized variables such as personal payment method details for the convenience of transaction via the use of a password, QR code, or facial image [2]. The lifestyle of everyone has changed during this digital era. E-wallet is one of the most innovative financial technology products that emerged in the digital era [3]. An E-wallet is defined as an electronic payment instrument that enables users to make transactions anytime anywhere, for instance, using E-wallet apps that are installed on their smartphones to purchase items at the convenience store [3].

Meanwhile, ease and rapid transactions are important aspects that entice customers to use an e-wallet for online purchasing [4]. Several major advantages of an E-wallet are (i) ease of use, (ii) a minimal deposit amount, and (iii) the ability to share the benefits of an E-wallet with others [5]. E-wallets, as one of the biggest innovations of our time, are gradually replacing the use of cash in its physical form [6]. However, Subaramaniam [7] stated that the elderly take longer to adapt to E-wallet services since retaining cash makes them feel safer.

The usage of electronic transactions rapidly increased during the COVID-19 lockdown period to mitigate the physical visits to bank branches in the country [8]. Global Payment Gateways Processing Solutions Market forecasted the trend of the payment gateways industry up to 2024, amid and aftermath of COVID-19, and the global payment market is expected to increase by 23.45 USD billion in the year 2020 - 2024 due to the growth of e-commerce and increase in the use of digital payment methods [9].

The trend of moving ahead towards a cashless economy has surged rapidly making COVID-19 or the pandemic situation one of the contributing factors for the same. There was a huge demand for cashless transactions as a result of the nationwide lockdown and travel restrictions, which raised reliance on digital wallets. Everything has become frictionless with digital wallets, from contactless mobile payments to banking transactions. Everything is at your fingertips, whether it is for recharging a phone or paying utility bills [10].

The emergence of digitalization through the Internet has accelerated the flow of globalization and payment systems from manual to online transactions. This has led to the dependency on electronic money (e-money) usage in performing transactions. To date, digital wallets and online transactions have addressed issues related to cash handling and long-distance transactions. In addition, e-wallets may be recharged by another similar device with money in its wallet using any mode of transaction [11].

The purpose of this research is to identify the factors that influence e-wallet adoption among individuals and businesses, the current level of awareness and understanding of e-wallets among Nepalese consumers, ease of use and convenience of e-wallets and also identify the most used e-wallet along to use them.

The study will aim to answer the following questions during research:

1. How do demographic factors like age, educational level, location, and occupation relate to independent variables of e-wallet adoption?
2. How do perceived ease of use, frequency of financial transactions, digital literacy, social influence, occupation, and security affect consumers' perception of e-wallet adoption in Nepal?
3. Which is the most preferred e-wallet in Nepal and for what purpose are these e-wallets used the most?

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The problem at hand is the adoption of e-wallets in Nepal, a multifaceted issue influenced by technological, demographic, and individual factors. The specific impact of these factors on consumer willingness to adopt e-wallets in Nepal remains poorly understood. This research aims to explore the interplay between technological factors (security, trust), demographic and socioeconomic factors (age, gender, education, income), and individual perceptions (ease of use, social influence, occupation, literacy, and frequency of financial transactions) in shaping attitudes toward e-wallet adoption in Nepal. Understanding these factors is essential for businesses and policymakers to develop user-friendly and secure e-wallet solutions that align with user preferences. Ultimately, the study aims to analyze the factors that influence e-wallet adoption. The researchers aim to study how people in low and middle-income countries like Nepal, considering their age, education, job, and location, use E-Wallets after COVID-19.

2. Literature review and hypothesis

Available studies have identified several factors that contribute to the acceptability of e-wallets. The factors that are identified include perceived ease of use, social influence, security, occupation, frequency of financial transactions, and literacy, among others. In 2014, Uddin and Akhi [12] conducted an investigation that stated e-wallets enable users to conduct transactions using mobile devices. For the time being, e-wallet payment is regarded as one of the most crucial transaction methods. This is due to the benefits of ease of use, flexibility, and security when using a digital wallet in an electronic transaction. In 2018, Singh and Srivastava [13] made the empirical investigation that perceived use of use, security, financial transactions, etc. are the factors that have a major influence on the adoption of electronic transactions medium.

2.1. Perceived ease of use

According to Davis [14], perceived ease of use is defined as users' perception regarding the use of a system with ease and is a major factor in technology adoption. The study by Soegoto and Tampubolon [15] stated that the development of technology continuously produces innovations that enhance user convenience. This can make an individual's life easier to fulfill their needs. The E-wallets are supported using smartphones, in the tip of the user's hand. E-wallets, although cannot replace traditional payment methods, can act as an alternative to conduct transactions, such that users can benefit from E-wallet services [15]. Prior studies confirm that ease of use, fast transactions, and security significantly influence users' behavioral intention to adopt e-wallets [16, 17]. Based on this literature, the following hypothesis was formed:

H1: There is a significant impact of Ease of use in the Adoption of E-wallets to users.

2.2. Social influence

Social influence is the process where an individual is influenced by other people in their social environment. i.e., by friends, family, or people from the same society. Social influence is very influential on worldwide business for technology-based services [18]. Social influence is one of the most important factors for the adoption of Internet banking [19]. Social influence was found to affect users' adoption and recommendation of m-wallet services. The analysis of the social influence proved to be relevant and with a positive relationship with the prediction of behavioral intention [20]. Based on this literature, the following hypothesis was formed:

H2: There is a significant impact of Social Influence in the Adoption of E-wallets to users.

2.3. Security

In 2018, Lim et al.[21] found that perceived security, utility, confirmation, and satisfaction positively influence millennials' intention to use mobile Fintech payments via partial least squares approach and the structural modeling equation analysis. Similarly, [22] identified software performance, transaction speed, privacy details, and encryption as key drivers of satisfaction in digital wallet authentication, highlighting the need for robust information security management. Based on this literature, the following hypothesis was formed:

H3: There is a significant impact of Security in the Adoption of E-wallets to users.

2.4. Frequency of financial transactions

E-wallets incentivize usage by offering rewards such as discounts, cashback, and promotional offers. Many businesses adopt these strategies to encourage digital payments and increase user retention [7]. Furthermore, the descriptive research Tiwari et al. [23] shows that although the usage and adoption of e-wallets are on the rise in the present scenario, still much research has been conducted in this area. Our generation wants things to be done faster and quicker. Mobile wallets are changing the traditional ways of making and receiving payments, doing shopping, paying bills, etc [23]. Based on this literature, the following hypothesis was formed:

H4: There is a significant impact of the Frequency of Financial Transactions in the Adoption of E-wallets to users.

2.5. Literacy

Digital literacy is the ability of users to use new technology to find, evaluate, organize, create, and communicate information safely and responsibly [24]. Digital literacy or digital training of e-wallets and electronic transaction mediums is very important such that business practitioners, especially small businesses, use e-wallets regularly, to scale up their productivity in business [25]. Based on this literature, the following hypothesis was formed:

H5: There is a significant impact of Literacy in the Adoption of E-wallets to users.

2.6. Occupation

The users' occupation has an impact on the use of e-wallet services. The self-employed user does a higher number of transactions as compared to private employees [26]. Based on this literature, the following hypothesis was formed:

H6: There is a significant impact of Occupation in the Adoption of E-wallets to users.

2.7. Conceptual framework

Ease of Use, Social Influence, Security, Occupation, Frequency of Financial Transactions, and Literacy are independent variables in this study, and Adoption of E-wallet is a dependent variable. Fig.1 shows the conceptual framework.

3. Methodology

Research methodology is the most efficient and effective process of performing the research that a researcher must carry out, to run the research very smoothly.

3.1. Research approach

This research used the quantitative and quantitative descriptive approaches research type. It is the process that involves collecting and analyzing methods for numerical data. This methodology can be used to find the overall summary of our variables and investigate the relationships between our variables. The data obtained

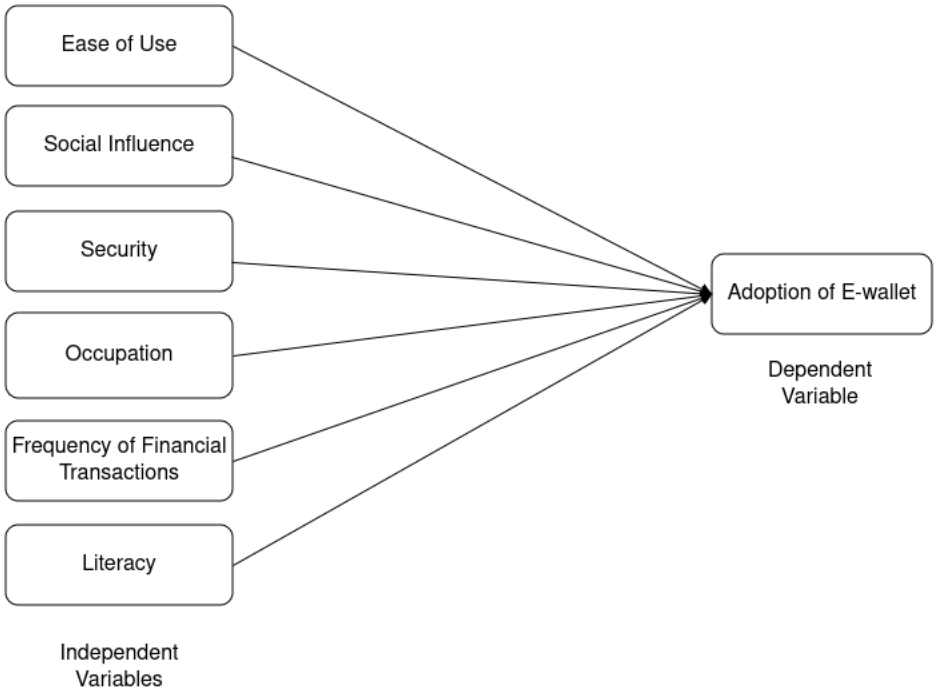

Figure 1: Conceptual framework.

from the survey were analyzed using various statistical methods such as descriptive statistics, correlation analysis, and reliability tests of the data. The mean, median, and standard deviation of the surveyed data were calculated and then tabulated. Additionally, the frequency analysis of the demographic data from the survey was also done and tabulated.

3.2. Research area

This research has been conducted in the Kathmandu Valley (including Bhaktapur, Lalitpur, and Kathmandu) and the Kavrepalanchok District. The Kathmandu Valley, with its metropolitan areas, hosts a diverse population from all over Nepal, and the Kavrepalanchok district, includes both rural and semi-urban areas, were chosen for the reseacrh. By exploring these areas, the research aims to provide insights into the factors influencing the adoption of electronic wallets (E- Wallets) in Nepal.

The data were collected during a period of economic recession, adding a unique dimension to the study. This context allows for an examination of how economic conditions, such as those during a recession, may impact the adoption of E-Wallets in the specified regions.

3.3. Data collection

Data collection is the systematic method of collecting data through various sources. Two types of sources support the data collection for this research. They are primary sources and secondary sources. The primary source is the questionnaire performed through survey and Google Forms, and the secondary data is the documentation, articles journals, etc. The questionnaires include six independent variables: Ease of use, Social Influence, Security, Occupation, Literacy, and Frequency of financial transactions, and one dependent variable: Adoption of E-wallet. The response scale was a point Likert scale of Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree.

Table 1: Likert-scale for research questionnaire.

Likert scale	Code
Strongly disagree (S.D.)	1
Disagree	2
Neutral	3
Agree	4
Strongly agree (S.A.)	5

3.4. Sampling size and data analysis technique

An approach to determining an appropriate sample size was proposed by Dillman in 2000 [27].

$$n = \frac{N \times p \times (1-p)}{(N-1)\left(\frac{B}{C}\right)^2 + p \times (1-p)} \quad (1)$$

Where:

- n is the computed sample size needed for the desired level of precision.
- N is the population size which is 1000,000 when we don't know the exact population size.
- p is the proportion of the population expected to choose.
- B is the acceptable amount of sampling error or precision.
- C is the Z statistic associated with the confidence level, which is 1.96 corresponding to the 95% confidence level.

B can be set at 0.1, 0.05, or 0.03, which are $\pm 10\%, 5\%$, or 3% of the true population value, respectively. The acceptable amount of sampling error or precision is set at 0.05 or 5%. The confidence level of 1.96 corresponds to the 95% level. Using 0.05 will lead to a greater sample size than using 0.03; however, it always provides an adequate sample size for a smaller or greater population [25]. When we choose N = 1,000,000; B = 0.05; p = 0.16; C = 1.96 for 95% confidence interval, we get:

$$n = \frac{1,000,000 \times 0.16 \times (1-0.16)}{(1,000,000-1)\left(\frac{0.05}{1.96}\right)^2 + 0.16 \times (1-0.16)} \approx 207 \quad (2)$$

Thus, the survey was performed for 9 days and there were a total of 213 respondents. This research uses statistical, descriptive, and reliability data analysis techniques to test the relationships between our variables. The data analysis has been performed on the Excel and SPSS software to evaluate, visualize, and present the data.

3.5. Ethical considerations

The research survey was conducted ethically. It was made sure to keep the participants' privacy intact during the research. The anonymity of the respondents was maintained. Our communication throughout the research was straightforward and transparent.

4. Data analysis and interpretation

4.1. Reliability statistics

Cronbach's Alpha is a measure of internal consistency reliability for a set of items or questions in a scale or questionnaire. α greater than or equal to 0.70 is very reliable data and likely to be accepted [28]. Table 2 shows the reliability statistics of independent variables.

Table 2: Overall reliability test.

Cronbach's alpha (α)	N of Items
.920	30

Table 3: Reliability statistics of all independent variables.

S.N.	Independent variables	Cronbach's alpha
1	Ease of Use	.882
2	Social Influence	.763
3	Security	.872
4	Occupation	.714
5	Frequency of Financial Transactions	.759
6	Literacy	.856

4.2. Demographic data

The Table 4 shows the demographics of the respondents. Table 4 summarizes the survey responses on demographics, including location, education, occupation, household income, age, and gender. It provides frequencies and percentages for each category, offering an overview of the respondent characteristics.

4.3. E-wallet usage

Table 5 presents respondents' preferred e-wallets in Nepal, with E-sewa emerging as the most popular choice, selected by 57.10% of respondents. Khalti and ImePay follow as the second and third most preferred options, with 24.72% and 8.52% usage percentages, respectively. Collectively, these top three e-wallets dominate the preferences of surveyed individuals, indicating that E-sewa holds the highest market share among the respondents in Nepal.

Table 6 shows the purposes for which respondents use e-wallets in a survey. Making purchases at physical stores is the most common purpose, with 22.69% of respondents using e-wallets for this, followed by peer-to-peer money transfers (23.75%), online shopping and e-commerce (20.42%), bill payments (20.27%), and receiving payments (12.86%). This data indicates the applications of e-wallets, with a significant focus on transactions at physical stores and digital platforms, as well as money transfers and bill payments.

Table 4: Demographic information.

Demographic	Variables	Frequency	Percent
Location	Bhaktapur	28	13.1
	Kathmandu	42	19.7
	Kavrepalanchok	126	59.2
	Lalitpur	17	8.0
Education	Primary Level	1	0.5
	SEE	4	1.9
	+2 or A level	68	31.9
	Bachelor's Degree	131	61.5
	Master's Degree	7	3.3
	PHD	2	0.9
Occupation	Employed	33	15.5
	Self Employed	17	8.0
	Student	155	72.8
	Unemployed	8	3.8
Household Income	Below 10,000	34	16.0
	10,000 - 19,999	15	7.0
	20,000 - 39,999	43	20.2
	40,000 - 59,999	51	23.9
	60,000 - 79,999	27	12.7
	80,000 - 99,999	9	4.2
	Above 1,00,000	34	16.0
Age	<18	12	5.6
	18-24	164	77.0
	24-30	21	9.9
	30-36	11	5.2
	36-42	1	0.5
	>42	4	1.9
Gender	Female	89	41.8
	Male	123	57.7
	Non-Binary	1	0.5

4.4. Descriptive statistics

Table 7 provides summary statistics for six variables: E, SI, S, FF, O, and L. The "Valid N" row tells us how many responses were included for each variable, and there are no missing values. The "Mean" row gives us the average value for each variable, showing the typical response. The "Median" row provides the middle value, indicating where half of the responses fall. The "Std. Deviation" row shows how much the responses tend to vary around the mean, with lower values suggesting less variability. The "Range" row reveals the difference between the highest and lowest values. The "Minimum" and "Maximum" rows specify the smallest and largest observed values for each variable. Essentially, these statistics offer the description of the central tendency and variability in the data for each variable.

4.4.1. Age vs independent variables

This Fig.2 shows how age is related to independent variables: Ease of Use (E), Social Influence (SI), Security (S), Frequency of Fi-

Table 5: Respondents' preferred e-wallet used.

E-wallet	Frequency	Percent usage	Cumulative percent
E-sewa	201	57.10	57.10
Khalti	87	24.72	81.82
Moru Pay	0	0.00	81.82
CellPay	1	0.28	82.10
ImePay	30	8.52	90.63
Prabhu Pay	9	2.56	93.18
CG pay	0	0.00	93.18
Namaste Pay	3	0.85	94.03
MyPay	9	2.56	96.59
Hamro pay	3	0.85	97.44
Others	9	2.56	100.00

Table 6: Respondents' e-wallet usage purpose.

Purpose	Frequency	Percent usage
Making Purchases at Physical Stores	150	22.69
Online Shopping and E-Commerce	135	20.42
Peer-to-Peer Money Transfers	157	23.75
Bill Payments	134	20.27
Receiving Payments	85	12.86

nancial Transactions (FF), Literacy (L), and Occupation (O). It can be observed that people above age 42 are more influenced socially to adopt e-wallets compared to other age groups. All of the age groups are found to have average digital literacy about e-wallets and fintech solutions, and people in the age group 36-42 were found more literate and also found it much easier to use e-wallets. This might be due to the small sample size of the age group 36-42. Occupation played a major role in e-wallet adoption, people from the age group 18-24 to above 42 are using e-wallets due to occupation slightly more compared to the age group under 18. A similar analysis of occupation was observed from a security perspective as well. And, people from the age group 36-42 are found often doing financial transactions frequently using e-wallets compared to other age groups.

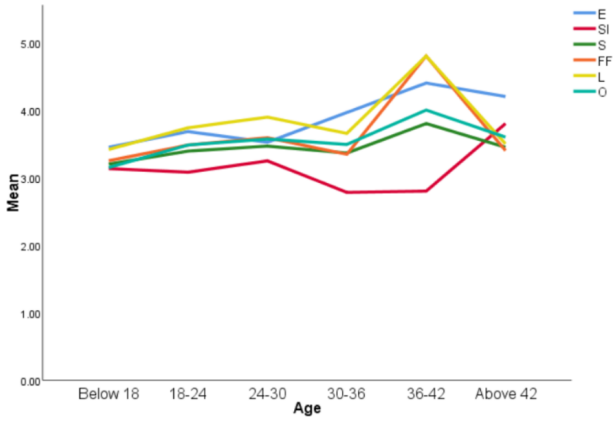

Figure 2: Age vs independent variables.

4.4.2. Educational level vs independent variables

This Fig.3 shows how educational level is related to independent variables: Ease of Use (E), Social Influence (SI), Security (S), Frequency of Financial Transactions (FF), Literacy (L), and Occupation (O). The graph below shows that people with higher degrees found it easier to use e-wallets. The same analysis was observed from a security and frequency of financial transactions perspective as well. People with lower-level degrees are influenced more socially than those who have higher-level degrees. However, people have similar indexes of digital literacy except for the Ph.D. holders who have less digital literacy. People with primary level education are likely to use e-wallets more due to occupation whereas other levels of education have a similar index of usage and adoption.

Table 7: Descriptive statistics.

	E	SI	S	FF	O	L
Valid N	213	213	213	213	213	213
Missing N	0	0	0	0	0	0
Mean	3.681	3.097	3.391	3.478	3.731	3.478
Median	3.800	3.200	3.400	3.400	3.800	3.400
Std. Deviation	0.849	0.832	0.807	0.766	0.756	0.720

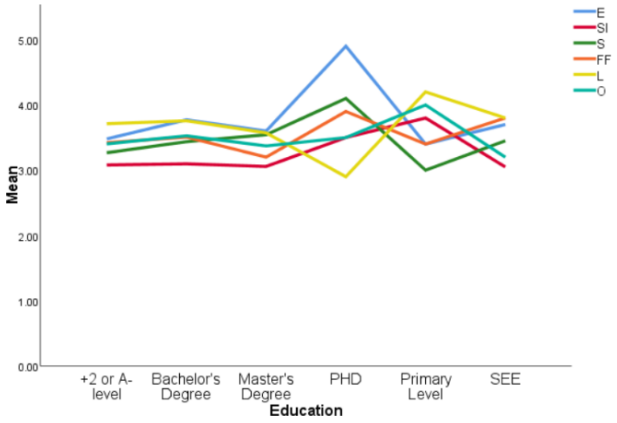

Figure 3: Educational level vs independent variables.

4.4.3. Gender vs independent variables

Fig.4 shows how gender is related to independent variables: Ease of Use (E), Social Influence (SI), Security (S), Frequency of Financial Transactions (FF), Literacy (L), and Occupation (O). It can be observed that there is not much difference between male and female users of e-wallets in finding similar indexes of easiness, social influence, security, frequency, literacy, and occupation for e-wallet adoption. It is found that they have the same attitudes and intentions towards the factors that influence e-wallet adoption.

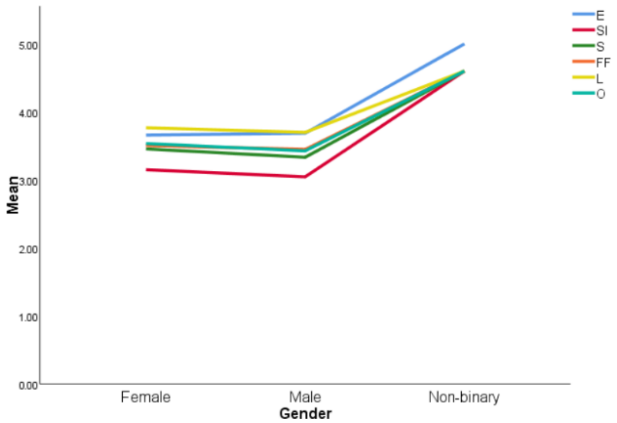

Figure 4: Gender vs independent variables.

4.4.4. Occupation vs independent variables

This Fig.5 shows how respondents' occupation is related to independent variables: Ease of Use (E), Social Influence (SI), Security (S), Frequency of Financial Transactions (FF), Literacy (L), and Occupation (O). The findings show that all levels of employed people find it easy to use the e-wallets. Self-employed people are less influenced socially to adopt and use e-wallet services and also perform fewer financial transactions compared to other groups. Students and unemployed people are less likely to use e-wallets because of their occupations. All these groups found it secure to use e-wallets in similar indexes whereas students found it more secure compared to others.

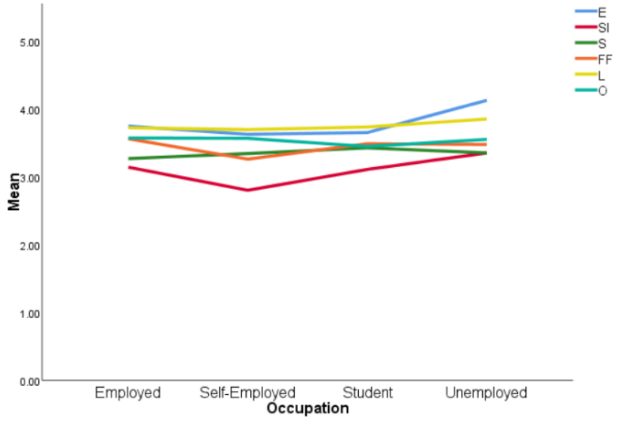

Figure 5: Occupation vs independent variables.

4.4.5. Household Income vs independent variables

This Fig.6 shows how respondents income is related to independent variables: Ease of Use (E), Social Influence (SI), Security (S), Frequency of Financial Transactions (FF), Literacy (L), and Occupation (O). It can be observed that people with low and middle income are less influenced socially to adopt e-wallets. People with higher incomes use e-wallets more due to their occupation. However, people with income NRS. 10,000-19,999 are found to perform transactions frequently with e-wallets. People having income NRS. 60,000-99,999 found the e-wallet less secure for performing financial transactions compared to other income-level people. Almost every income level people are found to have literacy related to e-wallets i.e. Digital Literacy as well as finding easy-to-use e-wallet services.

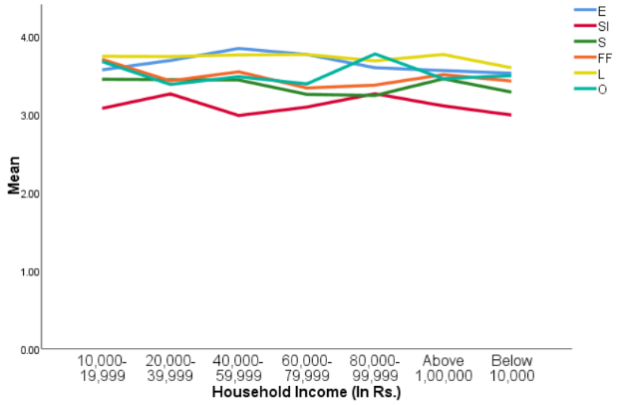

Figure 6: Household Income vs independent variables.

The research by Lim et al. [21] found that mostly male, people with senior-level education, aged 21-25 used e-wallets more than other people.. And, Muhtasim et al. [22] observed that mostly female, people of 18-25 age, the student used e-wallets, and their frequency of usage is 2-3 times a week. Punwatkar and Verghese [3] in their research paper people aged 26-40, mostly male, people of service class with an annual income of 1.5 lakh used e-wallets more than other people.

There was no difference found between males and females [29]. The two gender groups of users of electronic payments were similar in their attitudes and intentions [29]. Also, Monilakshmane and Rajeswari [26] found that mostly male, people aged 18-24, with an education level of undergraduate, self-employed, and income below 10,000 people used e-wallets more than other people.

4.5. Correlation analysis

The correlation Table 8 displays the correlation coefficients and significance levels between pairs of these independent variables. Positive/negative correlations and their significance provide insights into how these factors may be associated with the adoption of e-wallets.

The upper triangle contains correlation coefficients, and the lower triangle shows the corresponding significance levels. The last row indicates the sample size for each variable. Correlation coefficients measure the strength and direction of relationships between variables, while significance levels indicate whether these relationships are statistically significant. All correlations marked with ** are significant at the 0.01 level (2-tailed).

4.6. Findings

The research by Soegoto and Tampubolon [15] found that E-Wallets are widely accepted due to their effectiveness, efficiency, and security features. The study revealed a high percentage of E-Wallet users in the age range of 20 to 30, positive sentiments towards E-Wallet transactions, and a growing acceptance of E-Wallets as a preferred payment method.

The study by Patel and Patel [19] on Internet banking adoption in Gujarat found that perceived security and social influence are key factors influencing customers' decisions to use Internet banking services. The research by Lim et al. [21] found that perceived security and literacy are important factors in the adoption and continuous usage of mobile Fintech payment services. A survey of professors and students at the National University of Malaysia by Muhtasim et al. [22] confirmed security and privacy are the factors that positively impact satisfaction, emphasizing the importance of enhancing information security for greater adoption of digital wallet services.

The research by De Sena Abrahão et al. [20] found that social influence plays a vital role in adopting e-wallets through the survey he confirmed that social influence has a positive impact on behavioral intention in adopting e-wallets. The study by Subaramaniam [7] found that people use e-wallets frequently and make many more financial transactions because of the offers that businesses provide to the customer as a reward. Receiving rewards can be in many ways, such as getting free items, free purchasing, and so on. In 2019, Tiwari et al. [23] found the existence of a significant impact of occupation on the adoption of e-wallets, people tend to adopt e-wallets because of their occupation which makes their cash flow easy and keeps them updated.

In 2020, Karim et al. [16] found that perceived ease of use, security, perceived usefulness, and privacy are major concerns among young generations for using e-wallets. Privacy and security are one of the prerequisite dimensions that e-wallet providers should emphasize to create a positive intention among consumers.

H1: There is a significant impact of Ease of Use on the Adoption of E-wallets to users.

The correlation analysis (Table 8) indicates a positive correlation between Ease of Use (E) and the Adoption of E-wallets. The correla-

Table 8: Correlation analysis between independent variables. *Note: **Correlation is significant at the 0.01 level (2-tailed).*

	E	SI	S	FF	O	L
E	1	.199**	.360**	.430**	.494**	.410**
Significance (2-tailed)		.004	.000	.000	.000	.000
Frequency (N)	213	213	213	213	213	213
SI	.199**	1	.368**	.363**	.377**	.391**
Significance (2-tailed)	.004		.000	.000	.000	.000
Frequency (N)	213	213	213	213	213	213
S	.360**	.368**	1	.633**	.453**	.424**
Significance (2-tailed)	.000	.000		.000	.000	.000
Frequency (N)	213	213	213	213	213	213
FF	.430**	.363**	.633**	1	.616**	.546**
Significance (2-tailed)	.000	.000	.000		.000	.000
Frequency (N)	213	213	213	213	213	213
O	.494**	.377**	.453**	.616**	1	.556**
Significance (2-tailed)	.000	.000	.000	.000		.000
Frequency (N)	213	213	213	213	213	213
L	.410**	.391**	.424**	.546**	.556**	1
Significance (2-tailed)	.000	.000	.000	.000	.000	
Frequency (N)	213	213	213	213	213	213

tion coefficient is significant ($p < 0.05$), suggesting that users who perceive e-wallets as easy to use are more likely to adopt them.

H2: There is a significant impact of Social Influence on the Adoption of E-wallets to users.

The correlation analysis reveals a positive correlation between Social Influence (SI) and the Adoption of E-wallets. The correlation is statistically significant ($p < 0.05$), indicating that users influenced by social factors are more inclined to adopt e-wallets.

H3: There is a significant impact of Security on the Adoption of E-wallets to users.

The correlation analysis shows a positive correlation between Security (S) and the Adoption of E-wallets. This correlation is statistically significant ($p < 0.05$), suggesting that users who perceive e-wallets as secure are more likely to adopt them.

H4: There is a significant impact of the Frequency of Financial Transactions on the Adoption of E-wallets to users.

The correlation analysis demonstrates a positive correlation between the Frequency of Financial Transactions (FF) and the Adoption of E-wallets. The correlation is statistically significant ($p < 0.05$), implying that users engaged in frequent financial transactions are more prone to adopt e-wallets.

H5 There is a significant impact of Literacy on the Adoption of E-wallets to users.

The correlation analysis shows a positive correlation between Literacy (L) and the Adoption of E-wallets. This correlation is statistically significant ($p < 0.05$), indicating that users with higher levels of literacy regarding e-wallets are more likely to adopt them.

H6: There is a significant impact of Occupation on the Adoption of E-wallets to users.

The data analysis suggests that Occupation (O) plays a role in the Adoption of E-wallets. Employed individuals, in particular, are more likely to adopt e-wallets. The correlation is statistically significant ($p < 0.05$), indicating a relationship between occupation and e-wallet adoption.

5. Conclusion

This research highlights a notable demographic trend, with the majority of E-Wallet users falling within the young adult category, showing a distinct preference for E-sewa followed by Khalti. This demographic diversity suggests a broad potential for E-Wallet adoption across various age groups and regions. The reliability test underscored the consistency of measurement items related to ease of use, security, and literacy, asserting their robust influence on E-Wallet adoption. Notably, this research analysis validated the significance of independent variables, punctuating the substantial impact of factors such as ease of use, social influence, security, occupation, frequency of financial transactions, and literacy on users' decisions to adopt E-Wallets.

5.1. Limitations of the study

- This study was conducted inside Kavrepalanchok District and Kathmandu Valley.
- The sample size and selection of respondents were majority from Kavrepalanchok District.
- The study was conducted during the recession period in Nepal.

5.2. Future research

Future research should extend the study beyond the Kathmandu Valley and Kavrepalanchok District to include most of the regions in Nepal, enhancing generalizability. Additionally, incorporating qualitative methods such as interviews or focus groups can provide deeper insights into user perceptions and barriers. Finally, exploring additional factors may further enrich our understanding of e-wallet adoption.

Conflict of interest

The researchers declare no conflict of interest in this research study.

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