Impact of Customer Perception towards Electronic payment methods on Customer Engagement with SME sector in Sri Lanka

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DECLARATION

I declare that this is my own work and this thesis/dissertation does not incorporate without acknowledgement any material previously submitted for a degree or diploma in any other University or Institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text. I retain the right to use this content in whole or part in future works (such as articles or books).

Signature: Date: 4/29/2024

The above candidate has carried out research for the PhD/MPhil/Masters thesis/dissertation under my supervision. I confirm that the declaration made above by the student is true and correct.

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DEDICATION

I dedicate this research project to my family with gratitude for the support and encouragement shown throughout the period.

I also dedicate this to my fellow colleagues, worked together during the academic period.

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ABSTRACT

This research is carried out to examine the impact of customer perception towards electronic payment methods on customer engagement with small and medium size enterprises (SMEs) sector of Sri Lanka. With the Physical limitation brought up by the COVID-19 pandemic, the need for electronic contactless payment intensified. Electronic payment methods are an alternative to bypass the weakness of traditional payment methods and will eventually Replace paper-based money in future. Comparing customer usage of Electronic Payment System (EPS) in Sri Lankan with Developed countries, the usage in Sri Lanka is insignificant. SMEs are moving towards EPS and offering Digital solutions to their customers coinciding with Digital Transformation and e-commerce. These enterprises need to identify barriers to implementing proper operational procedures, required infrastructure, equipment and security protocols and trends in information technology that impact their sales and performance. Additionally, businesses should identify the perception factors that influence customer engagement with their businesses with digital payment methods and identify the short coming of physical cash, the customers are trying to mitigate. With the limited literature resources on factors impacting customers perception towards using e-payment with SME, there is no general agreement nor understanding on what perception factors towards e-payment influence their engagement. This study examines different types of EPS, customer perception towards them and how the perception factors identified affect the customer engagement with SMEs through identifying the relationship between trust, benefits, subjective norm, Security and ease of use on the engagement operational elements; customer retention and satisfaction, repurchase and positive word of mouth. To analyze the relationship of identified perception and engagement factors within the Sri Lankan SME sector, Quantitative research was carried out gathering data via an online questioner from a sample of the population. General consumers with knowledge, facilities and will power of making digital transactions was considered as the population for the study accounting for 36% of the general consumers in Sri Lanka. The study revealed that only Trust, Benefits and Ease of use as the significant factors affecting the Customer engagement with SME, through e-payments. Firms thus should focus on improving the Trust, benefits and ease of use of e-payment systems to increase the customer engagement with their business. Based on the data analysis the research has suggested areas where businesses and E-payment system providers can improve to provide the customers with better service offering.

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Abbreviation	Description
SME	Small and Medium enterprises
E-payment	Electronic payment method
EPS	Electronic payment system
Engagement	Customer engagement
TPB	Theory of Planned Behavior
TAM	Technology Acceptance Model

LIST OF APPENDICES