International Journal of Economics, Business and Management Research

Vol. 10, No.04; 2026

ISSN: 2456-7760

User's Trust for Modern Domestic Payment Platforms in Emerging Countries: Evidence From Vietnam

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doi.org/10.51505/IJEBMR.2026.10409 URL: https://doi.org/10.51505/IJEBMR.2026.10409

Received: Mar 10, 2025 Accepted: Mar 23, 2025 Online Published: Apr 15, 2026

Abstract
As Vietnam undergoes a significant transformation in its payment landscape, transitioning from cash-based transactions to digital alternatives, understanding the intricacies of user trust in modern domestic payment platforms (MDPPs) becomes imperative. This research explores the factors influencing user trust in a new domestic payment platform for daily small transactions in Vietnam. Grounded on the theoretical frameworks of the Trust Transfer Model, the study draws from a dataset of 270 participants and employs both factor analysis and regression analysis methodologies. The analysis reveals several influencing variables, with respondent mechanism, payment security, and payment policy emerging as significant determinants of user trust.

Notably, the findings underscore the crucial roles of effective complaint-handling mechanisms, strict security protocols, and transparent policies in enhancing user trust. These insights have implications for policymakers, businesses, and researchers seeking to promote adopting trustworthy payment solutions and facilitate Vietnam's transition towards a cashless society.

Keywords: Trust, User's Trust, Payment Platform, Domestic Payment Platform

1. Introduction

Fueled by surging economic growth, tech-savvy populations, and expanding markets, emerging economies are experiencing a growing demand for efficient payment methods, with digital payments being rolled out in policies driven by technological advancements (Putrevu & Mertzanis 2023). East Asian economies such as India, Indonesia, the Philippines, Thailand, and Vietnam are ideally suited due to their large population structures and growing technological sophistication. Traditional banking systems, however, often leave a significant portion of the population unbanked, hindering financial inclusion. Research suggests mobile money as a potential solution, with studies highlighting its positive impact on money supply growth. This trend underscores the need for alternative payment methods to facilitate the high volume of daily

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small transactions characteristic of these economies. Consequently, readily accessible domestic payment systems tailored to the specific needs of these markets are crucial.

However, security concerns and cumbersome authentication processes associated with traditional bank-based payment methods can deter user adoption, especially for small transactions. Additionally, research reveals a worrying rise in sophisticated and frequent cyberattacks targeting financial institutions, highlighting the vulnerability of these systems (Oyewole et al., 2024). Domestic retail payment systems offer a potential solution by providing faster and easier authentication processes designed for the local context, fostering greater user confidence. However, it is important to acknowledge that consumer trust in new financial technologies can be impacted by various factors.

Vietnam serves as a compelling case study in this dynamic. A high cash dependency rate of 79% necessitates a new payment platform that seamlessly integrates with existing cash habits (World Bank, 2021). However, the landscape is promising for a mobile-centric platform, with a staggering 169.8% of Vietnamese cellular mobile connections being active (DataReportal, 2024). Furthermore, existing comfort with digital payments is evident, with 40% of Vietnamese already using e-wallets (Statista, 2023). Additionally, Statista also stated that 80% of Vietnamese merchants utilize QR codes, suggesting a potentially smooth transition to QR-based payments. With 34% of Vietnamese adults unbanked (World Bank, 2021), the new platform has the potential to promote financial inclusion if designed to be accessible.

Looking beyond its borders, India's UPI system, processing a staggering 4.2 billion monthly transactions, serves as a powerful example of the potential for rapid user adoption in Vietnam with the right approach. Furthermore, Vietnam's government actively pursues a cashless society by 2030 (National payment strategy milestones toward full cashless ecosystem by 2030), suggesting strong policy support for the new payment platform. The existing network of 400,000 payment agents in Vietnam (World Bank. 2021) presents a valuable resource. Leveraging this network can bridge the digital divide and foster trust among the population. Ultimately, tailoring the new platform to specifically address the needs of small, everyday transactions remains crucial to driving user adoption.

Implementing such a system presents minimal technological challenges and carries low inherent security risks. However, Vietnam already possesses a well-established interbank payment system called NAPAS, known for its large scale, numerous affiliated banks, and high daily transaction volume (World Bank, 2021). While familiarity exists, NAPAS suffers from limitations on transaction size, restricting users' ability to manage their finances effectively. Consequently, users often maintain a cautious approach towards digital payments. Given this context, this research focuses on studying the factors that affect consumer trust when implementing a new IT system, specifically in the context of Vietnam's emerging domestic payment platform.

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2. Literature review & Theoretical background

Trust can be defined as the willingness of a party to be vulnerable to the actions of the other party based on the expectation that the other party will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party (Roger et al. 1995). Trust is universally accepted as an important basis of social and economic interactions (Doney & Cannon, 1997). Trust can also be transferred among entities. Various social psychology and economics research applied trust transfer theory as the theoretical basis of their research models. The majority of this research suggests the transmission of trust among the interdependent entities, for example, the trust in the supply firms and their sales employees (Doney & Cannon. 1997), or the trust in the e-market intermediaries to the trust in the seller's communities (Pavlou & Gefen, 2004). Daniel et al. (2014) built a theoretical framework of trust transfer in the continuance intention of public e-service and proposed the relationship between trust in the public administration, in the Internet, and in the public e-service. This research suggests a similar interpretation, that trust is likely transferred from one entity to another because the former entity represents the other one. Furthermore, the majority of this research agrees on the critical influence of trust on the continuance intention of the related entities.

The trust transfer model (TTM), based on Trust Transfer Theory suggests that new technologies are more likely to be trusted if the users perceive them to be similar to other existing trusted technologies. Applied to the context of digital payment solutions, users may develop trust toward a new payment platform if they perceive similarities in security measures, reliability, and user interface compared to the other familiar established financial institutions or payment systems. In the scope of this research about the applicability of a modern domestic payment (MDPMs) in daily small trivial transactions, the trust transfer model is highly appropriate as its pivotal importance and influence on the decisions of usage and continuous commitment of any economics technology or platform.

The Technology Acceptance Model (TAM) explains the process of e-service. This research inherited the insight of the research model of Daniel et al. (2014), ses by which users accept and use a certain technology. Phuong et al. (2020) utilized this theory in their research to study the continuance intentions of users toward their E-wallets. TAM is appropriate to this research as the proposed domestic payment model would be based on different principles compared to other means of e-payment currently available in Vietnam. Daniel et al. (2014) proposed 3 external cues of trust as the independent variable, consisting of Public administration recommendations, E-service quality, and Interpersonal recommendations. These variables govern the transfer of trust in public administration and the Internet toward trust in the public simplified and remodeled to adjust to the local context and preference. The factor of public administration recommendations and e-service quality are modified to payment policy and payment security respectively, and the factor of interpersonal recommendation is renamed into respondent mechanism. These variables would influence the trustfulness of the MDPMs.

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3. Research Methodology and Hypothesis Development

3.1. Research Model

TTM is used in the technology field to study user trust, specifically in the study of MDPM applications. For TAM, this model is used to consider the level of acceptance of a specific application. The models are refined to suit the research context, in which the E-Service quality factor, the researcher separates Efficiency and Privacy to change to Mobile Application Quality and Payment Security, the Internal Recommendations factor is changed to Respondent Mechanism. The model is adjusted based on the structure of TAM, combined with independent variables including Application Quality (AQ), Payment Security (PS), Respondent Mechanism (RM) from TTM.

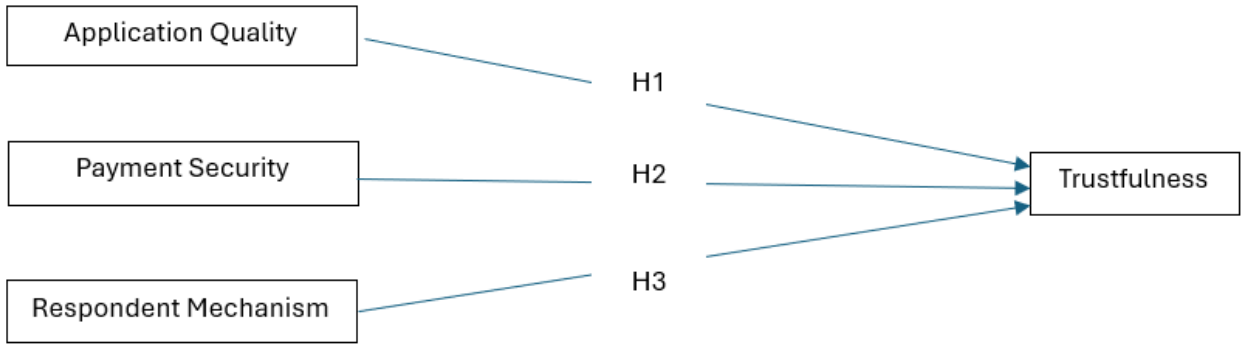

Figure 1: Research model

3.2 Data Collection

Data on user perceptions and behaviors were collected through a three-month survey from December 2023 to February 2024, with 270 direct and online respondents. The responses were logically consistent and were fully aggregated. The research team designed a survey instrument that included AQ, PS, RM, and TRU. For each item, respondents indicated their level of agreement on a Likert scale ranging from 1 - strongly disagree to 5 - strongly agree. The collected data were analyzed using Excel and SPSS statistical software, including descriptive statistics of respondent demographics, factor analysis to assess the dimensionality of constructs and identify underlying factors, and structural equation modeling to test hypotheses and assess the strength and significance of relationships. Estimation methods included factor analysis, correlation analysis, and regression analysis to examine the relationships between variables.

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Table 1. Demography of respondents

Demographic	Category	Fequency	%
Gender	Female	175	65.5%
	Male	92	34.5%
Age	Under 18 years	5	1.9%
	18 - under 22 years	124	45.9%
	22 - under 30 years	24	8.9%
	30 - under 40 years	43	15.9%
	40 - under 50 years	50	18.5%
	Over 50 years	24	8.9%
Income	No income	103	38.1%
	Under 5.000.000 VND	36	13.3%
	5.000.000 VND - under 10.000.000 VND	43	15.9%
	10.000.000 VND - under 20.000.000 VND	45	16.7%
	20.000.000 VND - under 30.000.000 VND	24	8.9%
	30.000.000 VND - under 50.000.000 VND	14	5.2%
	Over 50.000.000 VND	5	1.9%

3.3 Hypothesis Development

The hypotheses were:
Impact of Application Quality (AQ) on Trustfulness (TRU):

The concept of Trust can encompass many economic and social aspects and is transferred between entities (Doney & Cannon, 1997; Pavlou & Gefen, 2004). In the study, the independent variable Trustfulness is considered as the willingness of users to use MDPMs without feeling doubt or fear. To achieve this Trustfulness, MDPMs themselves must demonstrate that this application is of good quality, highly secure and always fully responsive.

In the use of MDPMs, Application Quality is related to the tasks and functions of the platform that are optimized to help users pay quickly and conveniently. A quality platform that works well will increase customer satisfaction (Phuong et al, 2020).

-> **H1**: "Application Quality (AQ) positively influences user trust (TRU)"

Impact of Payment Security (PS) on Trustfulness (TRU)

Payment security emerges as a key determinant of user trust, with features such as encryption, authentication, and fraud detection enhancing trustworthiness. User perceptions of security significantly influence their willingness to adopt digital payment methods.

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-> **H2**: "Payment security (PS) positively influences user trust (TRU)"

Impact of Respondent Mechanism (RM) on Trustfulness (TRU)

The user interface, customer support, and dispute resolution mechanisms collectively constitute the respondent mechanism. A user-friendly interface and responsive customer support contribute to positive user experiences and foster trust in MDPMs.

-> **H3**: "Respondent mechanism (RM) positively influences user trust (TRU)"

4. Data Analysis and Research Results

4.1. Reliability Analysis

Dummy factors created from garbage variables can affect the accuracy of the results. Therefore, it is necessary to evaluate the reliability of the scale for each group of observed variables belonging to different factors through the Cronbach's Alpha coefficient. After testing the reliability with the Cronbach's Alpha coefficient, the authors used the exploratory factor analysis method to evaluate the convergent and discriminant values of the scale. The evaluation results are shown in Table 2.

Table 2: Factor reduction and Cronbach's Alpha results

Factor code	Construct	Number of observed items		Cronbach's Alpha	Corrected Item - Total Correlation minimum
		Before	After		
Independent Variable					
AQ	Application Quality	5	5	.845	.609
PS	Payment Security	4	4	.728	.427
RM	Respondent Mechanism	4	4	.943	.843
Dependent Variable					
TRU	Trustfulness	5	5	.945	.827

4.2. Validity measurement

To evaluate the reliability of the scale, the authors use Cronbach's Alpha coefficient to eliminate inappropriate variables that create spurious factors. For the factors in the table, the lowest Cronbach's Alpha coefficient is 0.728 (>0.6) and the lowest Corrected Item-Total correlation is 0.401 (>0.3), both of which meet the requirements. Thus, the scale can be highly reliable.

Table 3: KMO and Barlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.820
Bartlett's Test of Sphericity	Approx. Chi-Square	1869.922
	df	78
	Sig.	.000

The authors used the EFA exploratory factor analysis method to evaluate the convergent and discriminant validity of the scale for the three factors AQ, PS, and RM which are expected to be independent variables. Items of each factor with factor loadings greater than 0.5 should be retained. Next is to reduce the number of variables with meaningful factors using the Varimax rotation matrix. With the test result, KMO = 0.820, and Bartlett has sig. = 0.000, the authors successfully extracted 3 separate factors that are not mutually exclusive.

Table 4: Variables correlation matrix

		AQ	PS	RM	TRU
AQ	Pearson Correlation	1	.338**	-.086	.403**
	Sig. (2-tailed)		.000	.158	.000
	N	270	270	270	270
PS	Pearson Correlation	.338**	1	-.008	.459**
	Sig. (2-tailed)	.000		.890	.000
	N	270	270	270	270
RM	Pearson Correlation	-.086	-.008	1	.457**
	Sig. (2-tailed)	.158	.890		.000
	N	270	270	270	270
TRU	Pearson Correlation	.403**	.459**	.457**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	270	270	270	270

**. Correlation is significant at the 0.01 level (2-tailed).

4.3. Hypothesis testing

To check if there is a linear relationship between variables, the authors use Pearson correlation analysis, in which the expectation between two independent variables has sig. greater than 0.5 so that there is no linear relationship or if less than 0.5, then have a Pearson coefficient close to 0 so that there is no overlap in the relationship, and for the independent variable and dependent variable, a sig. less than 0.5 and r greater than 0.5 to establish a correlation between them. In the table, all three independent variables have not established an important enough relationship with each other for analysis, so initially, it is assumed that multicollinearity does not occur. Although the two variables AQ and PS satisfy the condition of two independent variables, the correlation

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coefficient is relatively high (0.338), so it is necessary to check the VIF index to ensure accuracy.

Table 5: Correlation Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-2.688	.391		-6.883	.000		
	AQ	.448	.063	.325	7.143	.000	.879	1.138
	PS	.593	.076	.353	7.779	.000	.885	1.130
	RM	.584	.051	.488	11.382	.000	.992	1.008

a. Dependent Variable: TRU

Phuong et al. (2020) mentioned that if VIF is greater than 5, multicollinearity occurs, so the relationship between the two variables AQ and PS in the study is satisfied. The t-test gives sig.. = 0.000, concluding that the regression coefficient of the independent variable is significant in the research model..

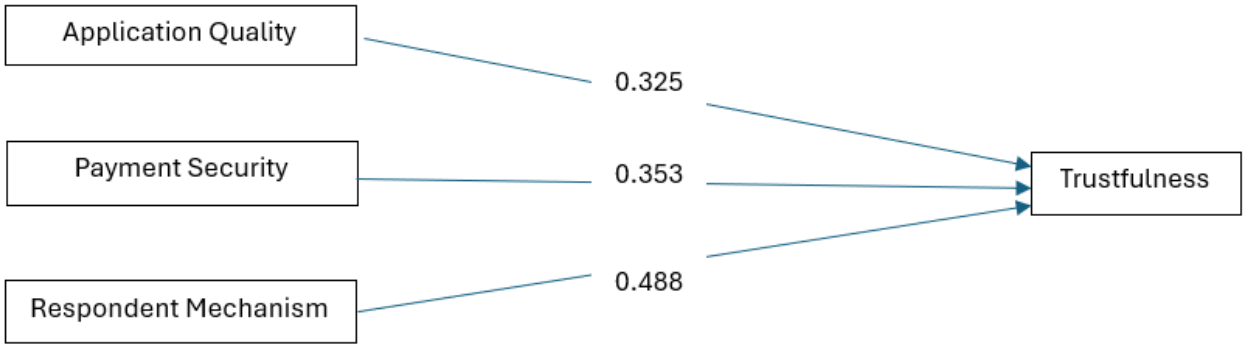

Figure 2: Research model result

Respondent Mechanism has the strongest impact on User's Trustfulness (β = 0.488, p = 0.000). The independent variables Application Quality (β = 0.325, p = 0.000) and Payment Security (β = 0.353, p = 0.000) also show significant impact on User's Trust for Modern Domestic Payment Platforms.

5. Discussion

The study sheds light on key determinants of user trust in Domestic payment platforms for daily small transactions in Vietnam. As a result, payment security and respondent mechanisms are identified as significant factors influencing user trust in NDPMs.

H1. Application Quality (AQ): β=0.325, p=0.000.

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The results show that the application has an impact on user trust, significantly increasing users' confidence in its security features, task implementation, and reliability. Compared to the study by Phuong et al. (2020), the Application Quality variable has the strongest impact in the context of the study ($\beta = 0.619$, $p = 0.000$) This boost in trust leads to greater user engagement, as individuals feel more comfortable sharing personal information and utilizing the app's advanced functionalities. The platform with high quality can push higher retention rates, then improve satisfaction, and a stronger inclination to recommend the app to others.

This enhanced trust also fosters a positive feedback loop, where increased user satisfaction drives further improvements and innovations within the application. Consequently, the app not only strengthens its position in the market but also builds a loyal user base that contributes to sustained growth and competitive advantage.

H2: Payment Security (PS): $\beta=0.353$, $p=0.000$.

Compared to the path coefficient of Payment Security to TRU is 0.357 (Phuong et al. 2020), which has the second-highest impact on the standardized intention to use score. This suggests that security is a particularly important factor for users when deciding to continue using Domestic payment platform.

The robust payment security measures, including encryption protocols and fraud detection systems, are essential for protecting users' financial data and preventing unauthorized access. Security is always an emphasized aspect, especially for transactions. Domestic Payment Platform is secure even though it does not require transaction confirmation. It is needed to extend security awareness to small daily transactions that ensure security will gain users' trust.

H3: Respondent Mechanism (RM): $\beta=0.488$, $p=0.000$.

This has the highest impact on the standardized intention to use the score, compared to the path coefficient of the Respondent Mechanism to TRU is 0.471 (Phuong et al. 2020). It can be indicated that a well-implemented feedback mechanism significantly influences users' trust and continued use.

It can be seen that all three factors have a strong influence on users' Trustfulness, suggesting that measures to increase all three factors will promote users to feel more trust in MDPMs. Among them, the respondent mechanism, encompassing user interface and customer support, plays a critical role in shaping users' trust and satisfaction with NDPMs. Policymakers can use these insights to develop regulations that promote transparency, security, and consumer protection in the digital payment ecosystem. So on, businesses can leverage these findings to design NDPMs that prioritize user trust and satisfaction, thereby enhancing adoption and usage. Researchers can further explore the dynamics of user trust and investigate emerging trends and challenges in the digital payment landscape. Addressing the identified factors can contribute to accelerating Vietnam's transition towards a cashless society and fostering financial inclusion for all.

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The respondent mechanism, encompassing user interface and customer support, plays a critical role in shaping users' trust and satisfaction with NDPMs. For new models, errors are inevitable. Users who experience it directly can give practical feedback, but that not only increases the quality of the platform but also shows appreciation for user opinions. When users feel that their opinions are always taken into account to provide the best experience, they will feel secure and confident in using the domestic payment platform. The significant impact of the Respondent mechanism also shows that listening to user opinions should be a top priority in platform development.

This will address the identified factors that can contribute to accelerating Vietnam's transition towards a cashless society and fostering financial inclusion for all. However, eliminating cash from payments will face many obstacles without help from all parties. Policymakers can use these insights to develop regulations that promote transparency, security, and consumer protection in the digital payment ecosystem. Businesses can leverage these findings to design MDPMs that prioritize user trust and satisfaction, thereby enhancing adoption and usage. Researchers can further explore the dynamics of user trust and investigate emerging trends and challenges in the digital payment landscape.

The study sheds light on key determinants of user trust in MDPMs for small transactions in Vietnam. Application quality, payment security, and respondent mechanism are identified as significant factors influencing user trust in NDPMs. Clear payment policies contribute to users' understanding and trust in the reliability of the payment system. Robust payment security measures, including encryption protocols and fraud detection systems, are essential for protecting users' financial data and preventing unauthorized access.

6. Recommendations

Based on the findings of this study, several recommendations can be made to policymakers, businesses, and researchers aiming to promote the adoption of NDPMs in Vietnam.

First, policymakers and developers should focus on collecting user feedback from multiple sources, either within the platform or through external surveys to collect as much data as possible. Since it is new to Vietnam, errors are inevitable. Collecting feedback from multiple sources like this helps NDPMs improve from users' own experiences instead of just running simulation tests. At the same time, people being listened to and having their concerns resolved will create peace of mind when using the platform, thereby gaining more trust from NDPMs.

In addition, it is necessary to improve and supplement the application quality to increase user experience. This can be achieved through a multifaceted approach that includes refining the user interface for greater intuitiveness, optimizing performance to reduce loading times and minimize bugs, and incorporating user feedback to address pain points and enhance functionality. Regular updates should be implemented to stay ahead of technological advancements and changing user expectations. By prioritizing these areas, the application will not only become more user-friendly but also foster greater user satisfaction and retention, thereby building user trust in NDPMs.

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Moreover, businesses should prioritize investment in robust security measures and user-friendly interfaces to enhance user trust and adoption of NDPMs. For any asset-related application, users generally prioritize security to avoid risks in cyberspace. Especially for a new platform like NDPMs, building trust should start with the affirmation of protecting the deposited amount from policies, payment mechanisms, and incident support. From there, users will feel safer when putting their money on a reputable platform.

Finally, further research is needed to explore the nuanced dynamics of user trust in NDPMs and its implications for digital payment adoption in Vietnam. The potential of NPDM could be a driving force for a cashless society.

The research acknowledges certain limitations, such as sample size and generalizability of findings. Future research could explore additional factors influencing user trust and conduct longitudinal studies to assess the long-term impacts of NDPM adoption on user behavior.

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