CUSTOMER SATISFACTION WITH THE ELECTRONIC PAYMENT SYSTEM (CASE STUDY ON MACEDONIAN CUSTOMERS)

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ABSTRACT

Electronic payments have become more popular thanks to the growth of the Internet, which has become the foundation of electronic payment systems. The financial sector has started to use electronic networks for trading since the 1970s. In 2021, according to the World Bank, two-thirds of the adult population globally make electronic payments, 95% in developed economies, and 57% in developing economies. With the ongoing worldwide digitalization (Internet) process, especially after the Covid-19 pandemic, electronic payment becomes a very important component of every economy, especially as a payment method for companies and households. Digitalization is also rising in North Macedonia, so a large percentage of adults are using electronic payment systems for conducting daily transactions. This paper aims to explore electronic payments, as they are recognized as crucial elements in financial technology. Three main factors will be examined to achieve the goal: customer satisfaction, benefits, and drawbacks of electronic payment. Furthermore, part of the research is also the findings about Macedonian customer satisfaction toward e-payment, their perceived drawbacks, benefits, and electronic payment methods such as: payment cards, internet/online payments, mobile payments, electronic wallets, and cash. The data are gathered by using the self-administrated questionnaire method and analyzed using comparative and descriptive analysis. The questionnaire contains close-ended questions relating to the objectives of the study. Based on obtained results of the research, it can be concluded that the new electronic payment methods offered to Macedonian customers are still in the process of development. It may take time for citizens to accept digital payments. Their acquaintance with electronic payment systems is still at a low level.

KEYWORDS:

ELECTRONIC PAYMENT, CUSTOMER SATISFACTION, PAYMENT CARDS, ELECTRONIC CASH

JEL CLASSIFICATION CODES:

G210, G510, O33

1. INTRODUCTION

Commodities, gold, and paper money are just a few examples of the numerous payment methods that have existed throughout history. However, with the appearance of the Internet, a significant turning point occurred. Electronic payments (e-payments) have become more popular thanks to the growth of the Internet, which established the foundation of electronic payment systems (EPS). In the 1970s, the financial sector started to use electronic networks for trading. Electronic Funds Transfer (EFT) was among the first transactions done by using electronic networks and it refers to the transfer of money between financial institutions using telecommunications networks. Since the 1980s,

automated teller machines (ATMs) have been used as a form of electronic payment. Each time a consumer uses the ATM, a transaction via a computer network is involved.

According to Vasya and Patrick (2006), there have been major changes in the way that services are offered to clients because of the development of information technology. Customers are currently choosing self-service choices more frequently since they are faster and more convenient. According to various experts, the banking industry by adopting contemporary technologies, especially those of EPS, witnessed a notable period of transformation. According to Mohsen and Habbaz (2019), E-Payment will replace traditional payment methods, offering digital financing services such as "E-Banking". These digital financing services will be managed to conduct several types of operations, transactions, and satisfy the requirements of customers.

In the financial industry, the process of electronic transformation increased especially during the COVID-19 pandemic. The pandemic prevented people to meet each other and physically exchange cash. Thus, even people that did not use EPS previously, started to make online transactions using electronic payment methods for the first time. Nowadays, electronic payment presents a significant opportunity for international transfers. It gives the opportunity to connect to bank accounts by using the electronic means of transfer of funds of the payers and receivers of funds located in different countries. As our lives have become increasingly digital, so have our payment methods.

With greater emphasis on digital and mobile payments (digital/mobile wallets), as well as the continued development of peer-to-peer technologies (cryptocurrency, non-fungible tokens (NFTs), new payment methods are available and offered by many Fintech institutions. According to the World Bank, in 2021 approximately two-thirds of the global adult population used digital payments for their transactions. In developed economies, this number rises to 95%, while in developing economies, it stands at 57% (Global Findex Report, 2021). This trend of increasing digitalization is also evident in our country, where specifically 74% of adults utilize electronic payments for conducting daily transactions (NBRSM, 2022). According to the statistic of the Macedonian central bank, 2.1 million payment cards (70% based on contactless technology) were in circulation at the end of 2022. (NBRNM, 2023) Compared to 2021, an annual growth of 16% has been recorded in the number of physical traders that accept payment cards when selling goods and services. Modernization of the Macedonian regulation in the field of payment services and payment systems and its harmonization with the European directives is particularly expected with the implementation of the new Law of Payment Services and Payment System. New, modern forms for conducting payment transactions are also expected to emerge. Therefore, the aim of the study is to determine the overall level of Macedonian customer satisfaction with EPS.

To achieve the goal, the following questions were developed: How is e-payment defined and what are the most e-payment methods used by Macedonian customers? How do current electronic payments affect customer satisfaction in North Macedonia? What are the perceived benefits and drawbacks that affect users' satisfaction with the e-payment system?

2. DEFINING E-PAYMENT, TYPES OF PAYMENT METHODS, AND REGULATION

Electronic payment, also known as digital payment, involves transferring value from one payment account to another, using digital devices such as mobile phones, point-of-sale (POS) terminals, or computers. It involves digital communication channels such as mobile wireless data or the SWIFT (Society for the Worldwide Interbank Financial Telecommunication) network. This broad definition encompasses various payment methods, including bank transfers, mobile money, and payment cards like credit, debit, and prepaid cards.

According to Annon (2003), a dependable and efficient payment system also promotes economic growth. There are several types of electronic payment systems, and an effective payment system depends on non-cash payments. According to the European Central Bank (2004), E-payment is referred to as "a payment that is initiated, processed, and received electronically". In e-payment funds are held, processed, and received in the form of digital information and their transfer is initiated via electronic payment instrument. E-payment as mobile payment is a financial transaction made through a mobile electronic device, such as a tablet or smartphone, whereas e-payment as PC payment is when the electronic transaction is performed by a personal computer. Selection of the most appropriate channel to use depend on certain criteria, mostly of:

- Customer awareness and acceptance
- Security requirements

- Payment amount
- Cost structure (one-time or periodic costs)

Technical parameters such as periodicity of payment, internationality, the anonymity of customers, level of protection against shortfalls, distribution, and access to the methods to perform the electronic transaction, can play an important role in the assessment and selection of the appropriate e-payment method (Kütz, 2016).

An individual who purchases goods or services is called a customer. Whereas an individual's feelings of pleasure or frustration for a product or service are referred to as satisfaction. According to Ennew, Binks & Chiplin (2015), the most essential element in maintaining and attracting customers, especially in the banking sector is customer satisfaction. According to Vunjak (2015), consumer satisfaction includes customer expectations and perception and can be mathematically expressed as the difference between two variables:

SATISFACTION = PERCEPTION – EXPECTATIONS

The e-payment process starts with the customer making a payment to the supplier, whereas the supplier sends a payment request to an E-payment provider. The E-Payment provider directs the customer to their payment platform, where the customer confirms the payment. Once the payment is confirmed, the E-Payment provider notifies the supplier, debits the customer's bank account, and generates a credit note for the supplier's bank account. Even though, at the very first glance, the process looks very simple, there are still a lot of benefits but also impediments concerning e-payment. According to Khairun & Yasmin (2010), two areas that should be considered when using an e-payment system are sufficient knowledge of technology and the security of transactions. According to Chong et al (2013), the electronic payment system benefits customers primarily through its convenience and lower transaction costs. The convenience can be increased by allowing customers to make payments from different devices, wherever they are, whenever they want. They allow customers to have access to financial resources immediately (all available funds or lines of credit), i.e., when using cash or checks the customers may be limited in the amount of cash. Customers can shop online just with "the click of a button". However, electronic payments have many drawbacks. For example, electronic payments based on digital cash have the problem of double spending. Electronic payments may generate information that can be used for other purposes (analysis of customer behavior, research, etc.), which violates one's right to privacy.

2.1 E-payments Classification

The e-payment can be classified in the form of money representation and the principle of transferring money. According to Medvinsky & Neuman (1993), payment systems are divided into two categories: electronic cash mechanisms (or electronic currency) and credit-debit systems. Electronic cash is like traditional cash, parties exchange electronic tokens that have value, such as banknotes and coins that determine the value of traditional cash money. When it comes to electronic payments, the credit-debit concept states that money is represented by records in bank accounts and that this information is exchanged electronically between parties via computer networks. According to Wayner (1997), there are two systems: 'account-based' and 'token-based' systems, based on the type of information that is exchanged, when compared to credit-debit systems and electronic cash in the definition of Medvinsky and Neuman (1993). According to Camp et al. (1995), there are two forms of money: notational and token. According to Asokan et al. (1997), payment methods are divided based on the order of cash flows between the payer and payee. There are also other types of payment methods according to Schreft (2002), Kuttner and McAndrews (2001) that are performed electronically as elaborated in Table 1.

Table 1: Types of e-payment methods

E-payment methods	
Electronic Funds Transfer at Point of Sale (EFT/POS)	When making a transaction, EFT/POS needs the usage of a debit card to authorize an online transfer via a terminal from the customer's bank account to the merchant's account immediately (Chorafas, 1988). In North Macedonia, this method of payment is frequently used for most in-store transactions. The first POS terminals in Macedonia were installed in 1996, and banks provided merchants with free use of them to encourage them to accept payments made with their credit cards. This led to a concentration of POS terminals in the bigger places of sale. Today, they count 30.011 devices at physical places of sale 86% of which support countless technology (NBRMS, 2023)

Payment cards	The use of payment cards in North Macedonia has increased dramatically after the government's decision to pay public administration salaries through accounts linked to bank cards. In North Macedonia, cards that contain a magnetic strip and a built-in microchip are more widespread. When making a payment, the information is directly transmitted from the reading device to the computer center of the bank, so that the balance of the account is immediately reduced. Recently, banks have begun to offer contactless cards, which store all information about the balance and changes to the account. Macedonia's banks offer well-known international cards, such as "American Express" Visa" and "Mastercard", to households and companies, while some smaller banks issue their own cards that are accepted only to a limited extent, and only in the country. Card holders can use their cards to purchase various goods and services in-store or online, as well as to withdraw their money from ATMs. There are many types of payment cards, but the most used payment cards are credit and debit cards.
	Debit cards: With debit cards, the cardholder can purchase goods and services and withdraw from ATMs only the amount of money formerly paid to the bank account. Each time a debit card is used, the amount will immediately be debited from the holder's bank account. According to NBRM (2023), consumers in the Republic of North Macedonia mostly use debit cards to make cash transactions.
	Credit cards: Can be considered as a credit line, and it gives the option to the cardholder for delayed payment. The credit lines, limit, and duration are decided by agreement between the credit card holder and the one that is issuing the credit card.
	Charge cards: According to O'Mahony, D., Peirce, M., & Tewari, H., (2001), charge cards are like credit cards in that a special-purpose account is used for payments. The main difference is that the whole bill for a charge card must be paid at the maturity of the billing period. There is no spending limit. Purchases is approved by the card issuer based on financial patterns and habits of the customer.
Online / Internet payment / E-payment	According to Handbook (2001), online/internet payment provides access to customer accounts through the website established by banks or fintech companies for online/internet transactions at anytime, anywhere using a computer, or mobile connected to the Internet. Customers can access their bank accounts through security checks and make transfers through a website provided by the bank or the fintech company.
	Electronic cash (E-cash): According to Wayner, P (1994), to make anonymous secure electronic transactions on the Internet, DigiCash created E-cash. It offers the safety of paper money with the additional security necessary for open networks. It is an online software solution that enables payment for data, tangible items, and even payout services – where a customer could get paid back as part of the service – on the Internet. Because customers withdraw coins from banks without revealing their serial numbers, e-cash is claimed to be completely anonymous. Even if the bank and the merchant collude to identify the spender, the coins can be used anonymously at a merchant. The–system makes heavy use of both symmetric and asymmetric (public key) encryption, which gives it strong security.
	E-banking: Consists of Online/Internet Payment through the website established by the banks through the PC or by mobile payment. Electronic Funds Transfer at Point of Sale, ATM, as well as credit cards are also part of e-banking.
	Mobile payment: According to Mitchell Grant (2022), a cash payment or cash transfer made for a good or service through a portable electronic device such as a tablet or cell phone is called a mobile payment
	E-Wallet: Mobile or digital wallet is an electronic means of payment (a payment instrument) for storing money, mobile payments, transfers, and paying on the Internet (Taras, T, 2022) According to ACI Payments, inc., a customer can store multiple payment cards (debit, credit) as well as bank account numbers in a secure prepaid account called E-Wallet. It was created to make payments faster, since the customers will create an E-Wallet profile and they will not have to put their account information in while making transactions.

Source: Own research

With the continued development of peer-to-peer technologies (cryptocurrency, NFTs), new payment methods

will emerge. Modernization of regulation concerning payment services and payment systems and their international harmonization will further support these new modern forms of conducting payment transactions. Today, digital wallets like Apple Pay, Cash Pay, Dwolla, Google Pay, Pay Pal, Samsung Wallet, and many others are already available and offered by experienced FinTech solutions software development companies.

2.2 Macedonian Regulation in the Field of EPS

According to the research done by Parnardzieva S.E. at al. (2023), Macedonian banks see the biggest regulatory barriers to working with e-banking, among others, in the Laws on Payment Operations. The Macedonian regulatory framework was urged to consider changes to overcome limitations in the existing laws regarding EPS. In that awareness, the new Law on Payment Services and Payment Systems was published in the Official Gazette of the Republic of North Macedonia No. 90 on 12.04.2022 and entered into force on 01.01.2023. By adopting the new law, the domestic legislation was harmonized with the Directives of the European Union concerning the:

- Payment Services Directive,
- Electronic Money Directive,
- Settlement Finality Directive,
- Directive on the comparability of commissions related to payment accounts, transfer of payments, and access to payment accounts with basic characteristics,
- Regulation on replacement fees for card-based payment transactions and
- Regulation on the establishment of technical and business requirements for credit transfers and direct borrowing in euros in the part of the provisions related to direct borrowing.

On the day of the application of the new Law on Payment Services and Payment Systems, the following two laws ceased to be valid:

a) Law on Payment Operations and
b) Law on Fast Money Transfer Services

The new Law on Payment Services and Payment Systems will liberalize the market for payment services through the entry of non-bank payment institutions that will perform certain segments of the payment operations and provide innovative ways of electronic payment. The Law also regulates new payment instruments such as direct borrowing. It regulates the types of payment services, the license for providing payment services, issuing electronic money, the transparency of the conditions and obligations for information regarding payment services, the rights and obligations of providers and users of payment services, the opening and use of payment services, account, portability of the payment account, transparency and comparability of fees related to payment accounts and services, dispute resolution procedures for the provision of payment services, payment systems, and settlements, oversight of payment institutions, electronic money institutions and the operator of the payment system, the establishment and maintenance of a single register of accounts, as well as other issues related to payment services and payment systems.

It is expected that the new law will strengthen competition in the domestic market and increase the offer of new and various innovative ways of e-payment. In addition, through the regulation of card payment schemes, interbank fees with payment cards will be limited. From the point of view of consumers, the law provides specific rules for enhanced authentication of consumers to reduce the risk of abuses and fraud. Hence, the new law strengthens consumer rights to inform them concerning the conditions for using the services.

3. THE BENEFITS AND DRAWBACKS OF A CASHLESS SOCIETY

Since the beginning of human civilization, barter and other forms of exchange have been the foundation of cashless societies. However, the term "real cashless society" refers to a move toward a society in which cash is replaced by its "digital equivalent"—that is, legal tender (money) exists, is recorded, and is only exchanged in electronic digital form. (Fabris, 2019).

The future of cash has been a topic of discussion, primarily among economists. For ordinary individuals, it is undebatable since they have access to a wide range of payment methods, so there's no conflict (Mercadante, 2018).

The benefits of e-payments are:

- It declines criminal activities since electronic cash is intangible. In US research, an increase in e-payments has resulted in a decrease in thefts and the overall crime rate (Achord, 2017).
- It prevents money laundering. The easiest way to launder money is to use traditional cash since there will not be an automatic record of your transaction. But, with electronic cash everything is recorded immediately making it difficult to hide income and avoid taxes (Justin, 2022).
- It will reduce the shadow economy, resulting in more tax receipts for the government as well as greater fiscal stability. Nowadays, most transactions in the shadow economy that would otherwise be taxed are not recorded. These transactions would enter legal channels and become taxable as society moved toward being cashless. This would boost tax collections, which would have the domino effect of reducing the budget deficit and the national debt. (Fabris, 2019)
- Compared to conventional, paper-based payments, electronic ones are far more effective and secure. You do not have to keep all your money at home and worry about being robbed. You may secure your payments using a variety of electronic payment techniques and systems, including SSL, payment tokenization, encryption, and more. Most electronic payment providers also have a large staff of data specialists and engineers working to protect your payment information, even if digital solutions are not impervious to hackers and security breaches (Mineral Tree, 2022).
- Money can be transferred more quickly. Most businesses today rely on EPS since paper checks can take several days to process and transferring cash has almost completely disappeared as a means of payment (AvidXchange, 2023).
- E-payment is supported by the quick growth of IT, electronic applications, and mobile phones. Digital payments have increased as the digital world has evolved. There are more and more apps and digital services that can only be paid for electronically. Mobile phones are fast evolving into a form of digital wallets (Fabris, 2019).
- Banks, credit unions, and other financial institutions would be able to cut staff if cash was no longer used. Additionally, it will reduce money-handling expenses. According to Achord (2017), the cost of managing cash in the EU was calculated at 0.45% of GDP. This is a clear justification in favor of a cash withdrawal that is performed slowly. Many banks promote online banking, which has led to fewer bank branches, fewer workers, and shorter business hours. Therefore, it is certain that financial institutions will actively advocate for the shift to a cashless society.
- Companies may establish a wide range of payment methods for their clients using online payment services. People have different choices, therefore providing them with that choice when making a purchase increases the chance that they will complete the deal. (JavaTpoint, 2023)

The drawbacks of e-payments are:

- Electronic payment methods are vulnerable to fraud and cyberattacks. For instance, hackers can try to steal payment information or block the payment process. Users can be really worried about this, especially if their accounts hold particularly important financial data. (JavaTpoint,2023)
- The elderly and poor continue to be increasingly reliant on cash. They do not have much experience using digital currency, so it is unclear how most of them would fare in a society without cash. Additionally, a sizeable portion of the population in every country, primarily the underprivileged and excluded groups, lacks access to bank accounts. Therefore, a certain segment of the population lacks IT skills and does not have access to the Internet. According to US census data, 11% of people do not have internet access (Mercadante, 2018). But one should not rule out the opposite result in terms of financial inclusion. For example, digital money can promote financial inclusion in some rural or distant regions of the nation that have an extremely limited financial infrastructure such as banks, ATMs, etc. (Fabris, 2019)
- Some public segments may be resistant to using cashless payment methods due to a lack of financial awareness. Finances today are changing from how they were in the past due to the expansion of the Internet, the globalization of economic trade, and particularly e-payments. Evidence linking financial literacy to poverty also has been established. The creation of national financial education programs must therefore be the top priority. (Fabris and Luburic, 2016).
- Customers want privacy in their financial transactions, especially those that must hide something. However, with electronic payments that trace all financial transactions, this is impossible. (Fabris, 2019)

- The conventional method of payment is cash. Cash may no longer exist, which would undoubtedly be a revolutionary development. Individuals often behave prudently, which means they aggressively resist substantial changes when they are unsure of how those changes will affect their position. (Achord, 2017)
- Customers may experience issues, like not being able to make purchases when they need due to glitches, outages, and unintentional errors. Likewise, when systems fail, businesses are unable to take payments. You could end up "penniless," in a sense, even if something as simple as a dead phone battery happens. (Pritchard, 2022)
- When customers make a cash purchase, they grab the money from their pocket and hand it to the receiver to acknowledge the monetary impact. On the other hand, it is simple to swipe, tap, or click with e-payments without realizing how much one is spending. Consumers might need to reconsider how they manage their finances. (Pritchard, 2022).

4. RESEARCH DATA AND METHODOLOGY

In this study, primary and secondary data are used. The data gathered will be analyzed using comparative and descriptive analysis. A self-administrated questionnaire method for gathering data has been used with close-ended questions. Some questions were asked in the form of multiple-choice and dichotomous questions. As a research instrument, the Likert scale is also used. The population of this study includes students and non-student bank customers from North Macedonia. The sample size was randomly determined. A research questionnaire containing carefully framed thirteen questions regarding the demographic information of the participants, financial status, the satisfaction of customers with e-payment services delivery quality, and the benefits and drawbacks that customers derived from using e-payment. Demographic questions were referring to gender, age, occupation, and monthly income on the bank account. The data will be presented with tables and charts to summarize the collected data or to display different values of the given variables. Histogram, i.e., bars will be used to express the frequency of data as well as a stacked bar chart to compare different variables.

5. ANALYSIS AND DISCUSSIONS

This section elaborates obtained data from the research questionnaire. In total, sixty responses have been collected. The questionnaire will be analyzed in two parts: first referring to demographic data and the second referring to Macedonian customer satisfaction towards e-payment, their perceived electronic payment methods, benefits, and drawbacks.

5.1 Demographic data of the sample

According to the gender distribution (see Table 2), among the participants, females dominate with 65% (39 female respondents). This finding is in accordance with the central bank statistics where although according to gender structure perspective, 0.5 accounts are more in favor of men, during 2022 women were moderately more active in using digital accounts and making e-payments (NBRNM, 2023)

According to the age distribution, the research dominates with the young population up to 24 years of age with 42 respondents (70%), while 12 respondents (20%) were aged between 25 – 40 years, 5 (8.3%) were aged from 41-64 years and only 1 respondent (1.7%) was older than 65 years. According to the central bank statistic in 2022, the larger users of e-payments were age groups 25-54 (NBRNM, 2023)

Occupation distribution of the participants also confirms that the young population dominates in the research. Namely, 31 respondents (51.7%) were students, 22 respondents (36.7%) were employees, 4 respondents (6.7%) were freelancers, 2 respondents (3.3%) were retirees, and 1 respondent (1.7%) was unemployed.

Regarding monthly income distribution of the participants, 38 respondents (63.3%) had regular income in their bank accounts, 19 respondents (31.7%) do not have regular monthly income, 1 respondent (1.7%) had regular income except for three months, 2 respondents (3.3%) receive scholarships.

Table 2: Demographic data of the sample

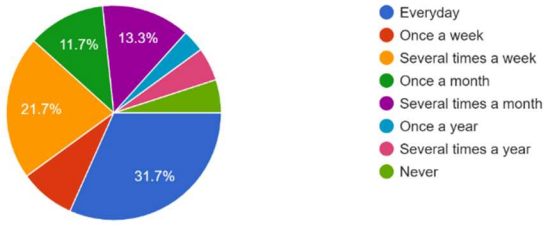
Demographic data			
Features		**Total**	**%**
Gender	Male	20	33.3
	Female	39	65.0
	Prefer not to say	1	1.7
Age	up to 24	42	70.0
	25-40	12	20.0
	41-64	5	8.3
	over 65	1	1.7
Occupation	Student	31	51.7
	Employee	22	36.7
	Unemployment	1	1.7
	Freelancer	4	6.7
	Retiree	2	3.3
Monthly Income on Bank Account	Yes	38	63.3
	No	19	31.7
	Scholarship	1	1.7
	Other	2	3.3

Source: Own research

5.2 Frequency of use of EPS

According to the frequency of using EPS, 19 respondents (31.7%) used EPS every day, while 13 respondents (21.7%) used EPS several times a week, 8 respondents (13.3%) used EPS several times a month, 7 respondents (11.7%) used EPS once a month, 5 respondents (8.3%) used EPS once a week, 3 respondents (5%) used EPS several times a year, 3 respondents (5%) never used EPS, whereas 2 respondents (3.3%) used EPS once a year.

Figure 1: How often do you use an electronic payment system?

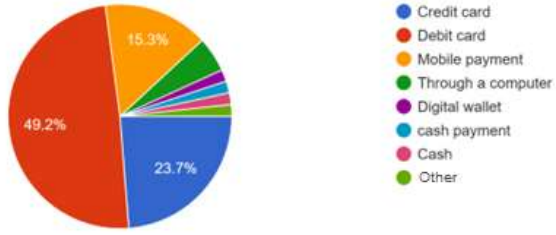


Source: Own research

5.3 Respondent's distribution to the method used, problems, and security of EPS

According to the method of EPS that the participants used, 29 respondents (49.2%) used debit cards, 9 respondents (23.7%) used credit cards, 9 respondents (15.3%) used mobile payment, 3 respondents (5.1%) worked through the computer, 1 respondent (1.7%) used digital wallet, the remaining 2 respondents (3.3%) used cash and 1 respondent (1.7%) used other payment methods. Results confirm the domination of the use of debit cards. By the end of 2022, according to the central bank statistics, there is an annual growth of 13% in payment cards in trade and 8% of payment by credit transfers initiated electronically. (NBRNM, 2023)

Figure 2: Payment methods used by the Macedonian customers



Source: Own research

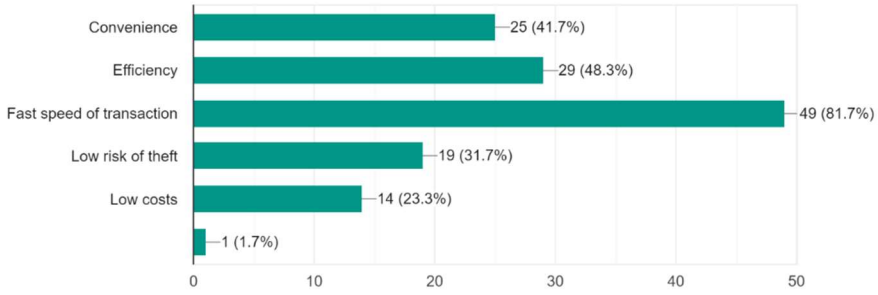
Participants were also asked whether they have faced any trouble during the use of EPS. A larger number of 31 respondents (51.7%) faced trouble, whereas 29 respondents (48.3%) did not face trouble.

Analyzing whether the EPS is more secure than cash payment, participants were asked "Do you think the online payment service is more secure in comparison with the cash payment mode?" A majority of the participants 66.7% answered positively, while the remaining 20 respondents (33.3%) responded negatively. These results confirm that Macedonian customers are still cautious about accepting digital payments because of their comfort and security.

5.4 Respondents' distribution according to the benefits and drawbacks of EPS

According to the benefits of using EPS, 49 respondents (81.7%) are using EPS because of the fast speed of transaction, 29 respondents (48.3%) because of efficiency, 25 respondents (41.7%) for the convenience, 19 respondents (31.7%) because of low risk of theft, 14 respondents (23.3%) because of low costs, and 1 respondent (1.7%) because of other issues.

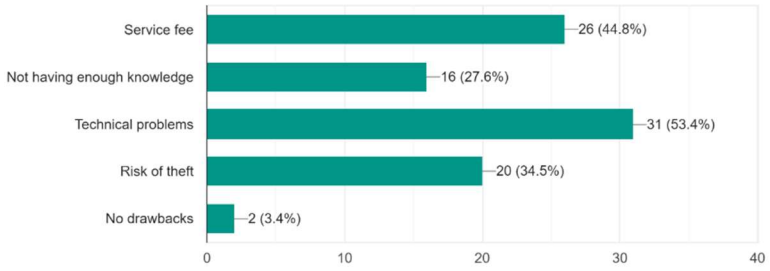
Figure 3: Benefits of using e-payment



Source: Own research

The drawbacks of using EPS, according to 31 respondents (53.4%) are technical problems, 26 respondents (44.8%) have pointed out service fees, according to 20 respondents (34.5%) the risk is because of theft, 16 respondents (27.6%) declared that they do not have enough knowledge and according to 2 respondents (3.4%), there are no drawbacks.

Figure 4: Drawbacks of using e-payment

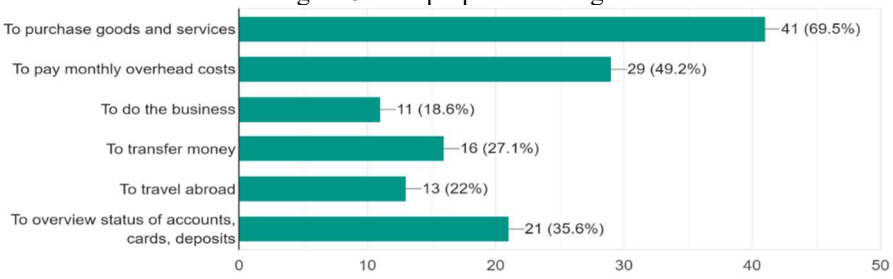


Source: Own research

5.5 Distribution of respondents according to the purpose of using EPS and satisfaction level

According to the purpose of using EPS, 41 respondents (69.5%) are using EPS to purchase goods and services, 29 respondents (49.2%) to pay monthly overhead costs, 21 respondents (35.6%) to overview status of accounts, cards, deposits, 16 respondents (27.1%) to transfer money, 13 respondents (22%) to travel abroad, whereas 11 respondents (18.6%) to do business.

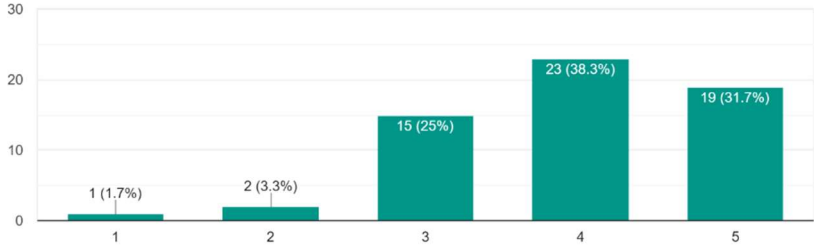
Figure 5: The purpose of using the EPS



Source: Own research

According to the Likert scale from 1 to 5 (poor to excellent) which tells how much participants are satisfied with EPS, 19 respondents (31.7%) voted excellent, 23 respondents (38.3%) voted very good, 15 respondents (25%) voted good, 2 respondents (3.3%) voted fair, and only 1 respondent (1.7%) voted poor. It can be concluded that on average, the analyzed population is quite satisfied with electronic payment (3.95) This is in accordance with the research done by Danevska, B.A., at al. (2022), where Macedonian customers in general are satisfied with E-banking services (4.05), but nowadays with the new digital offers their needs and desires will change. Only satisfied customers can keep the financial sector alive.

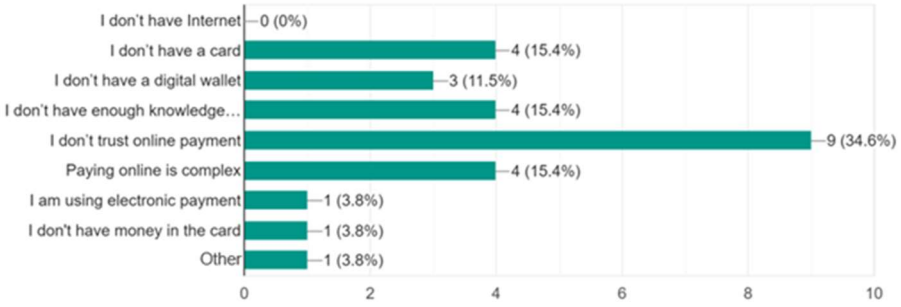
Figure 6: Measuring satisfaction with e-payment



Source: Own research

To identify the reasons why Macedonian customers are not using EPS, participants were asked: If you are not using electronic payment, please indicate (you may indicate more than one reason) why you do not pay online? Most of the respondents 34.6% do not trust online payment, 15.4% think that paying online is complex, 15.4% do not have enough knowledge, 15.4% respondents do not have a card, 11.5% do not have a digital wallet, 3.8% do not have money on the card, 3.8% is using EPS, and 3.8% use other payment methods. Besides not having trust in e-payment due to security reasons, a large number of the respondents think that paying online is complex and do not have enough knowledge. Numerous studies have revealed that there is a severe lack of financial literacy, and it is particularly concerning since this is true for the youngest and oldest members of society. According to Dimitrieska, S. at al. (2022) regarding the barriers to using e-banking, most respondents (71%) believed that a lack of knowledge about e-banking services is the biggest obstacle.

Figure 7: Reasons for not using EPS



Source: own research

CONCLUSION

In recent years, the banking sector of North Macedonia faced major changes, not only in its operations but also in the way it provides services and customer care. Regarding the digitalization of bank services, it can be concluded that there is no full digitalization yet, because this is in the process of development, and it may take time to achieve full digitalization.

Based on the data obtained in this research, efficiency, fast speed of the transactions, and convenience are identified as the main benefits of EPS. Shortcomings of the EPS are technical problems, service fees and not having enough knowledge of EPS. Contrary to the expectation that the young generation as the larger user of digital tools have the knowledge, this research confirmed that regarding e-payment young people are still not aware of its benefits and do not feel secure yet. The financial sector should focus more on how to increase the awareness of people, as it can lead to increased usage of EPS. This can be done in two ways, either by focusing more on explaining the benefits or by considering the possible reduction of the drawbacks by giving comfort to people and making them feel secure.

EPS will continue to be with us and will be essential for individuals and businesses that recognize the importance of electronically performed transactions. With the ongoing process of worldwide digitalization, electronic payments are likely to continue to exist and expand their use soon. It is unlikely to expect that this system will be easily replaced by other technologies soon. However, as technology advances, new types and forms of electronic payments may be developed and introduced. They will most probably give incentives for further research in this area in the future.

The limitation of the research is the small sample of observation. Nevertheless, this study can serve as a good base for further research using a larger sample, in which case a more significant conclusion might be made.

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