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Intention to Use Mobile Payment System: A Case of Developing Market by Ethnicity

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Abstract

Due to the rapid rise of communication technologies, mobile payment system has emerged as a popular method to facilitate payment transactions. Notwithstanding its widespread use, what affects intention of mobile users towards paying through mobile phones and why in the context of developing market remain largely unanswered. Moreover, little is done to articulate the implication of ethnicity on payment behaviours. By using the theory of planned behaviour as the underlying basis, this study aims to investigate the effects of attitude, subjective norm and perceived behavioural control on intention towards the use of mobile payment system among Malays and Chinese in Malaysia. Beliefs are included as antecedent variables in the framework so as to enhance understanding of the subject matter. Quantitative approach by means of questionnaire-based survey is adopted. 450 copies of questionnaire are distributed throughout the country, and 311 usable copies are subsequently collected. In addition to descriptive analysis, multiple linear regression and independent sample t-test are utilized to perform tests of association and difference. The findings show that attitude, subjective norm and perceived behavioural control are positively predicted by their respective belief factors, and they also have positive effect on intention to use mobile payment system. However, subjective norm and perceived safety are found to be significantly different between Malays and Chinese. As a result, the intention of the two ethnic groups is also found to be different. The study highlights the need to understand what contributes to users' intention towards mobile payment system in developing markets. It also underlines the importance to know what is shared and what is not in multi-ethnic and cultural countries like Malaysia. It therefore provides insights into effective service operation and marketing of mobile payment system so as to utilize such communication technology and achieve service excellence.

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1. Introduction

The emergence of e-commerce has revolutionized financial requirements which traditional payment system could not deliver. It has generated opportunities to power self-service technology (Castro, Atkinson, & Ezell, 2010). It gives rise to electronic payment (e-payment) system which allows consumers to transfer money or make payment online conveniently. Despite early concern about alleged risk when making online transaction, it has gradually turned out to be a favourable method in contemporary setting. It accelerates operations and improves quality of life in terms of its ease of use, usefulness and convenience. Specifically, mobile payment (m-payment) system using mobile devices is introduced to facilitate payment for merchandises and services.

M-payment system is becoming a well-liked payment trend, not only in developed countries but also in developing markets such as Malaysia (Kim, Tao, Shin, & Kim, 2009; Lallmahamood, 2007). It is reported that over 20 million Malaysian consumers are Internet users (The Star Online, 2015). Moreover, about half of Malaysians own more than one mobile device, and almost a quarter of them use Internet through their phones (The Star Online, 2014). Although not every mobile user pays using their mobile phones, the number of m-payment system users is projected to increase significantly in the coming years (Wong, 2014). Given the prevalent use of mobile devices and Internet, m-payment system is proving to be a well-accepted paying method for individual consumers, and a useful mechanism to expedite payment for government bodies and business organizations (Ondrus & Pigneur, 2006).

Notwithstanding abundance of studies on e-commerce and e-payment, little is done to comprehend specific responses of mobile users in developing markets to m-payment system (Amin, 2008). Whether consumers' intention towards e-payment can be construed to m-payment remains largely unknown. As a result, the understanding of mobile users' intention to adopt m-payment system in these regions is still found wanting. Since Malaysia is a multi-ethnic and cultural country, there is an extreme lack in literature that articulates intention towards m-payment system across ethnic groups (Mohd Suki & Ramayah, 2010). Hence, the objectives of the study are firstly, to determine the effect of antecedent variables on intention towards m-payment system using the theory of planned behaviour (TPB) and past literature as the underlying basis, and secondly, to assess the difference between two most dominant ethnic groups in the country, namely Malays and Chinese, on the subject matter.

2. Literature review

2.1. Mobile payment system

E-payment is generally defined as payment processed and received electronically (Humphrey, Pulley, & Vesala, 1996). It is a global phenomenon that allows individuals to carry out online transactions anywhere and anytime (Weir, Anderson, & Jack, 2006), hence reinforcing both domestic and global trade (He, Duan, Fu, & Li, 2006; Ho & Wu, 2009). Its popularity is mainly due to flexibility and convenience, thanks to rapid technological development (Lee, 2009). M-payment, which is a particular form of e-payment, utilizes communication technology by enabling mobile users to make payment using Internet-connected mobile devices (Dahlberg, Mallat, Ondrus, & Zmijewska, 2006). It further intensifies the ease of online transaction. Past studies have shown that the independence of time and location is the main attribute influencing the adoption of mobile technologies and services (Carlsson, Walden, & Bouwman, 2006; Jarvenpaa & Lang, 2005). M-payment system takes advantage of wireless and communication technologies since it allows payment to be made via SMS message, WAP online billing, PIN number transmission, Mobile Web, direct-to-subscriber bill and direct to credit cards transaction through mobile phones (Kim, Mirusmonov, & Lee, 2010). Due to its usefulness, mobile users are found to be increasingly in favour of m-payment methods (Dewan & Chen, 2005; Kreyer, Pousttchi, & Turowski, 2003).

2.2. Intention to use mobile payment system

Past research has established that beliefs and attitudes are predictors of behavioural intention (Wang, Sun, Lei, & Toncar, 2009). Intention is often used to understand how attitude can have an effect on actual behaviour (Huang, Lee, & Ho, 2004), and how negative attitude would lead to unfavourable intention and behaviour (Stevenson, Bruner, & Kumar, 2000). Past studies have also provided empirical evidence about favourable intention of mobile

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