



Acceptance of mobile banking framework in Pakistan



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ARTICLE INFO

Article history:

Received 16 June 2015

Received in revised form 9 September 2015

Accepted 16 September 2015

Available online 25 September 2015

Keywords:

Mobile banking

Adoption

Intention

TTF

ITM

UTAUT

Pakistan

ABSTRACT

Purpose: The purpose of this study is to analyze the untapped (behavioral, environmental and technological) dimensions of mobile banking acceptance by following a more comprehensive approach to address mobile banking intention adoption.

Design/methodology/approach: CFA and SEM analyses have been used to analyze the data collected from university students. The study strives to examine the role of technological and environmental variables in predicting behavioral intention of individuals to adopt mobile banking by integrating three pre-established frameworks of UTAUT, TTF and ITM.

Findings: The empirical findings established the significant contribution of task (TAC) and technology characteristics (TEC) in facilitating task technology fit (TTF). Initial trust is also found to be facilitated by structural assurance (SA) and familiarity with bank (FB). The statistical results also support the significant association of task technology fit (TTF), initial trust (IT) and facilitating condition (FC) with intention to adopt m-banking.

Originality/value: The present study provides an all-inclusive approach to understand the acceptance of mobile banking by incorporating three established theories of technology acceptance. The existing literature on mobile banking emphasizes greatly on the perception aspects of technology and hardly studies the impact of the task technology fit. The strength of present research lies in combining behavioral, technological and environmental aspects of mobile banking. This is evidenced by high explanatory power of our research model that depicted 60.1% of the behavioral intention to adopt m-banking compared to 31% by Kim et al. (2009) and 53% by Oliveira et al. (2014).

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1. Introduction

Innovations and technological changes have come with great benefits to modern commerce. In order to get financial stability in firm's maneuvers and greater competitive advantages, businesses from last few decades have diverted their focus on making information technology an integral part of their operations (Oliveira et al., 2014). Acknowledgment of this facet is followed by literatures' supreme attention on IS related research.¹ The analysis of some recent IS research also proposes to center their attention on coupling various theoretical models in predicting IT acceptance suggesting that a broad view in the context is needed (Williams et al., 2009; Oliveira et al., 2014). In this regard, a more recent interest of IS related research are diverted to the field of mobile banking (m-banking) emerging as the latest development of IS domain (Shih et al., 2010; Gu et al., 2009; Zhou et al., 2010; Al-Jabri and Sohail, 2012; Yu, 2012).

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¹ Agarwal and Prasad (1999), Luarn and Lin (2005), Nor and Pearson (2008), Kim et al. (2009), Zhou et al. (2010), Raza and Hanif (2013).

In today's commerce, mobile banking has gained significant importance and the growth of the field is accelerating (Lin, 2011). M-banking is simply the usage of cell phone stations such as mobile and personal digital assistants (PDAs) to contact banking system through wireless application protocol (WAP). With the help of mobile banking, bank customers can avail banking facilities such as information inquiry, account managing, bill payment and money transfers etc. (Luarn and Lin, 2005). It also allows the users to use any portable computing device or smart phones to do banking task for example monitoring, find ATM locations and fund transfer.

Speculating growth in the acceptance of m-banking by an apparent segment of customers, financial institutions are including m-banking as part of their strategic directive (Nysveen et al., 2005). Complying with this recent fondness, the present study reaches out to provide the additional insights into the literature of mobile banking by providing an inclusive framework that seeks to explore (a) the degree to which mobile banking technology fits the tasks, (b) the domains of personal trust in mobile banking solutions and (c) how critical is the role of perceptions are in shaping the intentions of m-banking customer. The awareness resulting after such wider approach will assist banks not only in targeting bottlenecks that hinder user acceptance but also aids in finding the decision factors to perk up their services.

1.1. Mobile banking in Pakistan

The branchless banking technology which starts from the Internet has now emerged as vastly innovative and updated mobile banking. M-banking has enormous potential as it chases the success of internet banking (Brown et al., 2003). The penetration of cellular banking in the advanced countries is elevated for obvious reasons; however, it is also gaining acceptance in the developing economies. Pakistan is a relevant setting based on its emerging growth of m-commerce. The results can easily be generalized to similar emerging economies. The emerging countries with greater segment of less educated and poorer individuals have higher potential for the widespread acceptance of m-banking based on the underlying concept that poor people likely to use m-banking more than the rich people (Ivatury and Mas, 2008). In such countries where there exists a less deployed infrastructure in the form of fewer banking branches, ATMs generally existed to minimize the need of bank branches and low broadband penetration. For majority of customers in these countries, the m-banking agents in principle could provide greater convenience advantage over its alternatives (travel and queuing at branches or cash-based savings). Hence, there are more reasons to believe that m-banking in developing countries can target more than a niche application and could be successful in becoming primary banking channel for large segments of the population.

The telecom industry in Pakistan has grown multifold and met the international levels of securities. It was initiated as a luxury and status symbol for the elite class, now it is suitably affordable for a common man. In the year 2014, among number of cellular users, Pakistan ranks eighth in the world with mobile users over 140 million and revenues of 322,683 million.² By seeing the success of cellular networks, m-banking is introduced in the year 2009 in Pakistan. In the battle of registered users, the technology has already outpaced internet banking which was started in 2003 (1.4 million vs. 1.3 million). Due to the rising acceptance, m-banking has proved itself a preferable branchless banking segment (Khan and Khan, 2012; Muhammed et al., 2013) and therefore is attracted by both financial institutions and mobile service providers of the country.

M-banking supports traditional bank to enhance their service quality and decrease their service cost. This is the reason why many banks in Pakistan have introduced the technology of mobile banking to its customers. In order to increase the significance of mobile banking and to use it as a tool of financial inclusion, State Bank of Pakistan had already signed Memorandum of Understand (MoU) with Pakistan Telecommunication Authority (PTA) in 2012³. The prime purpose of this MoU is to improve regulatory and technological framework to reinforce m-banking through the process of counseling. Moreover, this MoU is designed for an organized governing structure, in discussion with all investors and to support each other in attaining the mutual aim of giving the low cost mobile banking services.

Table 1.1 shows the trend of mobile banking in Pakistan's economy, It shows that in 2009, the No. of m-banking transactions were 0.1 million and the total value of transaction was about 200 million rupees. Mobile banking was drastically increased in 2010 by 500% growth in No. of transaction i.e. 0.6 million and 1000% growth in the value of transaction i.e. 2200 million rupees. In the year 2013 and 2014, the growth in the number of transaction was stable with the increase of 35.48% (4.2 million) and 47.61% (6.2 million) respectively. Same with the value of transaction, the growth was increased by 125% (27,000 millions) to 149.62% (67,400 millions) respectively. The benefits of convenience, accessibility and personalization associated with m-banking have established the positive effects on the acceptance of m-banking of the country.

In the Pakistani context, the existing mobile banking literature utilized the simplistic approach in examining m-banking solutions⁴ and thus could not shed greater sights to the field. The uniqueness of our study lies in its aim to analyze behavioral, environmental and technological aspects of m-banking of the country. The high percentage of mobile phone usage, the accelerating growth in m-commerce and the preferred demand of customers for newer banking service distribution models makes Pakistan an ideal candidate for this study. In doing so, the study integrated the frameworks of UTAUT, TTF and ITM to explore behavioral intentions to adopt m-banking in Pakistan. Mainly, the aim is to examine the effect on the behavior of end customer on the basis of task-technology features and initial trust on mobile banking solutions. In addition it seeks to explain how the environmental and technological characteristics are critical to m-banking acceptance in the present scenario where the

² Pakistan Telecommunication Authority (PTA) annual report 2014.

³ State Bank of Pakistan, annual report FY2012.

⁴ Anus et al. (2011), Khan and Khan (2012), Muhammed et al. (2013), Kazi and Mannan (2013).

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