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Exploring Gender Effects in Intention to Islamic Mobile Banking Adoption: an empirical study

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Muhammad Jamal Haider [a,*], *Gao Changchun* [a], *Tayyaba Akram* [a,b], *Syed Talib Hussain* [a]

[a] *Glorious Sun School of Business and Management, Donghua University, 1882 West Yan'an Road, Shanghai, China*
[b] *Faculty Member, FMS, BUITEMS, Quetta, Pakistan*

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ABSTRACT

This study is aimed to explore the gender effects in the intention to adopt Islamic mobile banking. Data was analyzed using structural equation modeling (SEM) methodology on 243 participants from Pakistan. In the findings, researchers identified two different models for intention to adopt Islamic mobile banking. It is inferred that males are more task driven and desire for personality, value and status, so their intention is significantly impacted by perceived usefulness and perceived self-expressiveness. Whereas, females have found lack of IT knowledge and trust, therefore, their intention is significantly impacted by perceived credibility. Further, the perceived financial cost was found of no concern for both males and females and social norms influenced the adoption but there existed no significant gender differences. Managerial and practical implications along with limitations and future research suggestions of the study are also discussed.

1. Introduction

Despite the sluggish outlook for global banking industry, the Islamic banking is fast growing industry. According to recent report by Ernst and Young (2012) titled, "World Islamic Competiveness Report", the global Islamic finance industry has been reported 16% of compound annual growth rate from 2010 to 2014, regardless of economic and political volatility in its major regions. Islamic banking has become a huge industry and its assets reported in 2014 are estimated to USD I.87 trillion. The operations of Islamic banking are based on distinct value based system that safeguard the material and moral welfare of both the individuals and the society. The model of Islamic banking follows Shari'ah compliance derived from the Holy Quran which forbids the Islamic banks to invest in toxic assets. Because of this bar, Islamic banks were not severely impacted by the recent financial crisis (Hasan and Dridi, 2010). This further caught attention of many investors and customers and encouraged the acceptance of Islamic banking. In order to compete with the conventional banking, Islamic banks are installing themselves with innovative technologies to gain competitive edge and

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* *Corresponding author.*
E-mail addresses: jamalhcc@hotmail.com (M.J. Haider), gcc369@dhu.edu.cn (G. Changchun), tayyabal.akram1@hotmail.com (T. Akram), talib_14@yahoo.com (S.T. Hussain).
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market share (Goh & Sun, 2014; Sadeghi & Hanzaee, 2010; Sun, Goh, Fam, Xue, & Xue, 2012). One of the latest invention is mobile banking (m-banking) which is the use of mobile phones to conduct financial transaction (Yu, 2012). With the diffusion of wireless access protocol (WAP), introduction of 3G and 4G technologies individuals' life style has switched as round the clock connectedness become inevitable (Ha, Canedoli, Baur, & Bick, 2012). This life style shift has made commercial opportunities for the banks to offer high value m-banking services (Goh & Sun, 2014). m-Banking eliminates the conventional banking limitation of time and place (Lin, 2013). Islamic banks must develop a deep understanding of all the factors affecting the m-banking adoption process, as many of the technology adoption barriers like cost, access and service quality has been greatly reduced. Such present alterations in consumer lifestyle propose the need to reinvestigate, in new context, the individual perceptions about Islamic mobile banking. As the new context may change the already theorized relationship insignificant and probably may establish new relation (Johns, 2006).

Prior studies have incorporated that gender effect exists with the adoption of new technology such as information communication technology (Dewan, 2010; Nysveen, Pedersen, & Thorbjprnsen, 2005; Riquelme & Rios, 2010; Venkatesh & Morris, 2000; Yu, 2012). Sohn and Lee (2007), in the framework to adopt mobile services, stated gender effect that females, because of willingness and self-presentation, are more persuaded to adopt text messages than males. In his study, Yu (2012) found that male have more concern about perceived financial cost than females. In other studies, authors have highlighted the importance of m-banking and suggested to further explore the role of gender in intention to adopt m-banking (Dewan, 2010; Riquelme & Rios, 2010). The above mentioned studies validated the effect of gender in adoption behavior but this effect is not fully explore when it comes to Islamic mobile banking. Due to this highlighted significance of the said phenomenon, further investigation in this area needs considerable attention. Therefore, the present study fills the gap by in two ways. First, the extant research on mobile banking has largely applied technology acceptance model on traditional banking overlooking the significant ethnic group, the Muslims, who prefer Islamic banking. Second, the present study purposefully includes gender to the see how gender differences vary in intention to adopt Islamic mobile banking which is not often considered in prior studies. The study provides managerial implications for designing effective marketing strategies and understanding the important role of gender in providing customer's satisfaction. The findings revealed higher positive impact of perceived usefulness and perceived self-expressiveness in males than females. Further, the positive impact of perceived credibility was higher in females than males while perceived financial cost have no effect on the intention to adopt Islamic mobile banking among both males and females. The present study is organized as follows: the next section sheds light on the literature review including the concept of Islamic banking and its differences from conventional banking, prospect of Islamic banking in Pakistan, Islamic mobile banking (m-banking) definition and prior studies supporting the role of gender. Then the research model and development of hypothesis, research methodology and results and Data analysis are presented. Finally, discussion, conclusion and managerial implication are suggested.

2. Literature review

2.1. *Concept of Islamic banking and its differences from conventional banking*

Islamic banking is based on the guidelines and principles of Islamic Shairah which are derived from the Holy Book Quran, in which the dealings in interest, whether it is receipt or payment is forbidden. So the definition of Islamic bank, according to the Organization of Islamic Countries is "a financial institution whose status, rules and procedures expressly state its commitment to the principle of Islamic Shari'ah and banning of the receipt and payment of interest on any of its operations" (Goh & Sun, 2014). The history of establishment of present Islamic banks can be traced back from 1940s (Khan & Bhatti, 2008) and since then it has become huge trillion dollar industry. According to Islamic Financial Services Board (2015), operating in more than 75 countries with more than 400 Islamic banks and 191 approximately conventional banks with Islamic banking department.

The difference between conventional banking and Islamic banking is that Islamic banks follow principles of Shari'ah and laws of Holy Quran in which earning through uncertainty, speculation or risk (Gharar) and interest (Riba) is forbidden (Dixon, 1992). The other difference is that the building blocks of Islamic banking is based on equity contribution, profit-risk sharing and societal equality (Dixon, 1992; Khan & Bhatti, 2008). Unlike conventional banks in which depositors assign their risk to the banks for a predefined fixed and guaranteed interest, Islamic banks apply investment approach of profit and loss sharing. For deposits, Islamic banks use the name Mudarabah in which depositor is not given a predefined promised return, instead return is given according to the profit and loss sharing basis which depends on performance of Islamic bank (Hasan and Dridi, 2010; Islamic Financial Services Board, 2015). For savings, the term Wadiah is used in which bank enter with the depositor into a contract as safe keeper of his savings. The bank utilize depositor's funds under the guidelines of Shariah and at the end, depositor is given in addition with his funds a return named as Hibah depending on the performance of the bank (Amin, Hamid, Lada, & Anis, 2008; Islamic Financial Services Board, 2015). Additionally, under the Islamic principle of Haram, it is not permitted to have business relationships with organizations involved in the production of pork, alcohol, pornography, weapons or armaments and promoting gambling. So Islamic banks are required to abide by the rules and laws provided by Shariah and Holy Book Quran. Table A.1 includes the brief description of some of the main Islamic banking products.