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Factors Influencing Customer Intention towards Adoption of Mobile Banking: A Study of M-Pay Users of J&K Bank

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ABSTRACT

Technological revolution and the financial liberalization have carved a way for the development of new, effective, efficient, and reliable delivery and processing channels. It has led to the introduction of innovative products and services in the banking industry. The banking sector is facing unbending competition not only from non-banking intermediaries as well as from alternative sources of financing. Consumers are becoming increasingly sharp and have become more involved in their financial decisions. A number of activities are handled electronically due to the acceptance of information technology at home as well as at a workplace. The plot of internet banking/ web banking is losing its grip and steadily, the consumers are moving towards the mobile banking. Although, the concept of mobile banking is relatively new in Jammu and Kashmir as compared to Internet banking, it is vital to examine what a consumer looks forth before adapting to the technological advancement and what are the necessary steps that should be taken, to ensure that users keep on aligning with this technology since all the customers are not ready to accept mobile banking services. The challenge for the banks is how to attract more customers to adopt the use of banking services via the mobile channel. The key objective of this study will be to investigate the factors which are influencing the customer's intention to adopt the mobile banking in J&K.

Keywords: Customer's, Intention, Mobile banking, M- pay, J&K.

1. INTRODUCTION

The world is changing at a staggering rate and technology is considered to be the key driver for these changes. An analysis of technology and its uses show that it has permeated in almost every aspect of our life. After modernization, the payment system changed completely. Implementation of recent technology in the banking, electronic devices are making the job of cash payment as well as noncash payments easy and efficient. Mobile banking has developed a stage to expand commercial transactions in a simplified manner and have created a wide array of business opportunities through the expansion of wireless communication. These developments facilitate fund transactions, bill payment, trading, and purchasing of goods and services etc. without much effort. As a result of this, the mobile phone has become a vigorous instrument in day to day life of banking customers. Mobile banking represents a good example of a mobile technology breakthrough in the banking sector, enabling customers to independently produce financial transactions (i.e. balance enquiries, fund transfers, payment of bills) through mobile devices, smartphones, or Personal Digital Assistants (PDA) at the time and place that customers' choose [1, 2]. Mobile banking (m-banking) is among the latest, in a series of recent mobile technological wonders. Although automated teller machine (ATM), telephone, and Internet banking offer effective delivery channels for traditional banking products, but as the newest delivery channel established by a retail and microfinance banks in many developed and developing countries, M-banking is likely to have significant effects on the market [3]. The humongous use of smartphones has increased demand for M-banking services, encouraging many financial institutions, software houses, and service providers to offer this innovative service together with new sets of products and applications designed to extend their client reach including to unbanked populations, improve customer retention, enhance operational efficiency, increase market share, and provide new employment opportunities [4]

Mobile banking also known as M-Banking, SMS Banking is used for performing balance checks, account transactions, payments, credit applications and other banking transactions through a mobile device such as a mobile phone or Personal Digital Assistant. In the past times, mobile banking services were offered over SMS. With the introduction of the first

primitive smartphones with WAP support enabling the use of the mobile web in 1999, the first European banks started to offer mobile banking on this platform to their customers. The scope of offered services may include facilities to carry out banking transactions, stock market transactions, to check your accounts and to access customized information.
India is becoming the fastest mobile growth market as the rise predicted by the marketers is nearly around three-quarters of the world's population by 2020. India will add around 310 million new subscribers to the mobile economy in the coming three years. These rapidly evolving consumers of humongous Indian mobile apps market requires special attention of the researchers. The figure of mobile subscribers in Jammu and Kashmir recorded in October 2016 stands at 10428635. The report says that the State has added around 854783 lakhs more mobile subscribers. The State tele density has increased from 76.9 percent on March 2015 to 84.47 percent on October 2017. The overall tele density in India increased from 79.38 as on 31st March 2015 to 86.25 as on 31st October 2016.
The concept of Mobile Banking has started to mark its prints as such it is necessary to understand it from the customer end i.e. what customers' expect from this technology, how convenient it ought to be, whether it will benefit them in their day to life or not , so on and so forth. The challenge for the banks is how to attract more customers to adopt the use of banking services via the mobile channel. The present paper is conceptualised with the objective to explore the factors that shape the intention of the users to adopt and continuously use the M-pay app of J&K bank. Despite a limited number of studies provide an understanding regarding the main factors predicting customer intention and usage of Mobile banking, there are still other important aspects that have to be explained.

2. REVIEW OF LITERATURE

The role of perceived risk in influencing performance expectancy and behavioural intention of m-banking in Pakistan was investigated. The study utilized a sample of 306 university students and concluded that financial, performance, privacy, time and psychological risks facts significantly influence the adoption of m-banking of the country [5]. According to the prior literature of Mobile banking, trust (TR) has been highly approved as a crucial factor determining customer's perception and intention to adopt such technology. This interest could be attributed to the particular nature of electronic banking services that are characterized with the high uncertainty coupled with the nature of the financial service, which could be characterized as a high risky product [6, 7, and 8]. It was observed that particular age group have used the services of mobile banking, the satisfaction of the customer majorly influenced the convenience, awareness, and responsiveness [9]. In the present technology society, most of the banking customer prefer and switch to e-banking facilities. So the banker may improve their services, loyalty to customers and their retention by increasing awareness of other age groups and concentrating on the factors contributing customer satisfaction.The ability to engage consumers is necessary to capture and retain market share in a highly competitive market, specifically in the mobile applications market. In particular, the expanded uses of smartphones has increased demand for m-banking services, prompting many more banks, microfinance institutions, software houses, and service providers to offer this innovative service together with new sets of products and applications designed to extend their client reach (including to unbanked populations), improve customer retention, enhance operational efficiency, increase market share, and provide new employment opportunities [4]. In today's business, technology has been on the prime indicators of growth and competitiveness. The banking industry today is in the industry of its revolution [10]. Mobile banking needs an understanding of mobile functions properly for successful transaction in banking [11]. Mobile banking has emerged as a new alternative way of banking which is more convenient and user-friendly than traditional form of banking.In Singapore, [12] revealed that customer willingness to adopt Mobile banking was positively influenced by the role of perceived usefulness and social norms, and negatively predicted by increasing the level of perceived risk. Integrating the theories of UTAUT and TTF, [13] examined user's adoption of mobile banking in China. The study performed path analysis on the sample size of 250 respondents. The findings of empirical investigations confirm the significance of performance expectancy, task technology fit, social influence, and facilitating conditions on adoption of mobile banking in China. Task technology fit was also found significant to influence performance expectancy of mobile banking. In Korea, the association of initial trust in mobile banking and intention to use the service was also examined [14]. The research utilizes ITM framework to determine people's acceptance of mobile. Barriers to mobile banking adoption in Germany was also studied. The research utilizes theories of TAM and IDT to predict consumers' intention to adopt m-banking. Results from SEM framework suggested the significant role of compatibility, perceived usefulness, and risk in the adoption of mobile banking services. The research further suggests that compatibility is a crucial factor in building credibility, usefulness, and ease of use in mobile commerce. Effects of Trust in m-banking also found critical in reducing risks of cellular banking acceptance [15].

Mobile banking (m-banking) is among the latest in a series of recent mobile technological wonders, although automated teller machine (ATM), telephone, and Internet banking offer effective delivery channels for traditional banking products, but as the newest delivery channel established by retail and microfinance banks in many developed and developing countries, m-banking is likely to have significant effects on the market [4].Mobile banking is a part of new banking dimension i.e. branchless banking to make any bank digital. This branchless banking has great potential to extend the

distribution of financial services to poor people who are not reached by traditional bank branch network; it lowers the cost of delivery, including the cost of both to the banks of building and maintaining a delivery channel and to customers of accessing services [16]. The important role of perceived benefits and governmental regulations in forming customer attitudes towards Mobile banking in Indonesia was also assured [17]. Other studies conducted by [7] in Iran and [18] in Australia found that customers seem to be more motivated to use Mobile banking if they recognised Mobile banking as being useful in their daily life, compatible with their habits and other technologies, and less expensive. Technology Adoption and Indian Consumers: Study on Mobile Banking identified that the evolution of e-banking started from the use of Automatic Teller Machines (ATMs) and telephone banking (tele-banking), direct bill payment, electronic fund transfer and the revolutionary online banking transformation from the traditional banking to e-banking has been a 'leap' change [3]. Mobile Banking is one of the very latest services of the banking business. This system has brought some very important operations of banking in the pockets of people. People can now know their balance, transaction history, products of the bank, transfer fund through their mobile at anytime from anywhere. [13] Empirically supported the considerable role of a bank's reputation, information quality, self-efficacy, service quality, and system quality in shaping the customers' initial trust in Mobile Banking. Nevertheless, [19] recognised that the issues of lack of information, lack of observability, and unsuitable devices received less attention from non-users of Mobile banking.

3. MAIN THEORIES

Technology adoption can be described in various ways. A number of studies have been undertaken among which some take a process approach and examine in-depth processes [20] while others focus on the relationships between technology adoption and significant variables, as illustrated by the UTAUT and the TAM [21]. The TAM is very popular as a framework for examining intentions to adopt m-banking. This theory asserts that perceived usefulness and ease of use are fundamental determinants of system adoption and usage [22]; however, because the TAM excludes economic and demographic factors and external variables, it seemingly has limited use for explaining users' attitudes and behavioral intentions toward mobile service adoptions [23]. Many m-banking adoption studies that have used TAM as their theoretical framework, extend or supplement the original TAM by including additional constructs, such as relative advantage and personal innovativeness [24], perceived risk, perceived cost of use, compatibility with lifestyle and needs [7], and perceived security [25].Furthermore, the TAM omits any trust-based constructs related to e- or m-commerce and assumes that there are no barriers preventing a user from adopting an information system if he or she chooses to do so [26].

Innovation diffusion theory, as developed by [27] is the second most widely used model. According to this theory, the adoption rate of a new technology depends on five innovation characteristics: relative advantage, compatibility, complexity, observability, and trial-ability. Although IDT acknowledges a behavioral process, movement from awareness to acceptance, it does not explain how attitudes form and ultimately lead to acceptance or rejection, nor how innovation attributes fit the process [28].

The third most common theory is UTAUT, as developed by [29]. This theory focuses on the motivations for user behavior, such as perceived usefulness or relative advantage [30]. As an extension of the TAM model, it is based on four factors: performance expectancy, effort expectancy, social influence, and facilitating conditions. The greatest limitation of UTAUT is that it does not include cultural factors [31].

3.1 Main antecedents of intention

This review discloses the fascinating progress and consolidation of antecedents used in previous researches to study and analyze the consumers' behavioral intentions toward m-banking. A number of antecedents have been identified so far. Studies feature both descriptive and exploratory investigations and measures of the impact of the various constructs using different adoption theories and models. Perceived ease of use (PEOU) and perceived usefulness (PU) are the most commonly used antecedents, which is reflected from more than half of all m-banking adoption studies. Other commonly used antecedents include trust, social influence, perceived risk, self-efficacy, compatibility, facilitating conditions, demographic factors, and structural assurance etc. Notably, a number of the studies have examined intention as their dependent variable, but the same has been used on a limited basis to predict m-banking usage.

CONCLUSION

A bulk of literature on Factors influencing Mobile Banking adoption is available as of now but the researches have been conducted mostly in the western countries with different approaches. The sample description of those studies reveals that the large segment of respondents in those studies was young, having a medium size income, well educated, and have adequate experience with the internet and mobile phones. As such it raises a concern regarding the applicability of the results for the other segments of the population that have different characteristics e.g. age, income, well educated, experience. Upon further reflection, it is apparent that most of these researches have been carried in an organizational

context. This leads to a concern regarding their applicability in customer-focused contexts. .Therefore those studies can negatively reflect on the generalizability of results across other parts of the world. Moreover, due to variance between the customers' and the organizational context in terms of which and how factors can frame the individual's intention towards technology, there is a need to select the theoretical framework that is appropriate for the customer i.e. individual consumer context. The framework should also be able to cover the main aspects relating to the individual customers' intention and adoption of Mobile Banking. It could be also argued that the biggest challenge for the success of mobile banking technology in this part of world is in convincing the consumers to use it as a full alternative for traditional channels, the reason of which is that not much focus is given on developing countries such as India, especially in the banking service industry and with respect to this part of the country, very little studies have been undertaken to study the Factors influencing the customer intention to adopt the Mobile Banking. The high percentage of mobile phone users, the accelerating growth of e-commerce and the preferred demand of customers for newer banking services, lays down a platform to undertake such a study. Even though the studies have enhanced an understanding of the main predictors of the adoption of Mobile banking in India, there are various other relevant factors such as the role of the external environment, behavioral intention, structural aspects and technological aspects, which call for the further explanation in the context of Jammu and Kashmir. Thus, the gap relating to Mobile banking literature could be summarized in a necessity of proposing a conceptual model, which can accurately clarify the adoption of Mobile banking from the perspective of customers of Jammu and Kashmir.

The overall review concludes that there is a necessity to analyze behavioral, environmental, structural and technological aspects of M-pay users of the J&K state simultaneously that would help to narrow down the dearth of literature with respect to this part of the world and will also narrow the gaps in the prior literature. Moreover, it will help in furnishing useful guidelines that could determine the Factors that influence the intention to use Mobile banking among banking users of the state.Also**,** this study will serve as a strategic edge to Jammu and Kashmir bank as it will lay down a roadmap with applicable guidelines for effectively implementing and further designing of their M- pay app in this competitive environment.

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