

Factors that effect customer use of mobile banking

[Finance](#), [Banks](#)



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Nowadays, mobile banking is a quite popular banking system in the world. Many banks are started to provide the mobile banking services. Mobile banking is a financial transaction conducted by logging on to the bank's website by using a hand phone or cell phone. There are a lot of services that offer by mobile banking such as mini-statement and checking of account history, access to loan statement and card statement, status on cheque, stop payment on cheque, ordering check books, bill payment processing and so on. According to Laukkanen (2007), mobile banking services enable consumers, for example to check their account balance and latest transactions, to transfer funds between accounts, to make buy and sell orders for the stock exchange and to receive portfolio and price information. Although only the traditional banking can let the customers to take out their money but customers need to waste time to complete their transaction.

Mobile banking service can bring benefits to customers to manage their financial transactions.

According to Suoranta (2003), among the newest services to be offered is a wireless delivery channel, with banking services being available via mobile phones or Personal Digital Assistants (PDAs). It is an electronic banking that uses mobile phone technology or other wireless devices to deliver electronic financial services to customers. Mobile banking services form an important innovation in the banking sector and it has the potential in the market. It is because mobile banking brings lots of benefits to customers compared to traditional banking. Mobile banking is fast, convenient and time-effective. It also provide 24 hour service availability, location free access and service access speed represent concrete attributes of electronic channels whereas concepts like time savings and easiness-to-use represent more the benefits or consequences deriving from the use situation (Laukkanen, 2007).

But, in the complementary of the advantages the use of the mobile banking is still remained small. Security issues will be the major problem and obstacle in mobile banking transactions. It is because customers will consider whether these services are secure or not. Nowadays, security issues are argued to be among the greatest concerns in the perception and adoption of mobile banking. Brown et al, (2003); Luarn and Lin, (2005) has determine that the security issues are argued to be among the greatest concerns in the customers' adoption of mobile banking. Some customers are not trust to the electronic services and feel that mobile banking services are unrealistic because that service does not provide receipt. It can also be said

that they are not confident to use the services. They worry that they will choose the wrong option and they will lose their money. However, according to Suoranta (2003), he found that mobile banking services were not used since they were perceived as impractical and not sufficiently diversified.

1. 1 Background of Study

Nowadays, mobile banking is popular in foreign countries. The use of mobile banking is increasingly widespread especially among worldwide countries such as China, Korea, USA, and so on. Mobile banking has its opportunity to develop in Malaysia because it can bring a lot of benefits to people.

According to Datamonitor (2000), mobile banking is reputed to be one of the most value-added and important mobile services. The new technology has made many customers become unwilling to visit the traditional branches and more receptive to use mobile banking because mobile banking can give customers better and effective service quality. According to Mallat et al. (2004), the innovative mobile banking services have the opportunity to develop in Asia and Europe. Customers can enjoy the convenience of banking at anywhere and anytime via mobile phone. It also can help customers to save time because mobile banking allows customers to make the transaction and pay bills without visiting the traditional bank. Suoranta (2003) also found that service regardless time and place, privacy and savings in time are the factors that contributing to the adoption of mobile banking.

Furthermore, the latest mobile devices such as hand phones, smart phones, personal digital assistant (PDAs) and so on are not only can provide the voice or text messaging, but also allow people to accessing the internet,

conducting mobile banking and using browsing services. According to Cruz et al. (2010), mobile banking caters for financial transactions by using the mobile device to viewing account balances, make transaction between the accounts, paying bills and so on. All the services that provide by mobile banking have make customers' live easier because they can conduct the financial transactions anywhere for example, customers can make the transaction by using the mobile phone without visit the traditional branches.

Moreover, mobile banking also can improve the relationship between banks and clients. It is because customers can give the feedback to the banks anytime and anywhere. Riquelme and Rios (2010) have defined that mobile banking can encourage and foster the stronger relationships to existing ones between banks and customers. Besides, mobile banking also allows customers to check the latest products or services that have been provided by banks.

Moreover, many people also feel that using mobile banking is not safety because the safety problem of mobile banking is not yet completely resolved. Customers will worry that hacker will hack their account and steal their information. They also anxious that hacker will withdraw their money without notice. According to Riquelme and Rios (2010), the risk associated with mobile phone applications may cause the loss or theft of mobile device. Besides, customers also will think that mobile banking is difficult to use. Some bank customers consider that using mobile banking to make bill payment is more difficult and time consuming as the device enables only a limited amount of information processing and hence, the whole bill is not

visible on the display inhibiting the progress in the service process.

(Laukkanen, 2007b; Laukkanen and Lauronen, 2005). Those problems will affect the development of mobile banking in Malaysia become slower.

The purpose of the research is to identify the customers' perception toward mobile banking. From this research, bankers can determine that what are customers actually needs. Besides, bankers also can know that which factors will affect customers to use mobile banking. The main factor that will affect customers to use mobile banking is convenient. It can help customers to save time. They can log in to the bank's website to do the transaction, view the balance, and etc. One of the benefits that are provided by mobile banking services is 24 hour service availability (Coelho and Easingwood, 2003). For example, customers can make their transaction between accounts or make payment in anytime including in the midnight. Customers also can get the latest bank information by mobile banking anytime and anywhere. Laukkanen and Lauronen (2005) has determine that customers can enjoy in its immediate location-free access to banking services enabling time savings, real-time information, and enhanced feeling of control.

In addition, the type of services that offer by banks also will influence people to use the mobile banking. Different customers have different needs. From this research, bank will know that what kind of service can attract more customers to use mobile banking. According to Suotanta (2003), The factors that contributing to the adoption of mobile banking are related to convenience, access to the service regardless of time and place, privacy and savings in time and effort. The purposes of why customers will using the

mobile banking consist of it is location free access, 24 hour service available, convenient and etc. All these advantages will influence customers to use the mobile banking.

Furthermore, customers will choose to use the mobile banking is because they feel dissatisfaction with the traditional banking services. They might feel that they are wasting their time because the speeds of service in branches are slow. Laforet and Li (2005) has determine that the inconvenient branch opening hours or places, slow speed of services in branches and the small number of bank's employees available to serve customers will affect the customers to switched the delivery channel from traditional bank to mobile banking meet their needs.

In addition, many people may have the interest to use the mobile banking but they might think that using mobile phone to browsing on internet is expensive and not worth. They will try to save their cost and choose to use internet banking or visit the traditional branches. In Malaysia, the mobile telecommunications company such as Maxis and Digi has offer some value package of offer to customers. When customers purchase iPhone from their company, the customers can get the benefit on the fees on internet service. It can attract customers to use the mobile banking because the internet services fees are free. For example, Digi has provided customers the free internet and no extra charges on the internet service with seamless high-speed internet nationwide when they agree with the iPhone plan that Digi provide. The free internet unlimited and no extra charges benefits will attract the customers to use the mobile banking and it also can increase the usage

intention on the mobile banking. This also can increase the customers' perception toward mobile banking.

From this research, bankers also can determine the customers' usage intention and motivation in the different banking technologies such as using the online banking or internet banking. Customers might not adopt the mobile banking and choose to use traditional banking and internet banking to do their transaction. Sathye (1999) has found out that customers might not be prepared to change from present familiar ways of operating. Bankers can determine whether the number of user of mobile banking will affect the development of mobile banking in Malaysia or not. It is because if Malaysian usage intention is low, the mobile banking will be difficult to develop.

1. 2 Problem statement

This research is explores and examines the important elements that will affect the customers to use the mobile banking. It is because bankers should understand the needs of the customers so that they can improve the inadequate and insufficient of the services. This also can increase the customers' usage intention of mobile banking services. By using mobile banking, some of the problem might occur. Some customers will think that mobile banking is difficult to utilize and its use is complicated. Mobile banking services might make the customers difficult to use because it is a new technology service. Rogers (2003) determine that the innovation services are perceived as difficult to understand and use.

In addition, some customers also will think that the mobile banking is not secure and they will meet risk. They will worry that hacker will forgery their

information and takes out their money without notify the customers. They will also doubt that their money is still in their account or not. Sometimes, customers will feel helpless when they are using mobile banking services because there will might occur some errors during the transaction. According to Mitchell (1999), risk is a subjective-determined expectation of loss; the greater the expected probability of loss, the higher the risk perceived. This will lower the customers' motivation to adopt the mobile banking.

Furthermore, there is also lack of communication it is because mobile banking does not have assistance can explain or help them to do the transaction. Mobile banking only simply gives the step and do not explain. Murkherjee and Nath (2003) also found that communication has played a significant positive role on trust and trust can influence more customers to use mobile banking services. Besides, Laforet and Li (2005) also determine that customers are lack of awareness of the services that offered by banks' web site so that they do not use the mobile banking services. So, in this research, researcher can know the customers' perception toward mobile banking. Banks also can solve the problem and shortcoming of the mobile banking and improve the customers' satisfaction.

1.3 Research Objective

From this research, we can identify that which service that offer by mobile banking is most prefer by the customers. We also can know that what kind of service that banks need to improve so that there are more customers will use it. Besides, customers also can improve their knowledge of mobile

banking. Furthermore, we also can, so that we can solve the problem which customers are facing now. The research seeks to:

Determine the customers' perception toward mobile banking.

Know the customers' adoption toward mobile banking.

Identify the reason that why customers wants to use the mobile banking.

Determine the factors which affect customers' perception toward mobile banking.

Determine the customers' dissatisfaction toward mobile banking.

Find out the shortcoming of the mobile banking.

1. 4 Significance of Study

The significance of study on this research is to contribute a better understanding of mobile banking to customers. Nowadays, mobile banking services are popular in the foreign countries. But in Malaysia, still have many people do not familiars with the mobile banking services. This research is important because from this research, we can determine the customers' perception toward mobile banking. Besides, this research also contributed to give customers to better understand about mobile banking. From the questionnaire, customers will know better about the features and characteristics of the mobile banking. Customers also will know that mobile banking service not only can help them to ease their life but also can help them to improve their living standard. For example, customers can enjoy the

convenience of make payment by using mobile banking without visiting the traditional bank.

In addition, this research also will determine the factors that can affect the customers' perception toward mobile banking. Furthermore, through this research, we also can identify the deficiency of the mobile banking services so that banks can improve the currently services to satisfy the customers' needs. From this research, bankers also can identify the weakness of the mobile banking, so that they could able to solve the problem and improve the customers' satisfaction and requirement. This also can increase the customers' usage intention on the mobile banking.

1. 5 Scope and Key Assumptions

The scope and key assumptions are only concentrating about consumer area and perception toward mobile banking. In this study, 100 people will be choosing to answer the questionnaire and this research will focus on employees and businessman. The research will focus on employees because they might have the experience to use the mobile banking to check the account balance after their employer pays them the salaries. Besides, some of the employees, especially from 18 years old to 30 years old, they also prefer to do online shopping. It is because they like to expenditures on fashion item, include apparel and accessories through online shopping. Previously, customers need to make payment through the internet banking. But, through the enhancement of banking services, many customers have chosen to make the payment through the mobile banking. From their response, we can determine their perception toward mobile banking. By this

report, bankers can solve the customers' dissatisfaction and adding some new features to attract them to use the mobile banking.

In addition, businessman can use mobile banking to do their transaction because mobile banking service is very fast, save time and convenient. They also can make bill payment, make fund transfer, and etc between their businesses without going to the traditional bank. Mobile banking can increase their image and their quality of business because businessman can make bill payment to their supplier at the first moment. Besides, some businessmen will use the mobile banking to transfer money to their children' account without visit the traditional because it can help them to save time. From this research, we can know customers' perception and adoption on the mobile banking so that banks can improve their mobile banking services.

1. 6 Limitation of the Study

One of the limitation of this research is there are still have large amounts of people do not know about the mobile banking. It is because they are not familiar with mobile banking. Some of the customers may prefer visiting the traditional bank because customers can communicate with the bank employees and tell the employees about their needs. Some of the customers are more trust the bank employees' competence. Respondent might simply answer the questionnaire because their understanding of mobile banking is limited

Another factor which will make this research become difficulty is mobile banking is still in the development process in Malaysia. Although mobile banking is popular in foreign countries, but, in Malaysia, it is still a new

product and it is not popular to every people. Mobile banking is also very convenience and easy to use, but many people are still preferred internet banking especially young generation. This also might affect respondent to make wrong decision when they answer the questionnaire because they are being accustomed to use the internet banking.

1. 7 Organization of research

In chapter 1, introduction will be the beginning section which are explain the use and the advantages of the mobile banking. Background of study, problem statement, research objective and significance of study also will be discuss is this chapter. Besides, I also will present the scope and key assumptions. I also will briefly discuss the limitation of the study and the organization of the research.

Chapter 2 will discuss the literature review. This chapter will discuss the independent variables which will influence the customers' perception toward mobile banking. I also will include some journals to explain and support the independent variables. I also will use the journals to examine the relationship between the independent variables and dependent variable.

Moreover, in chapter 3 is about the research methodology. Theoretical framework will be discussed in this chapter also. In this chapter, I will list down all the independent that have been chosen. Besides, the research variables will be discussed as well. In addition, hypothesis of study will be list down. I also will discuss about the data collection method and data analysis method which I decide to use.

In chapter 4, we will discuss the results that the respondent was answer. I will use the SPSS software version 16. 0 to calculate the frequency distribution, Pearson's correlation coefficient, and descriptive analysis. Through the calculation, I can determine whether the relationship between independent variables and dependent variables. I also will do a data analysis and discuss the figure that I get.

In chapter 5, I will conclude the research finding with the data analysis that I done. Besides, I also will discuss the main factor which has most affect the customers' perception toward mobile banking. Moreover, I also will give some suggestion about how to increase the customers' usage intention toward mobile banking so that mobile banking can be successful in Malaysia.

1. 8 Conclusion

In conclusion, mobile banking has its potential to develop in Malaysia. From this chapter, we can know the factors that will affect the customers' perception toward mobile banking. Besides, the problem statement and research objective also will be determined. We also can know the scope and key assumptions of this research so that we can determine the area of this study. In addition, limitation of study also will be discuss so that so that we can improve the future research.