Mobile Banking Roll-out in Egypt: Antecedences of Mobile Banking Adoption

Tamer Abbas Awad, German University in Cairo, Marketing Department, Cairo, Egypt
Yasmine Salah AlDin Dessouki, ADIB Egypt, Cairo, Egypt

ABSTRACT

Mobile phone Banking is the latest self-service banking innovation; which represents potential opportunities for both customers and banks. Though it emerged in the early 2000’s, it is still in its infancy stage in Egypt. This study aimed to investigate the factors that affect customers’ acceptance of mobile banking. The theoretical framework of this study is an extension of TAM and IDT. A sample of 461 bank customers participated in this study. The most significant factors which affected customer’s adoption of mobile banking were; perceived compatibility, perceived usefulness, perceived ease of use, credibility, trust, risk, and cost, respectively. Moreover, it was found that ease of use influenced usefulness, while perceived trust affected risk perceptions. Marketers should emphasize on developing a positive customers’ attitude towards M-banking, the ease of use of mobile banking which will enhance customer’s perception of usefulness, and focus on communications that enhances customers’ trust to decrease their perception of risk.

KEYWORDS

Consumer Behavior, Egypt, IDT, M-Banking, M-commerce, TAM, Technology Adoption

INTRODUCTION

The huge market penetration of mobile devices, along with the advancement and the rapid diffusion of the wireless and 3G technologies, has created tremendous business opportunities in the global market. Moreover, provided the low costs, the improving computational capabilities and the ease of use of mobile phones, the market of mobile phones and handheld devices is exploding (Singh, Srivastava, & Srivastava, 2010). All together lead to the emergence and endorsement of mobile commerce; which entails the delivery of products and services via wireless technologies that enables internet commerce activities; without the restrictions of time and space. The emergence of such innovations has created highly competitive market conditions and had a critical impact on consumer behavior.

An Evolution of banking services’ delivery arose, as customers are shifting toward technology-based self-service as a substitute of the traditional inter-personal services. Consequently, today’s
banking takes place increasingly through electronic channels (Laukkanen & Cruz, 2009); it is clearly highlighted as “the new service frontier” in this online environment (Wessels & Drennan, 2010).

Mobile banking or M-banking is meant to enable consumers to conduct financial transactions with convenience - without queues, anytime and anywhere - through smart phones, an application and internet connection. Consequently, it helps decreasing the banks’ branches congestions, as well costs per transaction. Mobile phone banking is an emerging facet of electronic banking that, unlike traditional phone banking services, which offer very limited functions, is a rich platform for automated banking and other financial services (Wessels & Drennan, 2010). Even though technology and applications of these services are offered, the usage international rates of mobile banking have been relatively low worldwide (Cruz et al 2010, Singh, et al., 2010, Shin et al 2010, yang 2009, and Laurin & Lin 2005). Mobile banking, the newest delivery channel established by retail banks, is expected to have significant effects on the market (Safeena et al., 2012), as, it resembles new opportunities and new markets for the banking sector (Lee et al. 2007, Johara, 2014). Mobile banking can provide benefits for both the mobile banking service provider and the banks’ customers. In order for mobile banking service providers to effectively provide mobile banking services to its customers, there is a need for proper understanding of the customers’ perceptions, and behavioral attitude toward mobile banking adoption (Laukkanen & Kiviniemi, 2010, Kim et al 2007, Laurin & Lin 2005).

Moser (2015) revealed that there is a fashionable hype around Mobile Banking, suggesting that its acceptance might be related to developments as convenience, usefulness or availability, and that Mobile Banking discourse shows a positive trend demonstrating a wider adoption in near future. Moreover, according to various international researches, the worldwide number of users of m-banking and related services is forecasted to grow significantly. Accordingly understanding the key drivers that may be encouraging and or slowing the adoption have become a relevant topic of interest for the banking sector worldwide. Investigating consumer adoption of new technologies has been a major topic in academic research (Shen et al. 2010); Research has been conducted on the area of mobile banking, with focus on different factors and contexts.

It is significant that the academic empirical research on mobile banking is relatively new, and that there is a scarcity of published literature that explores mobile banking adoption in Egypt, from the consumer behavioral perspective.

This study contributes to the research by assessing the relevance and effects of a TAM extended model, of seven independent variables, namely; Perceived Usefulness, Perceived Ease of Use, Perceived Compatibility, Perceived Credibility, Perceived Trust, Perceived Risk and Perceived Cost, in influencing the customer’s intention to use mobile banking in Egypt, mediated by the customer’s attitudes towards mobile banking adoption. This study assesses the difference in Customer attitudes among various socio demographic groups as well. There are basic questions that need to be answered: What are the factors that affect bank customers’ intentions to use Mobile banking? How do external factors influence customers’ intentions to adopt Mobile Banking in Egypt, mediated by attitudes towards use? Based on socio-demographic factors, what is the target market for Mobile banking adoption in the Egyptian market?

Review of the Literature

M-banking services are still at the infancy stage in the world (Palani & Yasodha, 2012). Many researchers have studied the factors affecting the rejection or acceptance of mobile banking, and it is concluded that the majority of consumers worldwide still are reluctant to embrace m-banking services. However, there are differences in perceptions about mobile banking across the world; thus, cultural differences could affect the way people of different backgrounds approached m-banking adoption. Hence, investigating consumer adoption of new technologies has been a major topic in academic research (Shen et al. 2010).

As recommended by Fang, Chan, Brzezinski, & Xu (2006); the user intention to adopt wireless technology implies different determinants for different types of tasks; like general tasks, gaming tasks, and transactional tasks. Most of the technology adoption studies reviewed are based on three
Related Content

Control Engineering for Scaling Service Oriented Architectures
[www.igi-global.com/chapter/control-engineering-scaling-service-oriented/52239?camid=4v1a](www.igi-global.com/chapter/control-engineering-scaling-service-oriented/52239?camid=4v1a)

Bill of Services (BOS): A Managing Tool for Service Organizations
[www.igi-global.com/article/bill-of-services-bos/122877?camid=4v1a](www.igi-global.com/article/bill-of-services-bos/122877?camid=4v1a)
Factors of Usage Evaluation for a Tax Information System
[www.igi-global.com/article/factors-of-usage-evaluation-for-a-tax-information-system/230911?camid=4v1a](www.igi-global.com/article/factors-of-usage-evaluation-for-a-tax-information-system/230911?camid=4v1a)

Power and Performance Management of GPUs Based Cluster
[www.igi-global.com/article/power-performance-management-gpus-based/75114?camid=4v1a](www.igi-global.com/article/power-performance-management-gpus-based/75114?camid=4v1a)