Chapter 14

The Effect of Cultural Values in Mobile Payment Preference

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ABSTRACT

The purpose of this study is to compare French and New Zealand consumers’ perceptions of mobile payments (m-payments) relative to other options to identify the preferred mode of payment and related spending behaviour. Evidence suggests that payment modes can influence spending behaviours and therefore this is important to commerce to promote payment modes that facilitate transactions. Using the Perceptions of Payment Mode (PPM) scale (Khan et al., 2015), this study was able to identify cultural differences on perceptions of cash payments, though both countries’ consumers held negative perceptions of, and emotions towards, m-payments relative to other options. The empirical results are useful in understanding cultural aspects of payment modes and for companies to recognise consumers’ associations with these modes to enhance relations, services and the use of m-payments.

INTRODUCTION

In 1997, Kevin Duffey coined the term mobile commerce (m-commerce) to signify electronic commerce via mobile wireless devices: that is, to deliver electronic commerce capabilities directly into the consumer’s hand, anywhere, anytime. The notion of mobile commerce is embedded with the concept of ‘online shopping’, information in consumer’s hand 24/7. According to Cosseboom (2014) “mobile commerce is worth US$230 billion, with Asia representing almost half of the market, and has been forecast to reach US$700 billion in 2017” (p.2). Walmart, a giant retailer worldwide, estimated that 40% of all visits to their internet shopping portal in 2012 was from a mobile device (Niranjanamurthy & Kavyashree, 2013). French participation in m-commerce accounts for 22% of all online transactions with 37% on being conducted on smartphones and 63% via tablets (Criteo, 2015). On the other hand,
New Zealand has the highest penetration per capita of m-commerce and about to reach US $10 billion by 2019 (Jeremiah, 2014). Since 2011, Google Wallet Mobile App in conjunction with Vodafone, O2, and Orange had accelerated m-commerce worldwide. Smartphone customers are the main participants in m-commerce (Criteo, 2015).

The earliest use of mobile devices to pay for purchases was reported in Kenya where money transfer was mainly done through the use of mobile phones. The locals called it M-Pesa (Swahili word for money). M-Pesa is a mobile phone-based money transfer, financing and microfinancing service, launched in 2007 by Vodafone for Safaricom and Vodacom, the largest mobile network operators in Kenya and Tanzania (Saylor, 2012). The idea behind M-Pesa was to create a service involving micro finance where borrowers receive and pay loans using the network of Safaricom airtime resellers (Hughes & Lonie, 2010). The service gained consumer acceptance as it allowed migrant workers sending remittances home across the country and making payments (Hughes & Lonie, 2010). This was an initiative of Safaricom, a pioneer in mobile money transfers via ATM machines. The acceptance of this system was rapid, as mobile ATMs can be at any location and can transmit transactional information wirelessly. Additionally, these machines typically have internal heating and air conditioning units that help keep them functional despite the high temperature of the country in summer.

Another case of mobile-payments usage is in Hungary, where Vodafone allowed cash or bank card payments for monthly phone bills using mobile devices. As Hungarian consumers are not comfortable with direct debits and this is not a standard practice, Vodafone pioneered to install a post-payment service that subscribers can use and access to pay bills and purchase tickets. Mobile tickets are sent to mobile phones using a variety of technologies. Users are then able to use their tickets immediately, by presenting their mobile phone at the ticket check-in as a digital boarding pass. Mobile ticketing technologies were also used for the distribution of vouchers, coupons and loyalty cards. These items were represented by a virtual token that is sent to the mobile phone. A customer presenting a mobile phone with one of these tokens at the point of sale receives the same benefits as if they had the traditional tickets.

Other innovative applications and examples can be found. For instance, Uber, the car-pooling company, relies on mobile messaging and GPS (global positioning system) to track customers in China and payments can be made using a mobile account and smartphone.

Currently, mobile content for mobile devices can be purchased and delivered online and over networks, including the sale of ring-tones, wallpapers and games, amongst other apps. The convergence of mobile hardware to include phones, portable audio and video players into a single device is increasing the purchase and delivery of full-length music tracks and video. The download speeds available with 4G networks make it possible to buy a movie on a mobile device in seconds. Banks and other financial institutions use mobile commerce to allow their customers to access account information and make transactions, such as purchasing stocks or remitting money. These services are often referred to as mobile or m-banking. Catalog merchants can accept orders from customers electronically, via customers’ mobile devices. In some cases, merchants can conveniently deliver catalogs electronically, rather than mailing paper versions to the customer. Consumers making mobile purchases can also receive value-add upselling services and offers. Some merchants provide mobile websites that are customized for the mobile devices’ smaller screens and limit the user interface of a mobile device. Payments can be made directly inside of an application running on a popular smartphone operating systems, such as Google’s Android or Apple’s iOS X. In-app purchases are used to buy virtual goods, news and other mobile content and are billed by mobile carriers rather than the app stores themselves. Analyst firm Gartner expects in-