The Mediating Role of Perceived Value in the Effect of Multi-Dimensional Risk in Mobile Banking

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ABSTRACT

This study examines which risk factors contribute most to perceived risk in Vietnam’s mobile banking environment; explores the relationships among perceived risk, perceived value and intention to use mobile banking in Vietnam’s mobile banking environment; and investigates any mediating role perceived value may have in the relationship between perceived risk and intention to use mobile banking in Vietnam’s mobile banking environment. A convenience sample of 403 respondents who were customers of one of the largest joint stock commercial banks in Vietnam was used. The results of this study indicated that perceived risk is negatively related to intention to use mobile banking; that perceived value is positively associated with intention to use mobile banking; that perceived risk is negatively related to perceived value; and that perceived value plays a partial mediating role in the relationship between perceived risk and intention to use mobile banking.

KEYWORDS

Consumer Behavior, Intention to Use, Mobile Banking, Mobile Commerce, Perceived Risk, Perceived Value, Vietnam

INTRODUCTION

The advancement of communication and information technology in general and mobile and wireless Internet technology in particular are changing business activities of service providers (Liebana-Cabanillas & Alonso-Dos-Santos, 2017; Long & Thanh, 2016; Long & Vy, 2016; Long et al., 2011; Pham et al., 2018a; Pham et al., 2018b; Pham et al., 2019a; Pham et al., 2019b). The banking industry is no exception (Luo et al., 2010; Pham & Doan, 2014; Pham et al., 2013) where these technologies are revolutionizing interactions between customers and the bank (Hanafizadeh & Khedmatgozar, 2012). Customers can now interact with the bank anytime, anywhere through a mobile device connected to the wireless Internet (e.g., smartphone, tablet, or personal digital support - PDA) (Changchit et al., 2018). With mobile banking, customers can check their account balances, make transfers, pay bills, or participate in financial investment activities at their convenience regardless of their location (Hanafizadeh et al., 2014).

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Since buying a smartphone is not too expensive and using smartphones is becoming more and more popular, the number of smartphone users has increased exponentially over time (Park & Tussyadiah, 2017). With the use of cell phones so ubiquitous, it would be reasonable to expect the number of mobile banking users employing these devices to have expanded dramatically as well (Marinkovic & Kalinic, 2017). However, the reality is that numerous factors are hindering customers’ intention to use mobile banking, including customer perceived risk in using this technology to perform personal banking transactions (Zhou, 2011).

As a new form of e-commerce development, mobile banking is transforming online banking (Luo et al., 2010) and has become one of e-commerce’s most popular services (Oliveira et al., 2016; Yang et al., 2004). The added convenience of mobile banking stands in contrast with traditional banking which is characterized by direct interactions between customers and the bank’s employees at the bank’s physical branches. Online banking is characterized by interactions between customers and the bank’s website via Internet-connected desktops (Jun & Cai, 2001). But with this lack of personal interaction comes the assumption that the level of perceived risk in the online banking setting is higher than that of the traditional banking setting (Hanafizadeh & Khedmatgozar, 2012). Customers face risks involving security risk and privacy issues (Lee et al., 2007).

Perceived risk in mobile banking refers to a transaction situation in which potential distrust and uncertainty can lead to negative outcomes, thus hindering customer mobile banking acceptance (Luo et al., 2010). With mobile banking, customers are not required to go to the bank’s branches to interact with the bank’s employees. Consequently, customers’ most basic visual cues to believe in successful transactions are missing. Customers feel that they do not have adequate control in such transactions (Lee et al., 2007).

Perceived risk may come from different sources such as from the bank itself, from the telecommunications companies that provide wireless Internet services, or from mobile devices (Lim, 2003). Should serious problems arise from these sources, the negative outcomes for customers can be significant (Brown et al., 2003).

Parasuraman and Grewal (2000) found evidence of a positive relationship between perceived value and loyalty to service providers or intention to use services offered by service providers, in traditional, online and mobile commerce environments (Jiang et al., 2015). Many studies have used these authors’ theoretical framework for the quality - perceived value – loyalty relationship. Customers choose mobile banking for its perceived value. Perceived value is a comprehensive factor based on customers’ evaluation of inputs and outputs when they participate in their banking transactions or exchanges (Jiang et al., 2015; Yang & Peterson, 2004). It involves perceived value in transaction elements such as ubiquity, reachability, localization, personalization, dissemination, convenience, and interactivity, stemming from the fact that customers can make transactions anytime, anywhere (Jun & Palacios, 2016).

Based on a comprehensive review of previous studies on mobile banking adoption, it is surprising to see a number of research gaps. First, most research studies have been conducted in developed countries and very little has been done in countries with newly emerging economies. For instance, so far no comprehensive and systematic studies on mobile banking acceptance have been conducted in Vietnam, a newly emerging country with a very high economic growth rate. Vietnam’s economic growth rate in 2018 was about 7.08 percent and is expected to reach an even higher level in the future (Hieu Cong, 2018). Vietnam has about 100 million people. On average each person owns 1.3 mobile phones, of which smartphones account for 70 percent.

Seventy-five percent of Vietnam’s population under 35 years of age use smartphones more often than desktop computers for purposes of information search, entertainment, social networking, or shopping for goods and services (Quoc Phan, 2016). These statistics show Vietnam’s great potential in further developing and promoting its mobile banking usage, but has been ignored by previous studies.

Second, previous studies on mobile banking acceptance indicate that perceived risk is one of the factors hindering intention to use mobile banking. However, most of these studies consider perceived
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