


# What Factors Need to Be Considered for Adopting M-Banking Services in a Developing Economy?

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## ABSTRACT

The study attempts to explore the effects of key factors influencing the customer acceptance of mobile banking adoption, particularly those that affect the consumer's attitudes towards and intention to use. This study builds a comprehensive theoretical model explaining M-banking adoption in Bangladesh. To assist in identifying these factors, an empirical study was conducted among general citizens of Bangladesh to identify the acceptance of M-banking. The study revealed that the critical factors which contribute to the adoption of M-banking in Bangladesh. A consumer survey on 250 mobile bank users of different mobile network operators in Bangladesh was undertaken where respondents completed a questionnaire about their perceptions of mobile banking's usefulness, perceived ease of usefulness, perceived risk, perceived cost, and perceived trust. This study offers an insight into mobile banking in Bangladesh, focusing on influencing factors and perceived trust was found to be the most significant factor affecting the adoption of M-banking in Bangladesh.

## KEYWORDS

Adoption, M-banking, Perceived Cost, Perceived Ease of Usefulness, Perceived Risk, Perceived Trust

## 1. INTRODUCTION

We are living in an age of innovation and modern technologies which makes the business process easier and closer to consumers. In this era of globalization, businesses mostly focus on their activities with the most use of information technology and make it an integral part of their activities. The banking industry is one of them.

The key to the success of banking industries is customer satisfaction that's why banks try to provide superior services to customers. Now all banking industries are computing their business transactions through technology-based applications to satisfy customers. As one of the most innovative and novel technologies, 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, smart-phones, or Personal Digital Assistants (PDA) at the time and place that customers choose (Alalwan et al. 2016).

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In the case of this research, we chose to study the cases of Bangladesh, because this country has a different status of development and different indicators regarding Information and Communication Technology (ICT) adoption.

Despite the difficult business environment, mobile communication is growing rapidly and cited as the fast-growing industry in Bangladesh. The numbers of current mobile subscribers in Bangladesh is about a hundred million, which is roughly about 60% of the total population whereas many users have multiple mobile phone. Having a mobile enables the customer to do banking transactions without physical machines which reduce time-consuming. Users can also connect with any cyber world at any time and staying at any location. So, it is a great opportunity for Bangladesh to capture more customers through Mobile Banking.

“Mobile banking is an emerging application of mobile commerce that could become an additional revenue source to both banks and telecom service providers. It is a form of service convergence enabled by innovative technologies”. It is a cost-effective service which allows users to break free of the constraints of time, place, and queues (Al-Ajam & Nor, 2015). Generally, mobile Banking is a form of banking service where funds are transferred or exchange through electronic signals where customers use access codes such as a password or personal identification number (PIN) instead of a signature on a cheque or a document. Mobile Banking removes space and time limitations from banking activities. So, Banks, these days seems to be more motivated about mobile banking services.

In Bangladesh, Dutch Bangla Bank Ltd started the 1st mobile banking service as Dutch-Bangla Bank Mobile Banking (Rocket) in December 2010. Atikur Rahman, former Bangladesh Bank Governor attended a press conference to announce the launch of mobile banking service of Dutch Bangla Bank Ltd. through City cell and Banglalink in Dhaka in the year of 2011. Following this operation, various other Banks like BRAC Bank Limited, United Commercial Bank Ltd and Government Bank like Rupali Bank started their Mobile Banking services. In recent year, the Bangladesh Post Office also wrote their name in this path.

Mobile banking is more beneficial to rural people in Bangladesh. Farmers, village businessman, day labour find themselves good at mobile banking than any other banking activities, Because of the difficulties of the transaction of money have been dispelled by signing up in mobile banking. It is difficult to go to the bank for rural people as a bank doesn't produce services in a rural area generally as the nearest one is some miles away from their house. But mobile banking is close to their home. They can receive and send money quickly and easily with a mobile phone from home or by going to the nearest agent in the local market. The village people who have early left school ages and unable to read and write, that doesn't matter now. They can use a mobile phone for transferring money hassle-free to fill up the form in writing. It makes their life easier as previously said the conventional bank doesn't exist everywhere. So, it is evident that Bangladesh has much potential to upgrade financial position through mobile banking and if the untapped market can be captured it will add a new dimension to Mobile Banking in Bangladesh. However, for flourishing of M-banking, what are other things else to consider for policymakers? The answer of the question is yet to explore especially, in a developing economy like Bangladesh.

The remainder of the study is structured as follows. The second section discusses literature review; the following section develops hypotheses which are followed by conceptual model in section four; in section five it describes methodology; in the following section discusses the main findings and section seven concludes the study.

## **2. LITERATURE REVIEW**

Literature reveals that abundant research on electronic banking has focused on Internet banking (also called online banking), but literature shows very few studies conducted on mobile banking and receives underrated attention. M-banking has gained great interest in the research community worldwide as it is expected to have an impact in developing countries. So, the majority of the studies have been conducted in developing countries.

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