

## Chapter 9

# Assessing the Determinants of Adoption of M–Banking by Students: A Study Using an Extended TAM Model

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### ABSTRACT

*Technology is entwined in almost every part of one's lives. Today's students are using more technology than ever before. Information technology has revolutionized every industry and especially the banking industry. Tremendous improvements in technology have taken place in the Indian banking sector. Among all, Mobile Banking (m-banking) is the recent phenomenon that changed country's banking system. Students, being considered as most technically knowledgeable make most use of mobile banking services among all the banking customers. Therefore, the focus is particularly towards the young students engaging in m-banking services and to evaluate the factors that influence them to adopt m-banking. The study considers extended Technology Adoption Model (TAM) to measure the impact of the factors on adoption of m-banking. For the study, data was collected through questionnaire from 217 students of Western Rajasthan. The result of this research would provide valuable information to service providers in order to improve their m-banking services.*

### INTRODUCTION

Technology has become important part in almost everyone's lives. The innovations in technology have modernized our society as well as the way business is done. The Banking Industry is the one which is most significant in terms of information technology and various other innovations in transactions processing. These innovations have altered the way customers conduct their day to day operations. Among

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## ***Assessing the Determinants of Adoption of M-Banking by Students***

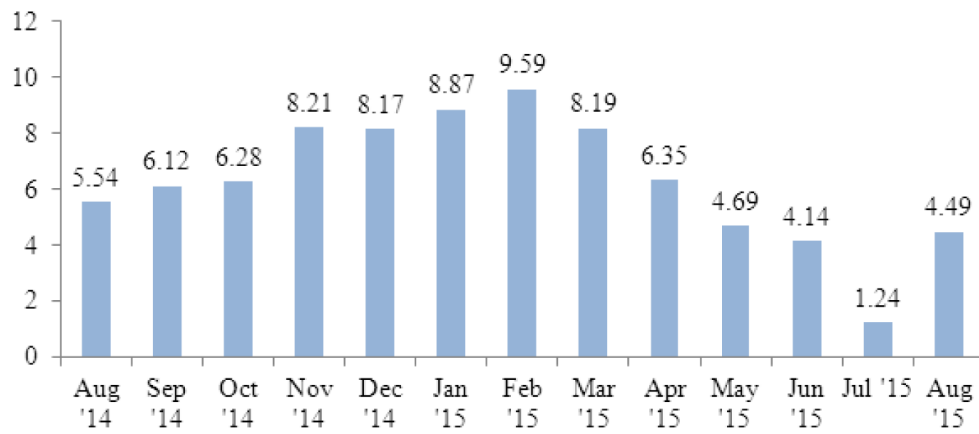
all the revolutions, Mobile Banking (m-banking) is the latest development in electronic bank services, allowing customers to access banking facilities 24\*7, while allowing banks to cut their costs and at the same time increase their revenues by attracting customers. Today mobile banking applications are considered as an emergent activity and one of the future payment tools (Ondrus & Pigneur, 2006). The term mobile banking (m-banking) has been widely used to describe a division of electronic banking and refers to the system that allows customers to conduct financial transactions via mobile devices. It is an open Internet technology which is not dependent on any specific service provider or mobile company. These mobile based services have made an immense effect on the banking sector, generating flexible payments methods and user-friendly banking services. It has led to an intense revolution because of its economic and social influence (Ghezzi et al., 2010). According to Cellular Operators Association of India, GSM telecom subscribers added 4.49 million in August 2015 (0.62% increased from previous month), taking all- India GSM subscriber base to 726.10 million. The Table 1 shows the increment/decrement of mobile subscribers in India in last 12 months.

According to a report published by Juniper Research (KPMG analysis), the number of global mobile subscribers is set to continue rising very rapidly from 0.8 billion in 2014 to 1.8 billion by 2019.

### **Adoption of M-Banking**

The mobile based services are changing the face of banking, ensuring a more convenient, user friendly and low cost access to financial services. The m-banking transactions outlays about 2% of cost of branch banking, 10% of the ATM based transaction cost and 50% of the cost incurred on internet banking (Bhattacharya, 2015). Despite these benefits and large population of mobile users in India, it was found that usage of m-banking is very low & customers are reluctant to adopt this technology (Thakur & Srivastava, 2013). Mobile banking or m-banking “is the provision of banking services to customers for automated banking and other financial services on their mobile devices”. It involves facilities to undertake bank transactions, to administer bank accounts and to access personalized information.

*Table 1. Net Subscriber Additions in Last 12 months (in millions)*



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