

Chapter 3

Understanding Drivers and Barriers Affecting Merchants' Adoption of Mobile Payments: An Empirical Research and Theoretical Review Focused in Spain

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ABSTRACT

The aim of this chapter is to explore the determinants of mobile payment from the merchants' perspective through a bibliographical review and a qualitative and quantitative study to determine the factors that encourage or obstruct the use of mobile payment tools by merchants. This chapter presents a qualitative and quantitative study on the adoption of mobile payment from the merchants' perspective based on a previous literature review. The results reveal the main barriers in the adoption of the new mobile payment systems (users' lack of knowledge, trust in the payment system, cost of the payment system adoption, and lack of security) as well as the main advantages perceived by merchants (convenience and speed, security, and higher turnover). According to these results, several proposals are put forward for each participant in the adoption process to promote the use of mobile payments as well as some future lines of research.

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INTRODUCTION

Business management has undergone several major changes in the recent years, due to the development, implementation and acceptance of the new technologies. Although Internet trading is currently seen as the tool with the highest potential for companies – involving a revolution in the consumers' purchase habits and the options for relations between consumer and merchant, other activities derived from it are still at an emerging or mature stage, like for instance mobile commerce or mobile payment (Liébaná-Cabanillas et al, 2017).

Over the past decade, commercial activities have evolved for many companies from a monochannel to a multichannel perspective, where new commercial formats facilitate interaction with users, improving corporate results (National Retail Federation, 2011). In this sense, the mobile phone has led to the beginning of the end of the traditional channels for offline and online relationships between customers and companies. The Information Society has continued its development in a significant way; according to a recent report published by Fundación Telefónica España (2015), mobile telephony has reached in 2014 a global penetration level of 95.5 mobile telephony subscriptions per 100 inhabitants, an increase of 2.4 percent over the previous year, meaning that there are more than 6.6 billion telephony subscriptions in the world. Europe is the region with the highest penetration rate, with over 120 telephony subscriptions per 100 inhabitants. Thanks to these figures, statistics on mobile commerce have also improved. According to a recent report commissioned by PayPal and produced by the independent consulting firm Ipsos (2015) concludes that mobile payment will grow by 48% in 2015 in Spain, well above growth projections for online commerce in this country during the same period of time. The same study reveals that the characteristics users value the most when making purchases with a smartphone or tablet are the speed of payment (36%), the fact that there is no need of a wallet (24%), the simplification of the payment process (22%), the innovative payment method (21%), the immediate confirmation of payment completion (20%), the ease of use (19%) and the fact that no personal financial data are shared with the merchant (16%).

At the same time, mobile payment is also seeing an increase in terms of use. According to Omlis, a global mobile payments solutions provider, and to Capgemini's World Retail Banking Report (2015), there are only 1.3 billion active credit and debit accounts globally, but considering that there are more than 5 billion active mobile phone accounts, there is potential for widespread application of mobile payments. By the end of 2013, there were about 245 million mobile payment users, and Juniper Research predicts this will almost double within the next three years, up to 450 million mobile payment consumers by 2017. In terms of M-commerce value, Gartner predicts that total mobile payment transactions are expected to reach \$507 billion in 2014. The global adoption of mobile payments is on an upward curve, but traction depends on consumers' access to technologies, varying lifestyle choices and economic factors.

A different study, entitled "The Consumer View of Mobile Payments", conducted by Bain & Company with over 25 000 consumers from Europe and the USA and aimed at analyzing the current situation of mobile payments, confirms that although over 70% of Spanish consumers are aware of the opportunities provided by mobile payment for goods and services, only 5% claims to have used it. However, 27% affirmed they were willing to use it in the future.

But what is the situation from the merchant's perspective (offer)? According to the survey for companies, conducted by the National Observatory of Telecommunications and Information Society (ONTSI, 2015), almost 100% of the small and medium sized enterprises have a computer, Internet connection and an email address (more exactly, 94.28%), but only 15% of them provide online sales. On the other

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