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Potentials of Mobile Banking: A Study from Bangladesh Perspectives

Tama Saha*

Abstract

Mobile banking is a financial service provided by the commercial banks with the technological support from the mobile telecom operators. The growth in mobile financial services not only depends on technological advances, but also on consumer confidence in the provided services (Weber, 2010). Mobile banking has become an important phenomenon in the banking sector of Bangladesh and it is expected to grow further. The principal objective of this paper is to evaluate the potentials of mobile banking in Bangladesh. The current study has been undertaken through the combination of secondary and primary data collection. For Secondary data various research papers published in the reputed journals have been studied. On the contrary, primary data were collected during 1st July to 31st August of 2018 from 70 representative samples through convenient sampling method. From the secondary study, the factors which have been found as effective for the growth of mobile banking services in Bangladesh include easy use, user friendliness, usefulness, trustworthiness, privacy and security, assurance, speed of transaction, compatibility, pursuance, transaction cost, safe transfer of fund etc. The primary survey data and their analysis proved that there is positive correlation between the identified factors and the potential growth of mobile banking service in Bangladesh. So, to ensure further growth of this part of the banking sector secured automation with the latest and innovating technology in compliance with the provisions of banking laws in the country may be recommended so that pleasant and prevailing banking experience for the customers and greater revenue for the banks can be ensured.

Key words: Mobile Banking, Potentials of Mobile Banking

Introduction

Mobile banking refers to a system that enables bank customers to access accounts and to get general information on bank products and services through mobile devices. Luo Li, Zhang and Shim (2010) defined mobile

* Lecturer, School of Business, Britannia University, Cumilla, Bangladesh E-mail: tama_cu@yahoo.com

banking as an innovative method for accessing banking services via a channel whereby the customer interacts with a bank using a mobile device. The implementation of electronic business transactions by using the mobile phones is an additional boost to increasing adoption of new technologies, like WAP -wireless application protocol, Bluetooth and other technological developments. The recent channels for wireless delivery by using the mobile phones which are Internet-enabled, is the starting point for adopting the mobile banking in the development of technology in the recent years (Balakrishan, Sudha 2016). In 2011, mobile banking was launched in Bangladesh. Through the mobile banking system, banks right now provide their banking services in rural society. Mobile money transfer is very popular in the most sophisticated and active people in Africa with regard to mobile phone payment (Osman 2012). Internet banking allows customers to conduct financial transactions, such as account transfers, paying bills, stock exchange transactions, and other financial services on a secure website offered by the financial institution (Lee and Chung 2009; Martins et al. 2014)

Literature Review

Customers interact with their banks today through multiple channels. Branches, ATM, telephone banking, internet banking and m-banking are all efficient ways of selling products and services to banking customers (Hoehle, Huff 2012).The improvement of mobile platform technologies enables m-banking users to carry out banking services anytime from anywhere (Tam, Oliveira 2017). For the consumers, m-banking reduces time and expenses by allowing users to review transactions, transfer funds, pay bills, check balances, and perform other financial services, without relatively expensive phone calls to a bank's customer service call centre or by visiting a branch (Kim et al. 2009; Hoehle et al. 2012).

Ease of use to be a strong determinant in mobile banking adoption (Chean, Teo et.al. 2011; Ali 2013; Gomachab 2018). Researchers revealed that one of the motivating factors of increasing demand for mobile banking is the ease use of mobile banking (Alsamydani, Yassen et. al. 2014; Bidar, Fard et.al. 2014; Achieng, Ingari 2015; Richard, Mandari 2017).

Extensive research over the past decade shows that if the application of m-banking is user friendly and it doesn't acquire advance skills; customers will be more likely to adopt the service (Rechard, Mandari 2017; Kama, Ibrahim & Ali 2014). M-banking services should be user-friendly and customized (Shankar 2016). As compared to other banking channels, mobile banking offers convenient benefits in terms of mobility which are not available by traditional off-line banking and non-mobile internet banking. In recent years, commercial banks are working on

simplifying the usage of mobile banking services and continue to design more user-friendly system interface (Chean, Teo et.al. 2011). Earlier the banks used to offer SMS banking, now these banks are offering most of the banking services on mobile phone through WAP-based applications (Balakrishan, Sudha 2016).

Individuals believe that they would benefit from using mobile banking (Alsamydani, Yassen et.al. 2014; Karma, Ibrahim & Ali 2014). It is most crucial factor among all related factors and significant positive impact on m-banking adoption (Sayid et.al. 2012; Bidar, Fard et.al. 2014; Shankar 2016; Gomachab 2018). This result implies that if mobile banking is useful and beneficial, users are more likely to adopt mobile banking services (Shankar 2016). Therefore, banks should emphasize the benefits in the aspects of cost savings, ubiquity, flexibility, and mobility by using mobile banking services. Individual expectation regarding accuracy, network speed, user friendliness and convenience play a big role on how the user will perceive usefulness of mobile banking (Achieng, Ingari 2015). Eventually, banks might educate users about the benefits of using mobile banking services through promotional mix such as personal selling, advertisements, sales promotions, and public relations (Cheah, Teo et.al. 2011).

Trust significantly affects mobile banking in Sudan (Ali 2013; Kama. Ibrahim & Ali 2014; Karmadr, Ballal et.al. 2014; Bidar, Fard et.al. 2014; Gomachab 2018). The level of this trust can be determined by calculating the weight of profits and there is an intended relationship between them (Goudarzi, Ahamad et.al. 2013). Many researchers considered that the drivers of adoption to e-banking have appointed trust to play a major role in determining the intention towards using e-banking (Kesharwani, Bisht 2011). It entails that if the bank provides the sensation of transparency, confidentiality and safety of environment it will encourage customers to adopt the service (kama, Ibrahim & Ali 2014).

The lack of security of mobile networks is obstacles to adopting mobile banking services in Tanzania (Bidar, Fard et.al. 2014; Shankar 2016; Richard, Mandari 2017). People feel totally unsafe providing personal privacy information over mobile banking (Richard, Mandari 2017). The other impediment is the fear of giving out sensitive personal information when they don’t know the end recipient (Achieng, Ingari 2015). Security regarding information provided for verification during transactions is also doubtful (Balakrishan, Sudha 2016). It is important for banks and service providers to project higher security when providing mobile banking services in order to yield higher consumers acceptance. In fact, banks and service providers should continuously innovate and offer better security and reliable applications to enhance user’s confidence towards mobile banking services (Cheah, Teo et.al. 2011).

Researchers recommend that commercial banks come up with safety security features to ensure that consumers feel secure conducting business on the mobile banking platform (Achieng, Ingari 2015).

The effects of various assurances offered by mobile banking companies, which include reimbursement for financial losses because of service errors and the protection of customer information and privacy on perceived usefulness of mobile banking (Alsamydani, Yassen et. al. 2014).

The time of performing different transactions with the bank by using mobile banking is lesser than doing the same transaction by using offline banking. The higher the transaction speed is, the better the customer's will use mobile banking (Alsamydani, Yassen et.al. 2014, Gomachab 2018). Compatibility has also a positive effect on acceptance of m-banking. The compatibility of the system with lifestyle is found to be the strongest predictor of m-banking acceptance among Turks and it directly affects the number of customers and retention (Bidar, Fard et.al. 2014; Shankar 2016).

One of the reasons people use mobile banking is that they find the systems useful to follow up their transactions. Benefits are also observed by banks in the form of reducing the number of branches which in turn reduces the cost per transaction. (Alsamydani, Yassen et.al. 2014).In addition to this, cost has major negative influence in usage of mobile banking (Bidar, Fard et.al. 2014; Shankar 2016; Richard, Mandari 2017). The cost may include the transactional cost in the form of bank charges, mobile network charges for sending communication traffic including SMS or data and mobile device cost (Shankar 2016). The cost of mobile banking is expensive and hence a big hindrance to adoption of mobile banking (Achieng, Ingari 2015; Rechard, Mandari 2017).

Hypothesis

H_1: There is high Potentials of Mobile Banking in Bangladesh.

Objective of the Study

From the light of the above hypothesis, the principal objective of this study is to examine whether the identified factors have any effect on the Potentials of Mobile Banking in Bangladesh or not.

Methodology of the Study

In this study both primary and secondary data have been collected. The primary data have been collected from the sample size of 70 respondents who represent users of mobile banking on regular as well as occasional basis. While the secondary data have been collected from the recent research findings published in the international journals relevant to the influencing factors on the usage of mobile banking services. For primary

data collection convenience sampling method has been followed together with a structured and self-administered using a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree). Inferential statistical tools have also been used for the analysis of the collected primary data. From the literature review 10 factors affecting the potentials of Mobile Banking have been identified as variables which are exhibited in the **Table 1** from v1 to v10.

Table 1: Identification of Variables

Code	Items	Sources
v1	Ease of Use	Chean, Teo et.al. 2011; Engwanda 2011; Ali 2013, Alsamydani, Yassen et. al. 2014; Karmadr, Ballal et.al. 2014; Bidar, Fard et.al. 2014; Achieng, Ingari 2015; Richard, Mandari 2017, Gomachab 2018.
v2	User Friendly and Convenient	Chean, Teo et.al. 2011, Rechard, Mandari 2017; Kama, Ibrahim & Ali, 2014; Shankar 2016; Balakrishan, Sudha 2016.
v3	Usefulness	Cheah, Teo et.al. 2011; Sayid et.al. 2012; Alsamydani, Yassen et.al. 2014; Karmadr, Ballal et.al. 2014; Karma, Ibrahim & Ali 2014; Bidar, Fard et.al. 2014; Achieng, Ingari 2015; Shankar 2016, Gomachab 2018.
v4	Trust	Ali 2013; Goudarzi, Ahamad et.al. 2013; Kama, Ibrahim & Ali 2014, Bidar, Fard et.al. 2014; Karmadr, Ballal et.al. 2014; Gomachab 2018.
v5	Privacy and Security Risk	Cheah, Teo et.al. 2011; Bidar, Fard et.al. 2014; Achieng, Ingari 2015; Balakrishan, Sudha 2016; Shankar 2016;Richard, Mandari 2017; Sachombe 2017.
v6	Assurance	Alsamydani, Yassen et. al. 2014.
v7	Speed of Transaction	alsamydani, Yassen et. al. 2014, Gomachab 2018.
v8	Compatibility	Bidar, Fard,et.al. 2014; Shankar 2016.
v9	Pursuance	Alsamydani, Yassen et. al. 2014.
v10	Transaction Cost	Bidar, Fard,et.al. 2014; Shankar 2016; Richard, Mandari 2017.

Analysis and Findings

Reliability Analysis

The reliability of the study has been found high since the test result of the Cronbach's Alpha using 11 variables including 10 independent variables and 1 dependent variable shows the value as .805. Since the value is greater than 0.7, the study is highly reliable.

Correlation Analysis

The results of correlation analysis are presented in the following **Table 2**. The results indicated that almost all variables have statistically significant relationship at ($p < 0.01$). The independent variables have moderate to high positive relation with the dependent variable (potentials of mobile banking). Compatibility, trustworthiness, ease of use, user friendliness & convenience has the highest value (.510, .416, .396, .380) and so on. It is proved that all the above analyzed factors have statistical significance with the potentials of mobile banking. This analysis also concludes that factors affecting mobile banking namely giving importance and taking immediate measures on security issues so that the customer shall not face the factor such as incomplete transaction and problem of network, awareness and training to customers regarding the technical aspects, and make them feel confident in adapting the mobile banking in their daily life.

Table 2: Correlations

		Ease of use	User friendliness	Usefulness	Trust	Privacy	Assurance	Speed of	Compatibility	Pursuance	Transaction cost	Mobile Banking
Ease of use	PC***	1	.481**	.147	.213	.213	.150	.326**	.389**	.127	.290**	.396**
	Sig. (2-tailed)		.000	.225	.076	.076	.214	.006	.001	.294	.015	.001
User friendliness & convenience	PC***	.481**	1	.199	.365**	.197	.326**	.281*	.472**	.141	.100	.380**
	Sig. (2-tailed)	.000		.098	.002	.101	.006	.018	.000	.246	.410	.001
Usefulness	PC***	.147	.199	1	.330**	.035	.040	.285*	.230	.171	.254*	.257*
	Sig. (2-tailed)	.225	.098		.005	.774	.745	.017	.056	.158	.034	.032
Trustworthiness	PC***	.213	.365**	.330**	1	.113	.206	.175	.262*	.268*	.180	.406**

	Sig. (2-tailed)	.076	.002	.005		.354	.087	.147	.028	.025	.136	.000
Privacy & accuracy	PC***	.213	.197	.035	.113	1	.358**	.179	.328**	.387**	.205	.323**
	Sig. (2-tailed)	.076	.101	.774	.354		.002	.138	.006	.001	.089	.006
Assurance	PC***	.150	.326**	.040	.206	.358**	1	.283*	.286*	.283*	.174	.316**
	Sig. (2-tailed)	.214	.006	.745	.087	.002		.017	.017	.018	.150	.008
Speed of transaction	PC***	.326**	.281*	.285*	.175	.179	.283*	1	.601**	.278*	.215	.330**
	Sig. (2-tailed)	.006	.018	.017	.147	.138	.017		.000	.020	.074	.005
Compatibility	PC***	.389**	.472**	.230	.262*	.328**	.286*	.601**	1	.403**	.338**	.510**
	Sig. (2-tailed)	.001	.000	.056	.028	.006	.017	.000		.001	.004	.000
Pursuance	PC***	.127	.141	.171	.268*	.387**	.283*	.278*	.403**	1	.178	.350**
	Sig. (2-tailed)	.294	.246	.158	.025	.001	.018	.020	.001		.140	.003
Transaction cost	PC***	.290*	.100	.254*	.180	.205	.174	.215	.338**	.178	1	.350**
	Sig. (2-tailed)	.015	.410	.034	.136	.089	.150	.074	.004	.140		.003
Mobile Banking Potentials	PC***	.396**	.380**	.257*	.406**	.323**	.316**	.330**	.510**	.350**	.350**	1
	Sig. (2-tailed)	.001	.001	.032	.000	.006	.008	.005	.000	.003	.003	
***.Pearson Correlation= PC												
**. Correlation is significant at the 0.01 level (2-tailed).												
*. Correlation is significant at the 0.05 level (2-tailed).												

Conclusion and Recommendations

Specifically, empirical research activities on m-banking are on the rise since and it is believed that mobile banking will become increasingly pervasive. It is evident from this study and suggested that the particular delivery channel is yet to grow towards its potential, the financial sector particularly the banks has to make the system much faster, mobility access and convenience to customers so that it reaches to all the citizens of the country. Mobile banking company needs comparison among these

services with regard to different demographics such as gender, age, education, and regional location. This study suggests looking at other constructs that may contribute to the adoption of this service such as social influence, cultural influence, self-efficacy and perceived satisfaction with the service. The study proved that the people in this sample are loyal customers for the service and this necessitates to be given a considerable attention. The mobile company needs to improve the quality of the service by integrating additional features that will increase the people's curiosity regarding mobile phone day by day. Customer mostly considered the trust, easiness, usefulness, security, and privacy of the service when they use it. This means if the customer believed that the service is useful to them, easy to use, trustworthy and reliable, they are more likely to continue using the service and recommending it to their friends and family members. It is thus, recommended that the company should follow a more systematic approach for the quality improvement and customer satisfaction.

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