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THE ADOPTION OF MOBILE BANKING SERVICES AMONG BANKING
USERS IN KLANG VALLEY

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The report submitted in partial fulfillment of the requirements for a Bachelor's of
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DEDICATION

This research is dedicated to my parents, Mr. Che Mat Bin Hassan and Madam Zubaidah Binti Awang, who have been my constants source of inspiration and given their support with my studies. Thank you for giving me a chance to prove and improve myself even though I have a lot of weaknesses. To all my family thanks you because give me your motivation and spending your time to hear my problem.

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ABSTRACT

Mobile banking is one of high technology services application of mobile computing which provides customers with the support needed to be able to bank anywhere and anytime. The general objective of the research is to identify the factors influencing the adoption of mobile banking services among banking users in Klang Valley. The research model includes the basic concept of the Unified Theory of Acceptance and Use of Technology (UTAUT). A survey questionnaire was developed to collect data from 384 respondents across Klang Valley but only 350 data are collected back and valid to use. This study used quantitative method is to describe variables, examine relationship among variable and determine cause and effect interaction between variable. The population for this study consists of people who had a mobile phone and bank accounts were to be involved in this research as participants. This study also use moderator variable. The sample techniques used is simple random sampling. Data analysis was using Statistical Package Social Science (SPSS) was carried out on the responses to the items from sections of the questionnaire that measure perception towards the mobile banking concept, in order to extract factors perceived as important in the adoption of mobile banking technology. The finding indicates that all variable are significantly affected on behavioral intention to adopt mobile banking while when researcher use moderator variable between dependent and dependent variable, the result shows only effort expectancy not moderated by experience.

ABSTRAK

Perbankan mudah alih adalah salah satu perkhidmatan pengkomputeran mudah alih berteknologi tinggi yang menyediakan pelanggan dengan sokongan yang diperlukan untuk membolehkan akses kepada bank mana-mana dan bila-bila masa. Objektif umum kajian ini adalah untuk mengenal pasti faktor-faktor yang mempengaruhi penggunaan perkhidmatan perbankan mudah alih di kalangan pengguna perbankan di Pelabuhan Klang. Model kajian merangkumi konsep asas Teori Bersepadu Penerimaan dan Penggunaan Teknologi (UTAUT). alih, untuk mendapatkan faktor dilihat sebagai penting dalam penggunaan teknologi perbankan mudah alih. Soal selidik kajian telah dibangunkan untuk mengumpul data daripada 384 responden di Lembah Klang tetapi hanya 350 data dikumpulkan kembali dan sah untuk digunakan. Kajian ini menggunakan kaedah kuantitatif adalah untuk menggambarkan pembolehubah, mengkaji hubungan antara pembolehubah dan menentukan sebab dan kesan interaksi antara pembolehubah. Kajian ini juga menggunakan moderator berubah-ubah. Teknik sampel yang digunakan ialah persampelan rawak mudah. Analisis data telah menggunakan Statistical Package Social Science (SPSS) telah dijalankan ke atas jawapan kepada item dari bahagian soal selidik yang mengukur persepsi terhadap konsep perbankan mudah alih dalam usaha untuk mendapatkan factor dilihat sebagai penting dalam penggunaan teknologi perbankan mudah alih. Dapatan kajian menunjukkan bahawa semua pembolehubah secara ketara dipengaruhi pada niat tingkah laku untuk menerima pakai perbankan mudah alih. Tetapi, apabila penyelidik menggunakan pemboleh ubah moderator antara pembolehubah bersandar dan bergantung, hanya usaha jangka tidak ditapis oleh pengalaman.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter describes about background of study and then follows by problem statement, research objective, research question, research scope limitation and significance of study.

1.2 Background of Study

The development of banking industry in Malaysia is also influenced by the rapid growth of telecommunication industry. Today's consumer is surrounded by technologies that engagement, exchanges, adoption, marketing and consumer behavior attitudes. The use of wireless handled devices as cellular phones and laptops to conduct commercial

transaction online, mobile commerce transaction continues to grow, and the term includes the purchase and sale of a wide range of goods and services, online banking, bill payment, information delivery, and so on. In comparison with home computer usage, Edwin (2010) observe that people in the developing countries prefer using mobile phones perhaps due to the high cost of the computers and the associated internet connection charges.

Nowadays, the development of advanced mobile applications over the smartphone is in tandem with evolution of mobile banking. In Malaysia, Maybank become the first financial institution in introduce a free banking application to allow customers to interact with the bank services anytime and anywhere. Then, CIMB Click was introduced by CIMB Bank Berhad and become popular with widely used by people around Malaysia (Krishnan, 2015). In order to raise the challenges services providers are even more interested to enhance their understanding of consumer behavior pattern. According to the past research reviewed, not much research carried out in Malaysia and most research studies based on TRA and TAM theories, it is not sufficient to explain the factors affecting adoption of mobile banking. Therefore, there is need to adopt more theories in this study such as revised unified theory. This research is to help provider or financial institutions understand the factor affecting the adoption of mobile banking service into a form acceptable to customers

1.3 Problem Statement

Mobile banking is one of the latest technologies using mobile platform to access a virtual bank and most of countries have implemented and use mobile banking in daily life. In the developing countries like Japan and Korea, the use of mobile banking penetration is very high compared with other countries. Despite the huge potential for the success of mobile banking in Malaysia, the rate usage and adoption is still low and quite alien to the people (Murat et al. 2015). Even though mobile banking has been

launched in Malaysia since year of 2006, the bank is still not able to make customer use of the system and remained unnoticed by customer (Norzaidi et al., 2011). According to the payment system report by Bank Negara in 2010 show that the number of mobile phone user is very large, but the mobile banking penetration accounts only 3.1 percent. Through this statement it can be conclude that people using mobile banking in themarket is still minority. Many banks around the world begin to offer mobile banking services to the customer, but utilizing this service still limited (Matsmak et al., 2013). Same situation happen in other countries like Saudi Arabia, Jordan, Iran, and Taiwan, even wireless services increase quickly, the use of mobile banking is much lower expected and smaller adoption in comparing to other services (Yu, 2012; Al Mashagba and Nassar, 2012).

In order to understanding user acceptance and adoption of mobile banking, this information can help developer in building of mobile banking system that make customer to more interested in using it. Then, the use of mobile banking is due to the effect of the performance of the individual? Or effort expectancy of ease associated with the use of mobile banking? Or the social influence of the people around causing them to use mobile banking? Or facilitating condition to force individuals believes that an organizational and technical infrastructure exist to support use mobile banking? Or perceived credibility are the quality of being trusted and believe in that will affect the users in using mobile banking? The questions its raises unanswered the problem leading to the questions what the main factors affecting users in using mobile banking? Hence, it is necessary to identify what factor promote or hinder the adoption of mobile banking. Therefore, to understanding user acceptance and adoption of mobile banking this information can help developer in building of mobile banking system that make customer to more interested in using it.

1.4 Research Questions

The initial research questions that will guide this study are:

1. What are the user's perceptions toward mobile banking services?
2. What are the factors influencing the adoption of mobile banking services among banking users in Klang Valley?
3. What is the relationship between factor and behavioral intention in the adoption of mobile banking?
4. Does experience play a role in the behavioral intention to adopt mobile banking?

1.5 Research Objectives

Research objectives provide a clear path and focus for researcher. By having research objectives, it will allow the researcher conduct the study on the right path and avoid unrelated information. The purpose of this study consists of four objectives:

1. To investigate users perception on mobile banking services.
2. To investigate factors affecting the adoption of mobile banking among banking users in Klang Valley.
3. To identify the relationship between factors and behavioral intention in the adoption of mobile banking.
4. To examine whether the role of experience in a conceptual model estimating tend to use mobile banking.

1.6 Research Scope

This study will discuss the factors that influence banking user in adoption of mobile banking as well as the relationship between factor and behavioral intention in the adoption of mobile banking. This study also discusses the role of moderator in influence banking users to adopt mobile banking. The respondent of this study is banking users in Klang Valley.

1.7 Research Limitation

The researcher face constraints in term of data obtained from the respondents. This is because, the researcher were not able to check whether respondents answered questions correctly or not. But, researcher assumes that the respondent given the correct or best answer for each question.

1.8 Significance of Study

Knowing the factors or variables that affect banking user's adoption towards mobile banking will provide information on consumer's behavior towards mobile banking to the banking sector, financial institutions and also developer.

1. Investigate the factors that affect banking user in the adoption of mobile banking.
2. Provide the potential factors that encourage people to using mobile banking services and also to the mobile application developers or other related industry.