THE DETERMINANTS OF CUSTOMER ACCEPTANCE TOWARDS USING MOBILE BANKING SERVICE IN MALAYSIA

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SUPERVISOR'S APPROVAL

I/We, hereby declared that I/We had read through this thesis and in my/our opinion that this thesis is adequate in terms of scope and quality which fulfil the requirements for the award of Bachelor of Technology Management

(Honours with Innovation Technology)

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DECLARATION OF ORIGINAL WORK

"I admit that this report is the result of my own, except certain explanations and passages where every of it is cited with sources clearly."

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DEDICATION

I would like to dedicate the appreciation to my family members who gave me mentally and financially support, respected supervisor, Dr. Mohammed Hariri Bin Bakri and panel, Puan Mislina Binti Atan @ Mohd Salleh who guided me throughout the research. Also not to forget my fellow friends from other universities and course mates that assisted me throughout my research.

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Abstract

In the new era of today, mobile application and internet based digital have been rapidly changing. One of emerging financial innovation is mobile banking service. The mobile banking services of Malaysia are now very much conscious about the importance of customer acceptance and perception. This research aimed to study the determinants of customer acceptance towards using mobile banking services in Malaysia. There are two research objectives identified which were to identify the relationship between the determinants and customer acceptance towards using mobile banking service and to determine the most influencing determinants of customer acceptance towards using mobile banking service. In order to study the determinants of customer acceptance towards using mobile banking service, researcher selects the 384 customer as our sample framework. The researcher used correlation analysis and multiple regression analysis to analyses the data. The finding depicts that there is a significant relation between perceived usefulness, perceived ease of use, security and perceived cost (independent variable) and the Customer Acceptance (dependent variable). The researcher recommended the future research study could cover other areas in Malaysia and cover more specific customer acceptance and perception in mobile banking to provide more useful and accurate data for financial industries.

Abstrak

Dalam era baru hari ini, aplikasi mudah alih dan digital berasaskan internet telah berubah dengan pantas. Salah satu inovasi kewangan yang timbul adalah perkhidmatan perbankan mudah alih. Perkhidmatan perbankan mudah alih Malaysia kini amat sedar tentang kepentingan penerimaan pelanggan dan persepsi. Kajian ini bertujuan untuk mengkaji penentu penerimaan pelanggan terhadap penggunaan perkhidmatan perbankan mudah alih di Malaysia. Terdapat dua objektif penyelidikan yang dikenal pasti iaitu untuk mengenal pasti hubungan antara penentu dan penerimaan pelanggan terhadap penggunaan perkhidmatan perbankan mudah alih dan untuk menentukan penentu yang paling mempengaruhinya penerimaan pelanggan terhadap penggunaan perkhidmatan perbankan mudah alih. Dalam usaha untuk mengkaji penentu penerimaan pelanggan terhadap penggunaan perkhidmatan perbankan mudah alih, penyelidik memilih pelanggan 384 sebagai rangka kerja sampel kami. Penyelidik menggunakan analisis korelasi dan analisis regresi berganda untuk menganalisis data. Kajian ini menggambarkan bahawa terdapat hubungan yang signifikan antara kegunaan dilihat, mudah dilihat penggunaan, keselamatan dan kos menyedari (pembolehubah bebas) dan Penerimaan Pelanggan (pembolehubah bersandar). Penyelidik yang disyorkan kajian penyelidikan masa depan boleh meliputi kawasan-kawasan lain di Malaysia dan tutup penerimaan pelanggan yang lebih khusus dan persepsi dalam perbankan mudah alih untuk menyediakan data yang lebih berguna dan tepat untuk industri kewangan.

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Automatic Teller Machine	ATM
Mobile Banking	MB
Technology Acceptance Model	TAM
Universiti Teknikal Malaysia Melaka	UTeM

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CHAPTER 1

INTRODUCTION

This section explained about introduction and the background of this research, problem statement, list of objectives and the scope of study.

1.1   Background of Study

According to Anyasi and Otubu (2009), technology is almost being done for everything and become a global village to the world. As rapidly growing and development of information technology become more obviously in banking industry. According to Nagaraju (2015), adoption of latest technology has enabled banks to extend their customer base especially their satisfaction, where electronic banking has proved to be the important advancement. Mobile banking can be categorized as the latest advancement in electronic banking, which has widened customers' access to bank accounts convenience through wireless channels or online.

Mobile banking is a financial service where the bank customers perform balance inquiry, credit transfer, and other businesses according to instruction sent through the mobile phone just in time. According Amin, Rizal et al. (2008), the

development of internet banking followed and eventually the emergence of mobile phone banking. The rapid pace of development in the area of mobile finance, mobile phone has increasingly become tools that consumers use for banking, payments, budgeting & shopping.

Mobile banking is developing mobile technique use in the commercial field which has merged information technology and commerce applications together. After mobile banking was introduced to the world, consumer was able enjoy special services 24-hours a day in convenience.

Regardless of all the attempts aimed at developing a sufficient and satisfying mobile banking, and despite its availability, this system can be easily unnoticed. Mobile banking is still considered new, which leaves Malaysia with a great deal of path of development. Therefore, there is a need to understand customer acceptance towards mobile banking and to observe the determinants of the use mobile banking.

1.2   Problem Statement

Regardless to the facts that there has been a lot of research papers conducted on the topic of Mobile Banking abroad, but unfortunately only few studies were carried out in Malaysia. This is probably due to the fact that Mobile Banking is to some extent new and still in their infancy stage, leaving a great deal for development in Malaysia (Murat Mahad et al. 2015). There is a need, therefore, to understand the acceptance of mobile banking and identify determinants influencing to using mobile banking (Baba and Muhammad 2012). Hence, the lack of information on this topic resulted in insufficient knowledge and literature on the key determinants in Mobile Banking of customer acceptance within Malaysia (Amin et al. 2008). Evidence and conclusions that have been conducted abroad can be somehow useful but it might

not be consistent and accurate in the perspective of mobile banking in Malaysia. Due to the reasons listed above, more research on this topic should be covered to validate whether the results from these studies would be reliable to Malaysia. To overcome this problem, researchers need to have further research on this area based on the Malaysia context.

This paper attempted to assist improvement of mobile banking services through investigating the customer adoption. In addition, this paper discovered the relationship between several variables such as perceived usefulness, perceived ease of use, perceived cost and security. Model such as Technology Acceptance Model (TAM) was used and adopted to help analysis the variables that will influence user's intention to adopt mobile banking.

1.3 Scope of the Study

The scope of this project was to identify the determinants of customer acceptance using Mobile Banking in Malaysia based on four major elements. The elements included the perceived usefulness, perceived ease of use (Davis 1989), security and perceived cost. The study would determine the relationship between the determinants that would affect customer acceptance towards using mobile banking. The study was conducted in Malaysia and will involve public respondents. The group that will be focused on will be the mobile subscribers, age range 18-50. The researcher chooses to conduct the research in Malaysia because there are tourists from other states and countries in this area and the researcher can collect data from respondents from different places. The respondents were mainly mobile subscribers who are using Mobile Banking.

1.4   Significant of the Study

Firstly, the findings from this study will benefit the banking sector in Malaysia by providing useful information to assist in the implementation of Mobile Banking technology. By understanding the customer acceptance using Mobile Banking, it helps bank sector to understand current customer using the Mobile Banking expectation and satisfaction.

This research can be handy for future researchers, regarding there are insufficient previous paper works regarding the determinants of customer acceptance using mobile banking service in Malaysia, future researchers can use this study as a reference to their work.

1.5 Contribution of the Research

Results from this research provide more evidence that certain determinants still influence customer acceptance towards using mobile banking service regardless of the change in times. Findings were also found to support the TAM (Technology Acceptance Model) by Davis (1989) which provides further evidence of the appropriateness of the model.

The findings of this study also help future researchers. The findings will help researchers identify gaps that need to be filled in order to conduct further research in this area. Researchers can also benefit from the results of this study as they can use it as a reference for their work. It will also assist them in choosing which variables to test and which not to test in their research.

The findings of this of this study also helps to better understand the determinants that influence customer acceptance towards using mobile banking service in Malaysia, an area that has not been covered widely.

1.6   Research Question

This study attempts to address the following research questions:

i.   What are the significant relationship between the determinant and customer acceptance towards using mobile banking services?

ii.   What is the most influence determinant of customer acceptance towards using mobile banking services?

1.7   Research Objective

The objective of the study was to identify the factors that would affect customer acceptance towards using mobile banking services. In this study, there were four determinants used for the research which included perceived usefulness, perceived ease of use, security and perceived cost.

The objectives of the study are stated as below:

i.   To identify the relationship between the determinants and customer acceptance towards using mobile banking service.

ii.   To determine the most influencing determinants of customer acceptance towards using mobile banking service.

1.8   Limitation

There are several limitations in this research that constrain the researcher to obtain the complete and important information.

One of the limitations found when conducting this research study was the time constraints. Data collection was a time-consuming task. It had taken around one month to gather all the responses from the target respondents to a large sample size and geographical coverage. Moreover, other than this research project, there were few other subjects had been taken in the same semester. There were other assignments and projects had to be completed, not to mention tests and presentations as well. There was no sufficient time and it was not easy to carry out so many tasks at the same time. Besides, the accuracy of result appeared to be another limitation of this study. Due to the time constraints, the research study was just carried out at other country and the study did not cover every state in Malaysia. Besides that, it was assumed that every respondent had provided honest and accurate answers. It was not guaranteed the answers from the respondents were totally accurate because some of them might fill in the questionnaires unwillingly. Other than that, the research study focused on healthcare products and it is very broad in healthcare product categories.

1.9   Thesis Structure

The current study work had been divided into five chapters:

Chapter 1: Introduction and the plan of research would be stated in this chapter. The background of the study, problem statement, scope of the study, significant of the study, objectives of the study, research questions, research hypothesis, thesis structure and limitation were included in this chapter. It studied the determinants that would affect customer acceptance using Mobile Banking service in Malaysia and the relationship between the determinants that would affect customer acceptance using mobile banking service in Malaysia.

Chapter 2: Literature review and conceptual framework were included in this chapter. Literature Review incorporated the review of theoretical and related literature regarding the study matter, publications of writer and researchers had been related on the study. This chapter also presented the concepts used in this research study, the conceptual models and how they were related. The definition of topic was given; and various aspects, dimensions and factors, variables were discussed and their relations were identified.

Chapter 3: Research methodology was included in this chapter. It explained about the research methodology used to evaluate and analyze the data. This had included research design, population and sample, nature and type of data, sources of data, data collection techniques, data analysis techniques, research variables, and differential statistical used in the study.