

**ANTECEDENTS AND IMPACTS OF TRUST IN MOBILE TRANSACTIONS: A
CASE STUDY OF MALAYSIAN CONSUMERS**

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Dengan segala hormatnya perkara di atas adalah dirujuk.

2. Sukacita dimaklumkan pihak ARI telah meluluskan cadangan penyelidikan tuan dan membiayai projek penyelidikan di bawah dana pengurusan ARI/RMI.

3. Bagi pihak Universiti, kami mengucapkan tahniah kepada tuan kerana kejayaan ini dan seterusnya diharapkan berjaya menyiapkan projek ini dengan cemerlang.

4. Untuk tujuan mengemaskini, tuan adalah diminta untuk melengkapkan semula kertas cadangan penyelidikan dan menyusun perancangan semula bajet yang baru seperti yang dikemukakan sekiranya perlu. Pihak tuan perlu mengisi borang setuju terimo projek penyelidikan yang boleh didapati di dalam laman web RMI. Sila lihat lampiran bagi talacara tambahan untuk pengurusan projek.

Sekian, harap maklum.

Yang benar,



MUSTAFAR KAMAL HAMZAH
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EXECUTIVE SUMMARY

Just as the intensity of scientist investigating on advancing and sophisticating the mobile technologies, scholars and researchers alike have also been very active in studying the social aspect of the mobile usage. One of the most popular topics which has received much interest among IS researchers is the aspect of trust in using the mobile banking. There are two main actors in trust which are the trustor i.e. the trusting party, and the trustee which is the trusted party. In the context of mobile banking, the trustor would be the consumer of mobile banking services while the trustee would cover not only the retail banking that provides the mobile banking services but also the mobile telecommunication provider and the mobile telephone technology itself. The extant literature on the aspect of trust in mobile banking showed that most studies have been focusing on the retail banking and the mobile telecommunication provider only. The literature suggests that trust in technology is equally important in ensuring successful adoption of services rendered through the technology itself. Considering that very few studies have actually addressed the aspect of trust with all the three categories of trustee i.e. the retail banks, the mobile telecommunication provider and the mobile telephone in one single study, this study attempts to address this gap. In addition the study also seeks to investigate the impact of mobile banking utilization on satisfaction and loyalty. Adopting a survey research methodology involving 312 of mobile banking consumers in Malaysia, the findings suggest mobile banking utilization is positively correlated to satisfaction. The findings also show that mobile banking satisfaction does have bearing on loyalty. Three groups of antecedents namely the technology trust, trustworthiness and institution-based trust which are hypothesized to have significant influence on mobile banking utilization. The findings reveal that only technology trust and institution-based trust are found to have significant correlation with mobile banking utilizations. The findings of this study should be useful to both practitioners and researchers. As for the banking practitioners, the findings have empirically shown the importance of mobile banking services and its influence towards customer satisfaction. In the context of Malaysia, not all banks have implemented mobile banking. Hence this finding should alert banking practitioners that in line with the advancement of the ICT, they have no other choice but to embrace and implement mobile banking or otherwise they would risk of losing their customers. As for the researchers, besides replicating this study in countries that have implemented mobile banking, they should also consider employing a different research approach, such as qualitative approach so as to get richer and deeper understanding on the situation of mobile banking utilization among users. The framework used in the study could be used as the conceptual framework guiding such researches.

1.0 INTRODUCTION

The rapid proliferation of mobile phones and other electronic gadgets has not only transformed the way people live, but also created a new channel for banking known as mobile banking. According to Ewe & Yap (2012), the mobile banking phenomenon, has significantly impacted the bank's operational efficiency, value delivery and also customer services. While it has received a great deal of attention in developed nations, its adoption among developing nations including Malaysia is still very low. Recent report by the Central Bank of Malaysia unveiled that as of March 2012, mobile banking subscribers recorded at 1.73 million equivalents to only 4.7% of total mobile phone users in Malaysia (Bank Negara Malaysia, 2012). In comparison, developed country like America, 21% of mobile phone owners have used mobile banking in 2011 (Board of Governors of Federal Reserve Systems, 2012). These statistics simply suggest that there is a huge gap between developing countries and developed countries in terms of mobile banking adoptions or utilizations. Driven by this realization many researchers have attempted to investigate the reasons or factors that could influence users to utilize mobile banking (Goswami & Raghavendran, 2009; Gu et al., 2009; Daud et al., 2011; Cheah et al. 2011).

Models such as Theory of Reasoned Actions or TRA (Fishbein and Ajzen, 1975), Theory of Planned Behaviour or TPB (Ajzen, 1991), Technology Acceptance Model or TAM (Davis, 1989), Diffusion of Innovations or DOI (Rogers, 1995), Unified Theory of Acceptance and Use of Technology or UTAUT (Venkatesh et al., 2003) and Information Systems Success Model (Delone & Mclean, 1992; 2003) are among the popular frameworks which have been used by researcher. Drawing upon these frameworks, researchers have also investigated the issue of user trust in mobile banking. According to Lin (2011), the lack of trust is one of the most frequently cited reasons for customers not using mobile banking. Mayer et al. (1995) defined trust as a person's (the trustor) willingness to be vulnerable to another person (the trustee) on the basis that the trustee will act according to the trustor's confident expectations. In the context of electronic banking, Yousafzai, Pallister & Foxall (2005) defined trust as willingness of customers to perform on-line banking transactions, expecting that the bank will fulfill its obligations, irrespective of their ability to monitor or control banks' actions. According to McKnight et al. (2011), in order to gain a more nuanced view of trust's implications for IT use, MIS research needs to examine how users' trust in the technology itself relates to value-added post-adoption use of IT. By focusing on the technology itself, trust researchers can evaluate how trusting beliefs regarding specific attributes of the technology relate to individual IT acceptance and post-adoption behavior. Following the suggestion of McKnight et al. (2011), this study attempts to explore the influence of technology trust on mobile banking utilization. In addition the study also seeks to investigate the impact of mobile banking utilization on satisfaction and loyalty.