

EXECUTIVE SUMMARY

The Internet and the wireless revolution have changed the way that people communicate and interact in their social environments. The wired Internet connectivity of desktop computers is shifting to wireless and mobile devices. The rapid development of mobile communication and wireless technologies has made banking services available through mobile phones. Firms in the banking sector have embraced diverse information and communication technologies (ICT) in order to succeed in a competitive environment, reduce costs, and increase customers' convenience. To meet their customers' expectations, banks offer a wide range of services to their customers through the Internet and using mobile technologies. Customers live in a technological cluster. Services to meet their banking needs can be accessed through various alternative banking channels, like ATMs, internet banking, and mobile banking. Mobile banking also has broad potential in developing countries, where many customers can access banking services through their mobile phones. In India, of its population of 1.22 billion, 961+ million people are mobile subscribers, while only 59 percent of households had access to banking services. With just 129,151 bank branches and 184,350 ATMs, mobile banking in India has the highest potential to deliver banking services to an untapped market.

The success of a new, technology-enabled delivery channel such as mobile banking solely depends upon customer acceptance. However, given the advantages of mobile banking, only a few percent of customers actually use these services. Currently, the adoption of mobile banking is in a nascent stage, but it is expected to increase or surpass the rate of adoption of Internet banking. In India, despite its many advantages, when compared with developed countries like the United States, the UK, and Finland, the adoption of mobile banking is in its infancy. Even though the RBI has removed the capped daily transaction limit per day, per customer, most banks, apart from SBI and ICICI Bank, still have further to go given present volumes and values of mobile-banking transactions. There are very few and limited research studies related to the adoption of mobile banking in India, which indicates there is a need for further research in order to understand the motivators and inhibitors of mobile-banking adoption.

The use of Internet banking in urban areas in India is ahead compared to mobile banking. Increased use of Internet banking will enhance customer expectations and perceptions regarding the quality of this new delivery channel. In this regard, it is important to understand

how to measure the service quality of and customer satisfaction with Internet banking. In India, Internet banking was used by seven percent of account holders in 2010–11, according to a report by global management consultancy McKinsey & Company (2011). Considering this low adoption rate of Internet banking, it is necessary to measure customers' level of satisfaction with this channel, along with their intentions to switch to any other alternative channels, like mobile banking. Awareness of how customers perceive service quality is essential to understanding what customers value in an online transaction, to attracting new customers, and to retaining existing customers. Understanding the factors that influence the adoption of mobile banking among current Internet banking customers is important because these customers have a preference to use multiple channels to obtain their banking services.

The objectives formulated for the current study were (1) identify the various factors influencing the adoption of mobile banking in India, (2) to develop and empirically validate a model explaining behavioral intention to use mobile banking in the context of Indian banking, (3) to study the influence of demographic factors, such as gender and age, on the adoption of mobile-banking services by Indian bank customers, (4) to study the perceptions of service quality and satisfaction level of Internet-banking customers in India, (5) to explore the e-service quality dimensions of Internet-banking customers in India, and (6) to examine the perceptions of current online-banking customers in India regarding the adoption of mobile banking. The results obtained will help both academic researchers and practitioners of technological adoption to explain, understand, and elucidate the status of mobile banking in India and to formulate strategies to expedite the use of mobile banking.

In this study, a model is developed and proposed to explain customers' intention to use mobile banking using constructs such as perceived ease-of-use, computer self-efficacy, social influence, perceived financial cost, security, and trust. The model also describes the relationship between the constructs of perceived ease-of-use and computer self-efficacy. Another relationship specified is between the constructs of security and trust. The proposed model was tested with a sample of 855 bank customers from various public, private, foreign, and co-operative banks in India using SEM analysis with AMOS 16.0. The results uncovered that security, computer self-efficacy, perceived ease-of-use, and perceived financial cost, in order of influencing power, were the factors influencing a customer's intention to adopt mobile banking. Moreover, the results identified that computer self-efficacy significantly influenced perceived ease-of-use, while security significantly influenced trust, findings

supported by prior research (Luarn & Lin, 2005; Sripalawat et al., 2011). Meanwhile, trust and social influence were not found to play a salient role in predicting intention to adopt mobile banking. The proposed theoretical model was found to be predict, with statistical significance, intention to use mobile banking, explaining 76.9 percent of the variance in intention to adopt mobile banking. The model comprehensively depicts the key drivers influencing mobile-banking usage intention and, therefore, which aspects should be highlighted by practitioners seeking to increase such usage. The specification of these relationships addresses an important gap in research regarding the adoption of mobile banking.

Another major finding of this study is that the demographic factor of gender plays a major role in the adoption of mobile banking. Men and women significantly differed with regard to their intention to use mobile banking. A majority of the respondents were also male (67.7%) compared to female (32.3%). There was no significant variation among different age groups regarding the adoption of mobile banking.

For measuring service quality and its impact on customer satisfaction, data were analyzed from 650 Internet-banking customers out of 855 samples. The key dimensions identified of Internet-banking service quality were, in order of influence, responsiveness, efficiency, and perceived credibility. All three dimensions significantly impact customer satisfaction, with responsiveness being the most important predictor of customer satisfaction with Internet banking. The three dimensions together explained 65.5 percent of variance in customer satisfaction. Customer satisfaction with Internet banking was also identified as positively influencing customer intention to use mobile banking.

These findings provide guidelines for practice for both mobile-banking adoption and delivery of Internet-banking service quality. Though the study has certain limitations, through its findings and their implications, it furthers understanding regarding the adoption of mobile banking, which is driving service and technology convergence to an innovative, emerging service paradigm.