

A Study on Mobile Banking Adoption: Factors Affecting Customer Behaviour

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ABSTRACT

This research paper is a study on the determinants of consumer mobile banking adoption. With the surge in digital technology, mobile banking has revolutionized the way consumers access and use financial services. Yet, notwithstanding the existence of these services, the rate of adoption varies. This article explores important variables like perceived usefulness, ease of use, trust, security issues, and demographic factors based on the Technology Acceptance Model (TAM) and Unified Theory of Acceptance and Use of Technology (UTAUT). The study points out how behavioral and psychological factors influence the usage of mobile banking. The study applies secondary data and case illustrations to present an in-depth perspective on consumer behavior.

Keywords: Mobile Banking, Technology Acceptance, Customer Behavior, Perceived Risk, Trust, UTAUT

1. INTRODUCTION

1.1 Background

The banking scene worldwide has undergone a dramatic change with the introduction of mobile technology. Mobile banking enables customers to use banking services through smartphones, providing convenience, speed, and efficiency. Though mobile banking has a lot of benefits, the adoption by users is inconsistent based on several psychological and socio-economic reasons. It is important for banks to know these reasons so that they can formulate strategies that enhance adoption and enhance customer satisfaction.

1.2 Historical Data

Mobile banking operations were launched in the early 2000s but picked up later after the emergence of smartphones after 2010. The initial adopters comprised mainly young and tech-friendly people. Since then, fintech and internet connectivity advancements have enabled wider demographic segments to tap into mobile banking operations. Trust and security, though, are still key hindrances, particularly in emerging economies.

1.3 Definition and Key Terms

- Mobile Banking: Application of a mobile device to undertake banking transactions.
- Technology Acceptance Model (TAM): Theory describing user acceptance as a function of perceived usefulness and ease of use.
- UTAUT Model: Behavioral theory describing technology usage based on performance expectancy,

effort expectancy, social influence, and facilitating conditions.

- Perceived Risk: Possibility of loss or harm in the usage of mobile banking.
- Trust: The trust that the mobile banking service is secure and dependable.

1.4 Research Gap

Although adoption of mobile banking has been extensively researched using the framework of technology, there have been fewer studies exploring the socio-psychological bases of behavioral reluctance. This paper fills the gap by investigating various behavioral determinants that influence customer adoption in various populations.

1.5 Research Objective

- To analyze influential factors of mobile banking adoption.
- assess customers' attitudes with regard to security, trust, and ease of use.
- To identify demographic factors influencing mobile banking behavior.
- To provide recommendations for raising customer adoption using strategic banking practices.

2. METHODOLOGY

2.1 Step-by-Step Procedure

- Data Collection: Review of journal articles, case studies, and banking institution reports.
- Framework Selection: Use of TAM and UTAUT models.
- Comparative Analysis: Comparison of adoption among different age, income, and education groups.
- Behavioral Mapping: Research on psychological barriers such as fear of fraud, trust problems, and digital illiteracy.
- Interpretation: Inference from current data and behavioral theory frameworks.

2.2 Resource

- RBI (Reserve Bank of India) mobile banking reports
- Research journals from Elsevier, Springer, and IEEE
- McKinsey & Co. Fintech Analysis Reports
- TAM & UTAUT theory literature

3. HYPOTHESIS

H1: There is a significant relationship between perceived ease of use and the adoption of mobile banking services.

H2: Trust in mobile banking platforms positively influences customer adoption behavior.

H3: Security concerns significantly affect the frequency of mobile banking usage.

H4: Younger age groups are more likely to adopt mobile banking than older age groups.

H5: Higher levels of education are associated with increased mobile banking usage.

H6: Incentives such as cashback and 24/7 support significantly encourage mobile banking usage.

H7: The fear of fraud is a major deterrent to the adoption of mobile banking among customers

4. FINDINGS AND RESULTS

4.1 Survey Findings

For collecting actual real-world insights about mobile banking adoption, a survey was undertaken where the participants were of different ages and education levels. The findings reveal insights about behavior-

ral trends, attitudes, and hindrances pertaining to the adoption of mobile banking.

Figure 1.1: Mobile Banking Adoption

A large proportion of the respondents claimed to be using mobile banking services, more than 60% saying "Yes" and the rest saying it occasionally. This reflects heavy penetration of mobile banking among the population surveyed.

Figure 1.2: Frequency of Usage

The majority of users have reported daily or 2–3 times weekly usage, demonstrating that once technology is adopted, mobile banking will become a normal habit. Though occasional users do exist, even they form a segment with an opportunity for in-depth engagement.

Figure 1.3: Most Utilized Services

"Fund transfer" was voted as the most utilized service by the respondents, followed by "Mobile recharge" and "Bill payments." It implies users keep using mobile banking mainly for indispensable, prompt transactions.

Figure 1.4: Ease of Use

Large numbers of participants found mobile banking applications "Easy" to navigate. Though only a fraction had marked "Neutral," there lies potential for enhanced user interface development and app experience.

Figure 1.5: Barriers to Usage

The most frequent barrier mentioned was "Fear of fraud or scams", indicating serious concern about online security. This result indicates that banks need to develop strong security systems and educate users.

Figure 1.6: Factors That Encourage Usage

Respondents pointed out that "24/7 support" and "Cashbacks/rewards" were key drivers to drive usage. This suggests that real-time support and monetary incentives are important factors in user adoption.

Figure 1.9: Age Group Distribution

Most of the respondents were in the 18–25 and 26–35 age groups, suggesting that adoption of mobile banking is highest among younger, technologically adept groups.

Figure 1.10: Educational Background

The majority of users had an undergraduate education, continuing the pattern that formally educated and digitally literate individuals are more at ease with mobile financial services.

4.2 Key Takeaways from Survey Data

- Trust and security continue to be the biggest adoption impediments.
- Usage is frequent among those who have adopted mobile banking.
- Simplicity, rewards, and 24/7 support are strong motivators.
- Younger and more educated individuals show higher adoption and recommendation rates.

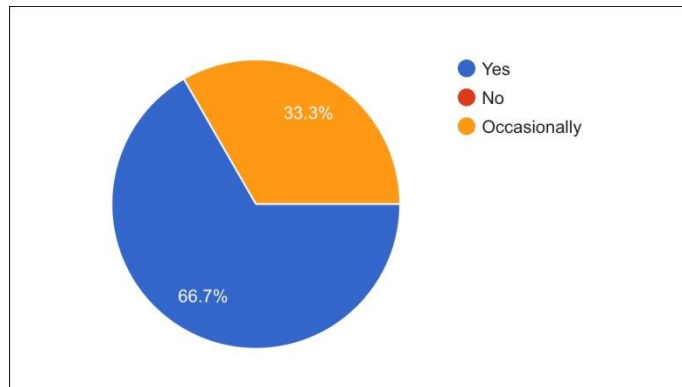


Figure 1.1: Distribution of Mobile Banking Usage Among Respondents

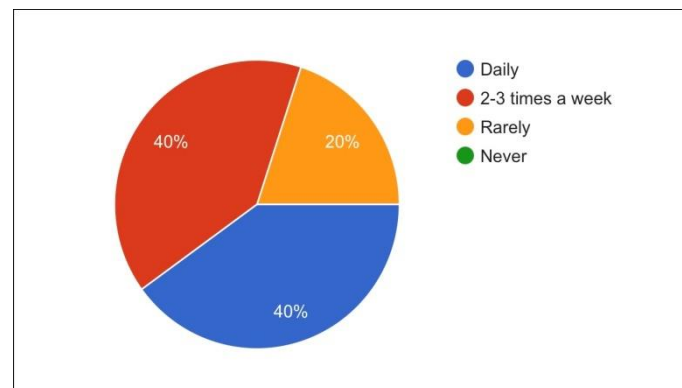


Figure 1.2: Frequency of Mobile Banking Usage

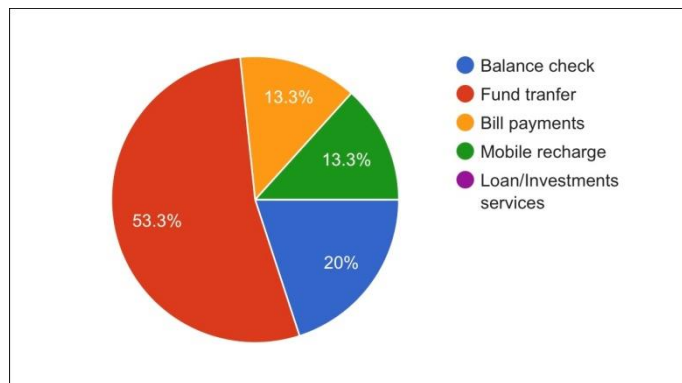


Figure 1.3: Most Common Mobile Banking Services Used

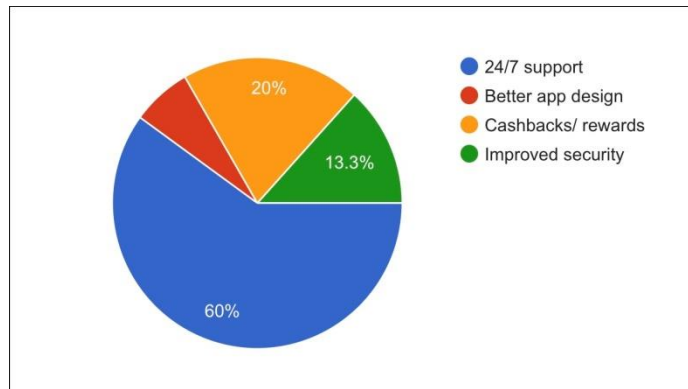


Figure 1.4: Primary Reasons for Not Using Mobile Banking

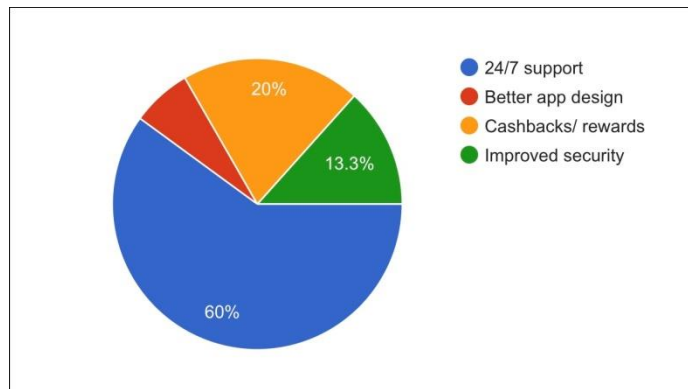


Figure 1.5: Preferred Improvements to Encourage Mobile Banking Adoption

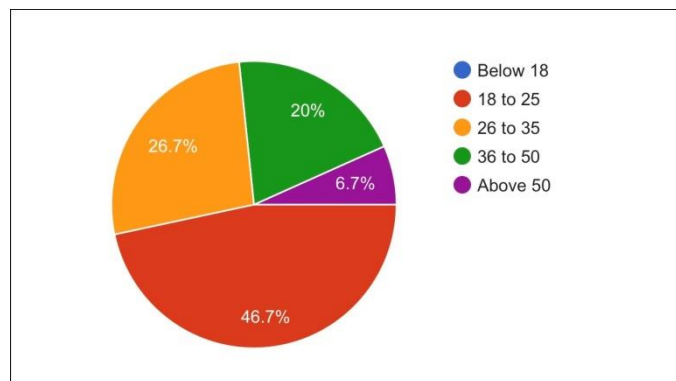


Figure 1.6: Age Group Distribution of Responde

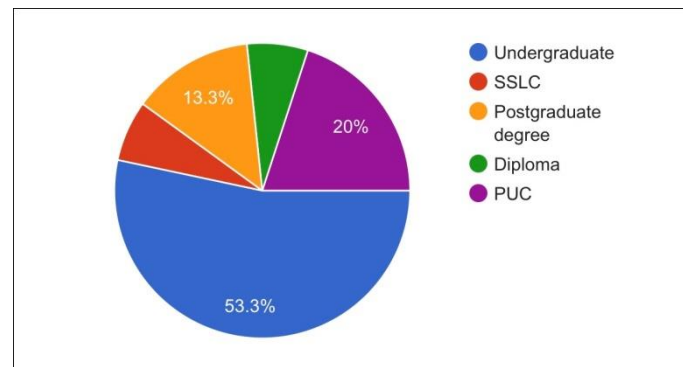


Figure 1.7: Educational Background of Respondents

4. CONCLUSION

Mobile banking is no longer a luxury but a necessity in the digital era. This research emphasizes that although technological infrastructure is vital, psychological, social, and behavioral factors are also as important in driving customer adoption. Banks need to overcome trust issues, provide user education, and make interfaces easier to enhance adoption rates. Strategic marketing and digital literacy initiatives can further improve usage among hesitant users.

4.1 Key Findings

- Ease of use and perceived usefulness are major drivers of adoption.
- Security issues and trust are still significant obstacles.
- User behavior is largely influenced by demographic variables (income, education, age).

4.2 Implications

- Banks must create secure, easy-to-use apps with multilingual capabilities.
- Helplines and customer education programs can increase trust.
- Government and regulation should encourage digital financial literacy.

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