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A STUDY OF MOBILE BANKING ADOPTION AMONG UNIVERSITY STUDENTS

FARAH DHIBA ABD AZIZ

MASTER OF SCIENCE MANAGEMENT

UNIVERSITI UTARA MALAYSIA

JULY 2020
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The main objective of this study is to investigate factors that can predict the adoption of mobile banking in Malaysia. This research also investigates the mediating role of hedonic motivation between mobile banking and its predictor: hedonic motivation, perceived ease of use, perceived usefulness, perceived compatibility, and perceived complexity. Inconsistency of finding in the past literature between the relationship of adoption of mobile banking and its determinant has driven the researcher to explain the inconsistencies. Survey questionnaires were distributed using an online questionnaire to the undergraduate students of Universiti Utara Malaysia. 386 usable questionnaires used for the analysis. The direct and indirect relationship has been analyzed by using the PLS-SEM method. The results show that hedonic motivation, perceived usefulness, perceived compatibility, and perceived complexity has a significant relationship to the adoption of mobile banking while perceived ease of use is found to be insignificant. For the indirect relationship, the results show that hedonic motivation mediates the relationship between perceived usefulness, perceived compatibility, and perceived complexity to the adoption of mobile banking, and hedonic motivation found out that it did not mediate the relationship between perceived ease of use and adoption of mobile banking. Finally, managerial implications, limitations of the study, and recommendations of future research are discussed.

Keywords: Perceived Ease of Use, Perceived Usefulness, Perceived Compatibility, Perceived Complexity and Hedonic Motivation.
ABSTRAK


Kata kunci: Persepsi kemudahan penggunaan, persepsi penggunaan, persepsi keserasian, persepsi kerumitan dan motivasi hedonik.
ACKNOWLEDGEMENT

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Working for this Master’s degree is a journey towards accomplishing one of my lifetime objectives, which has been made possible by direct and indirect assistance from various parties. First and foremost, I would like to express special thanks to Dr Mathivannan Jaganathan and Dr Nazlina Zakaria as my supervisor for their invaluable knowledge and support during the semester. I admire their veracity and patience for having me as their student.

Besides that, I wish to thank all my dearest family member: Abd Aziz Bin Ibrahim, Jamilah Binti Mustain, Fatimah Abd Aziz, Jamaluddin Arif, Sarif Hidayatullah, Muhammad Nasrullah, Mutawakkil Alallah, Himami Zuhrawati, my colleagues and friends: Syazwani Binti Muhammad Raffi Shah Liew, Khairani Syuhada, Darwina Rahman, Normah Mohamad for financial and mentality support during my progress. Their contribution and personal sacrifices are genuinely appreciated and will be remembered. To any other individual whom I have not recognized by name but who gave their support and cooperation, I give my sincere thanks.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

In this technological age, mobile technology is one of the technological advancements that happen in the world. Nowadays, the business improvement must be involving the use of applications and technology. Internet is one of the technologies that any business needed. With the benefit of the internet, it is easier and faster for people or organizations to gain information, knowledge, and also for learning. It also helps people and organizations to communicate, connecting, and sharing ideas and thought between any other side. The Internet also helps in the area of banking, bills, and shopping system (Help & Hope, 2019).

According to Bank Negara Malaysia (2019), there is five licensed financial organization that operates in Malaysia. There is twenty-six bank of commercial, sixteen Islamic banks, one bank that provides international Islamic bank service, eleven bank of investment, and two other financial institutions, but only eighteen banks provide mobile banking to their customer.

Banking is a legal organization that handles money either in forms of money and credit and other financial transactions (Amadeo, 2019). Borrowing and lending money are examples of banks operating activities. Banks play a vital role in the business and also for economic development because banks are the organization that handles trade and investment money (Pettinger, 2017).

According to Statista.com (2019), Malaysia internet penetration ranked at tenth with a penetration rate of internet 80.1%. While comparing with other ASEAN countries,
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penetration-in-southeast-asian-countries/


Appendices

Appendix A: Research Questionnaire

COLLEGE OF BUSINESS
UNIVERSITI UTARA MALAYSIA

QUESTIONNAIRE
“A STUDY OF MOBILE BANKING ADOPTION AMONG UNIVERSITY STUDENTS”

Dear student,

You have been chosen to be the respondent for the survey research as the title above. This research conducted to examine the influencing factor about the adoption of mobile banking services in Malaysia. All information provided will be kept confidential and used for academic purposes. Your honesty and sincerity to answer this questionnaire are much appreciated. Thank you for your time and cooperation in answering this questionnaire.

Researcher:
FARAH DHIBA ABD AZIZ  MSc. Management  823251
SECTION A

PERSONAL INFORMATION

1. Gender
   - Male
   - Female

2. Age
   - 19-20
   - 25 – 26
   - 21-22
   - 27 - 28
   - 23-24
   - 29 - 30

3. Race/Ethnicity
   - Malay
   - Indian
   - Chinese
   - Others

4. School
   - COB
   - CAS
   - COLGIS

5. Semester
   - 1 – 2
   - 5 - 6
   - 3 – 4
   - 7 - 8
**SECTION B**

*Instructions:* Please read each question carefully and respond to all questions to the best of your ability by placing a check (□) for each question.

---

1) **ADOPTION OF MOBILE BANKING**

<table>
<thead>
<tr>
<th>Item code</th>
<th>Description of items</th>
<th>1- Strongly Disagree (SD)</th>
<th>2- Disagree (D)</th>
<th>3- Neutral (N)</th>
<th>4- Agree (A)</th>
<th>5- Strongly Agree (SA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AM1</td>
<td>I use m-banking application</td>
<td>1 □</td>
<td>2 □</td>
<td>3 □</td>
<td>4 □</td>
<td>5 □</td>
</tr>
<tr>
<td>AM2</td>
<td>I use the m-banking application to handle my accounts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AM3</td>
<td>I use m-banking application to do a transaction</td>
<td>1 □</td>
<td>2 □</td>
<td>3 □</td>
<td>4 □</td>
<td>5 □</td>
</tr>
<tr>
<td>AM4</td>
<td>I subscribe to financial products that are exclusive to the mobile banking application</td>
<td>1 □</td>
<td>2 □</td>
<td>3 □</td>
<td>4 □</td>
<td>5 □</td>
</tr>
</tbody>
</table>
### 2) HEDONIC MOTIVATION

<table>
<thead>
<tr>
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<th>Description of items</th>
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<th>2- Disagree (D)</th>
<th>3- Neutral (N)</th>
<th>4- Agree (A)</th>
<th>5- Strongly agree (SA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HM1</td>
<td>I feel using a m-banking application is enjoyable</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>HM2</td>
<td>I feel using a mobile banking application is pleasurable</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>HM3</td>
<td>I will have fun if I’m using m-banking application</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>HM4</td>
<td>I feel using a m-banking application is to be interesting</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
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## 3) PERCEIVED EASE OF USE

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<th>3- Neutral (N)</th>
<th>4- Agree (A)</th>
<th>5- Strongly Agree (SA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PEOU 1</td>
<td>I feel it’s easy to understand how to use m-banking application</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PEOU 2</td>
<td>I feel that it’s easy to get m-banking application services to do what I want</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PEOU 3</td>
<td>I feel it is easy to memorize how to use a m-banking application</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PEOU 4</td>
<td>I feel m-banking application is simple to use</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PEOU 5</td>
<td>I feel it is easy to become skilful in handling mobile banking application</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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</table>
### 4) PERCEIVED USEFULNESS

<table>
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<th>2- Disagree (D)</th>
<th>3- Neutral (N)</th>
<th>4- Agree (A)</th>
<th>5- Strongly Agree (SA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PU1</td>
<td>I feel that using m-banking application makes me save time</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PU2</td>
<td>I feel that using m-banking application makes me a great user</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PU3</td>
<td>I feel that using m-banking application increase my efficiency as a user</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PU4</td>
<td>I feel that mobile banking application is useful to me as a consumer</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PU5</td>
<td>I feel that using m-banking application improve my effectiveness as a user</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
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</table>
### 5) PERCEIVED COMPATIBILITY

<table>
<thead>
<tr>
<th>Item code</th>
<th>Description of items</th>
<th>1- Strongly Disagree (SD)</th>
<th>2- Disagree (D)</th>
<th>3- Neutral (N)</th>
<th>4- Agree (A)</th>
<th>5- Strongly Agree (SA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC1</td>
<td>I think mobile banking application fits with my life of style</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PC2</td>
<td>I feel mobile banking application fits well with the way I live</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PC3</td>
<td>I feel that m-banking application services are compatible with my ongoing environment</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PC4</td>
<td>I feel m-banking application fits well with every element of my banking needs</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
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### 6) PERCEIVED COMPLEXITY

<table>
<thead>
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<th>1- Strongly Disagree (SD)</th>
<th>2- Disagree (D)</th>
<th>3- Neutral (N)</th>
<th>4- Agree (A)</th>
<th>5- Strongly Agree (SA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC1</td>
<td>working with the mobile banking application is complicated and hard to realize the situation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PC2</td>
<td>mobile banking application requires a lot of time doing mechanical operations</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PC3</td>
<td>Learning how to use mobile banking application taking a long time to be meaningful</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PC4</td>
<td>In general, the mobile banking application is really complex to handle</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

Thank You