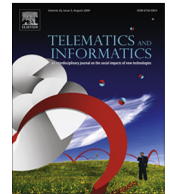




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## Word of Mouth impact on the adoption of mobile banking in Iran

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### ABSTRACT

**Purpose:** The purpose of this paper is to explore word of mouth impact on the adoption of mobile banking in Iran. This study provides insights into factors affecting the adoption of mobile banking in Iran.

**Design/methodology/approach:** Based on the consumer data collected through a survey, structural equations modeling and path analysis were employed to test the research model.

**Findings:** The results revealed that “Word of Mouth” was found to be the main factor affecting users attitudes toward the use of mobile banking. “Word of Mouth” positive impact on other factors affecting the adoption of mobile banking was also approved.

**Research limitations/implications:** The major limitations of the paper is that it studies only the Internet users and non-users are not considered.

**Originality/value:** There are a number of factors efficiently on the adoption of mobile banking. Many researchers worked on the relationship between these parameters and their effect on each them. However, none have paid attention to the word of mouth impact of the adoption of mobile banking. In this study, for the first time, the word of mouth factor impact on the adoption of mobile banking in Iran is considered as the main contribution of the paper.

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### 1. Introduction

Mobile banking is among the latest in a series of recent mobile technological wonders (Mohammadi, 2015). Although Automated Teller Machine (ATM), telephone, and Internet banking offer effective delivery channels for traditional banking products, but as the newest delivery channel established by retail and microfinance banks in many developed and developing countries, mobile banking is likely to have significant effects on the market (Safeena et al., 2012).

Since the number of cell-phones is more than PCs, mobile banking has become more popular than e-banking among bankers. Also, mobile phones enhance the quality of services because clients can perform their financial jobs in every time and place. Therefore, it is clear that use of cell-phones for banking affairs is useful for both clients and the bank. This leads to the establishment of a stronger relationship between the financial institutions and clients (Laukkanen, 2007). Despite such benefits, the use of mobile phones or tablets to conduct banking transactions or access financial information is not as widespread as might be expected (Dineshwar and Steven, 2013).

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More than 1 billion people are expected to use mobile banking globally by 2017, but that level represents only 15% of the global mobile subscription base a base that accounts for approximately 96% of the world's population. In addition, approximately half of all mobile subscribers remain unbanked, with limited access to traditional financial services (Shaikh and Karjaluo, 2015). These trends suggest that significant growth opportunities remain, leading to predictions of potentially massive increases in the number of mobile banking users. These figures also warrant further investigations of any persistent adoption issues in mobile banking, especially in the case of mobile subscribers. (Hanafizadeh et al., 2014) concluded that despite technological progresses and increased accessibility of mobile banking in Iran, the number of users does not match experts' expectations, a fact that warrants investigation into its reasons.

This supports the notion that technological advances and service availability do not automatically lead to widespread adoption and use. It also suggests a lack of knowledge about the motivators and inhibitors that influence the adoption of this mobile service, which is corroborated by the limited research that has been undertaken in this area (Hosseini et al., 2015). As such, there have been repeated calls for the investigation of factors that predict or explain the adoption, acceptance, and use of mobile banking. Therefore, in this paper, we examined the effective factors of the adoption of mobile banking. In particular, two main dependent variables (attitude, intention) and five independent variables (perceived ease of use, perceived usefulness, trust, social influence and word of mouth) Studied in this article.

This paper is focused on Iran as a developing country which possesses a large population of over 75 million individuals. According to (Hanafizadeh et al., 2014) most of the Iranians are still using the precursors of mobile banking like ATM, bank branch and telephone bank. This shows that along with the adoption of new technologies, the adoption of mobile banking needs to discover the factors affecting its acceptance that is what we are aimed to in this study in Iran. This study differs from some past studies as follows.

First, past studies have limited and mainly focused on SMS banking and virtually no studies have addressed the use of mobile banking applications via smart phones or tablets, however it is addressed in this study.

Second, unlike previous studies, this study is addressed to users who connect to the Internet using smart mobile phones.

Third, in this study for the first time the word of mouth factor impact on the adoption of mobile banking in Iran is considered as the main contribution of the paper.

The remainder of the paper is structured as follows: we address literature review in the next section. This is followed by the presentation of the research hypotheses, discussion of findings, conclusions, and finally recommendations for future studies.

## 2. Review of the literature

### 2.1. Mobile banking

Mobile banking, also referred to as mobile banking, is an application of mobile commerce that enables customers to bank virtually at any convenient time and place (Suoranta, 2003). It is also defined as the provision of banking and related financial services such as savings, funds transfer, and stock market transactions among others on mobile devices (Tiwari and Buse, 2007). Mobile devices allow the users to connect to a server, perform authentication and authorization, make mobile payments, and subsequently confirm the completed transactions (Kim and Mirusmonov, 2010). Since banks may achieve competitive advantage by providing mobile banking to customers, the issues associated with its mass usage are of high significance (Dineshwar and Steven, 2013). Hence, users' attitudes and their intentions towards use of mobile banking are of immense importance to researchers, because it helps financial institutions such as banks and payment service providers to get a real advantage by enabling enhanced understanding of key factors that affect intention to use mobile banking (Mohammadi, 2015). Studies conducted in developing (but not developed) countries identify social and culture factors as strong influences on mobile banking adoption (Alafeef et al., 2011). Similarly, combining these factors with a range of demographic factors indicates that the impact of social and cultural features is significant. Several independent and dependent variables appear in investigations of varying aspects of consumer decision-making processes related to mobile banking adoption. In particular, three main dependent variables (attitude, intention, and usage) and eight independent variables perceived ease of use, perceived usefulness, trust, social influence, perceived risk, perceived behavioral control (or self-efficacy), compatibility with lifestyle and device, and facilitating conditions emerged from this review. These contributions constitute the main research stream (Shaikh and Karjaluo, 2015). A summary of literature exploring mobile banking, including the methodology and major findings of each study, is presented in Table 1.

### 2.2. Technology acceptance model (TAM)

The adoption of technology can be described in various ways. Some studies take a process approach and examine in-depth processes (Majchrzak et al., 2000); others focus on the relationships between technology adoption and influential variables (Im et al., 2011). The TAM is very popular as a framework for examining intentions to adopt mobile banking (Shaikh and Karjaluo, 2015). This model has been used in a variety of studies to explore the factors affecting individual's use of new

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