# MAKERERE UNIVERSITY

## MAKERERE UNIVERSITY BUSINESS SCHOOL

# SOCIAL INFLUENCE, CUSTOMER ATTITUDE AND INTENTION TO ADOPT MOBILE BANKING IN SELECTED MICROFINANCE INSTITUTIONS IN KAMPALA METROPOLITAN, UGANDA

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**PLAN A**

**OCTOBER, 2023**

## DECLARATION

I **Mugalu Denis,** do hereby declare to Makerere University Business School that; this dissertation is my own original work and that has never been submitted for a similar higher degree award in any other University.

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## APPROVAL

This dissertation has been submitted for examination with the approval of my supervisors whose signatures are appended against their respective names below.

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## DEDICATION

This research report is dedicated to my wife Mrs. Olivia Lukandwa Mugalu and my sons Keith Lawrence Mugalu, Padre Pio Joachim Mugalu, Isiah Louis Mugalu and Christian Tiras Kyeswa Mugalu for the moral and financial support, and endurance you have given to me during this Masters studies. I would also like to dedicate the success of this study to my friends for their continued support and encouragement. I thank the almighty God who has enabled me to accomplish my master's journey.

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## LIST OF ABBREVIATIONS

| | |
|---|---|
| AMFIU | Association of Microfinance Institutions in Uganda |
| CVI | Content Validity Index |
| FSD | Financial Sector Deepening |
| MFIs | Microfinance Institutions |
| PEOU | Perceived Ease of Use |
| PU | Perceived Usefulness |
| SPSS | Statistical Package for Social Sciences |
| TAM | Technology Adoption Model |
| TRA | Theory of Reasoned Action |
| UTAUT | Unified Theory of Acceptance and Use of Technology |

## ABSTRACT

The study sought to examine the relationship between social influence, customer attitude and intention to adopt mobile banking in selected Microfinance Institutions in Kampala Metropolitan, Uganda. The main objectives of the study were; to examine the relationship between social influence and intention to adopt of mobile banking; to assess the relationship between customer attitude and intention to adopt mobile banking; to examine the relationship between social influence and customer attitude; and to examine the mediation effect of customer attitude in the relationship between social influence and intention to adopt mobile banking by microfinance institutions. The study adopted a cross sectional survey design with a population of 13 Microfinance Institutions which had adopted as the sample size for the study from which 384 customers were selected using purposive sampling. A structured questionnaire was used to collect data. Findings indicated that there were both positive and significant relationships between social influence, customer attitude and intention to adopt mobile banking in selected MFIs. Results from regression analysis showed that social influence, and customer attitude were significant predictors of intention to adopt mobile banking in selected MFIs. Therefore, the study recommends that Microfinance Institutions try to understand the social dynamics of their market and carry out mass sensitization to improve customer attitude towards mobile banking. The stakeholders in the MFI sector should develop strategies in line with the study variable relationships to enhance intention to adopt mobile banking in MFIs in Uganda.

# CHAPTER ONE

# INTRODUCTION

## 1.0 Introduction

This chapter provides the introduction to the study. It contains the background to the study; statement of the problem; purpose of the study; research objectives; research questions; scope of the study; significance of the study; and the conceptual framework.

## 1.1 Background to the Study

The proliferation of information technology has transformed a lot of things including the way microfinance institutions deliver financial services to their customers (Ngetich & Wepukhulu, 2017). Mobile devices have become widespread and abundant that microfinance institutions have revolutionized operations such that customers are served electronically at their door steps (Shamsul, 2017). In the same way, customers have become technology-sensitive that they now seek for service providers who can provide simplified, comfortable, convenient, efficient and secure means for accessing financial transacting 24/7 (Baganzi & Lau, 2017). As such, microfinance institutions have been left with no choice, but rather to adopt mobile banking. Mobile banking refers to the use of a mobile phone to perform transactions on one's account including balance inquiries, mini-statements, and funds transfer (Bank of Uganda, 2013). Mobile banking also refers to accessing banking services and facilities using electronic mobile devices such as mobile phones (Okocha & Adibi, 2020). It involves using a mobile phone to undertake financial transactions linked to a client account (Alkhaldi, 2018). The services include performing balance checks, savings deposits and withdraw, and other banking transactions through a mobile phone.

Despite its relevance, adoption of mobile banking among customers of microfinance institutions remains low across the globe. Most people, especially in developing countries have

not adopted mobile banking, explaining the persistence to traditional banking system. In Africa, a survey by World Bank (2015) across 24 countries established that 91.6% of the customers still prefer over the counter financial transacting because they fear losing money when they use mobile banking. From the national perspective, the latest FinScope Uganda (2018) shows that more than 72% of customers in microfinance institutions do not use mobile banking. The report indicates that at least 72.5% of customers in rural areas feel insure to use mobile banking to either save or withdraw indirectly from their personal account. Furthermore, Financial Sector Deepening Uganda (FSD, 2018) indicates that only 7% of the total bill collections across microfinance institutions relate to mobile banking services. This rate is low compared to 7.9% customers who used mobile banking services to transact in 2017.

A plethora of studies have suggested the factors which influence adoption of technology including mobile banking. Notable, Unified Theory of Acceptance and Use of Technology (UTAUT) developed by Venkatesh et al., (2003) is of the view that adoption of technology vests in four attributes which include; performance expectancy, effort expectancy, social influence and facilitation conditions. This theory thus proposes that social influence as one of the key factors for adoption of mobile banking. Empirically, Murendo et al., (2018) reveal that social influence is the realm for social learning and information exchange that can drive the adoption of new innovations within the microfinance setting. Relatives and friendship serve as strong reference points to individuals, hence increasing observance and aspiration to use mobile banking (Akhtar et al., 2019).

Technology Adoption Model on the other hand emphasizes that the adoption of any form of technology is a matter of perception or attitude, explained by the Perceived Usefulness (PU) and Perceived Ease of Use (PEOU) (Davis, 1985). If customers anticipate that technology will enable them to fulfill their interests and requires less effort to use, they are bound to be attracted

to use such technology (Venkatesh & Davis, 2000). This theory informs the relevance of customer attitude towards adoption of mobile banking. Similarly, Yiga and Cha, (2014) indicate that attitude towards mobile banking is associated with low adoption. Attitude determines confidence and trust in technology hence a decision to adopt technology.

Nonetheless, there is a general scarcity of empirical evidence to explain the magnitude to which social influence and customer attitude influence intention to adopt mobile banking in Uganda. So far, studies either explain the extent of social influence (Murendo et al., 2018) or customer attitude (Yiga & Cha, 2014) towards adoption of mobile banking. Much as these studies empirically affirm the relevance of social influence and customer attitude, it remains unclear which variable in particular supersedes the other. Against this backdrop, this study found it prudent to investigate the relationship between social influence, customer attitude and intention to adopt mobile banking in selected microfinance institutions in Kampala Metropolitan, Uganda.

## 1.2 Statement of the problem

Mobile banking is important because it allows customers to have unlimited access to financial services anytime and from everywhere (Baganzi & Lau, 2017). However, the rate at which customers of microfinance institutions in Kampala metropolitan areas are willing to adopt mobile banking continues to decline. It is revealed that 72% of customers do not utilize mobile banking (Financial Sector Deepening Uganda, 2018). This could be attributed to social influence and customer attitude. Over 72% of customers do not use mobile banking at all while those willing to use do not express the desire to use it for complex transactions. At least 72.5% of customers feel insecure to use mobile banking and do not intend to recommend friends to use mobile banking services. It could be likely that the slow intention to adopt mobile banking

by customers may be attributed to inadequate social influence and poor customer attitude. If this is not checked, it is likely to worsen financial inclusion.

## 1.3 Purpose of the study

To examine the relationship between social influence, customer attitude and intention to adopt mobile banking in selected microfinance institutions in Kampala metropolitan, Uganda.

## 1.4 Research Objectives

i) To examine the relationship between social influence and intention to adopt of mobile banking by microfinance institutions in Kampala metropolitan, Uganda

ii) To assess the relationship between customer attitude and intention to adopt mobile banking by microfinance institutions in Kampala metropolitan, Uganda

iii) To examine the relationship between social influence and customer attitude in microfinance institutions in Kampala metropolitan, Uganda

iv) To examine the mediation effect of customer attitude in the relationship between social influence and intention to adopt mobile banking by microfinance institutions in Kampala metropolitan, Uganda

## 1.5 Research Questions

i) What is the relationship between social influence and intention to adopt mobile banking by microfinance institutions in Kampala metropolitan, Uganda?

ii) What is the relationship between customer attitude and intention to adopt mobile banking by microfinance institutions in Kampala metropolitan, Uganda?

iii) What is the relationship between social influence and customer attitude in microfinance institutions in Kampala metropolitan, Uganda?

iv) What is the mediation effect of customer attitude in the relationship between social influence and intention to adopt mobile banking by microfinance institutions in Kampala metropolitan, Uganda?

## 1.6 Scope of the study

### 1.6.1 Content Scope

This study focused on three variables, that is; social influence; customer attitude; intention to adopt mobile banking. Herein, social influence was studied as the independent variable while customer attitude was a mediating variable. Intention to adopt mobile banking was explored as the dependent variable. This study mainly concentrated on examining how the studied variables relate, as well as testing if the presumed mediator actually mediates the relationship between social influence and intention to adopt mobile banking.

### 1.6.2 Geographical Scope

This study focused on microfinance institutions with head offices in Kampala metropolitan area that had adopted mobile banking. These institutions were selected because the level of adoption of mobile banking remained low across many customers.

## 1.7 Significance of the study

This study provides management with information regarding the influence of social influence and customer attitude on intention to adopt mobile banking. In addition, this study also provides information regarding which specific variable supersedes as far as stimulating adoption of mobile banking is concerned. Such information could be used by management in strategic decision making.

For policy makers, the findings herein are likely to be useful in formulating policies, rules, regulations and mobile banking framework which can propel many people to access financial services electronically to improve the status of financial inclusion within the country.

The findings herein could have a social implication, from the customers' perspective. It will provide important information regarding the concept of mobile banking and its relevance. This will enrich knowledge to customers, and propel some of them to begin using the service.

From the empirical perspective, it is likely that other scholars could use the information presented herein as a source of reference when undertaking a study with at least one of the variables studied herein.

## 1.8 Conceptual framework

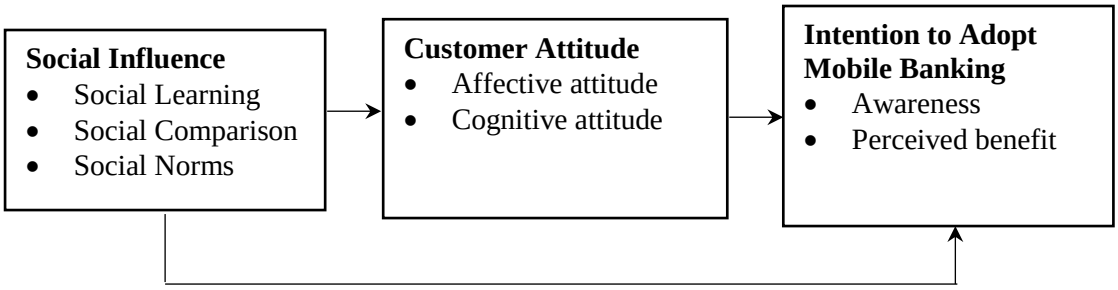


**Figure 1.1: Conceptual Framework**

*Source: Adopted and modified from literature review (Baganzi & Lau, 2017; Chawla & Joshi, 2019; Makanyeza, 2017; Murendo et al., 2018; Sathye et al., 2018; Ulun Akturan, 2016; Bananuka et al 2019, Fulk, Schmitz & Steinfield, 1990, Stibe, 2019)*

The conceptual framework (Figure 1) provides the diagrammatical study comprehension. It indicates that intention to adopt mobile banking can be explained by variables of social influence and customer attitude. Furthermore, the model indicates that social influence can determine intention to adopt mobile banking (Baganzi & Lau, 2017; Murendo et al., 2018). In addition, it is revealed that customer attitude defined in the context of experience, interpretation and attention can influence the intention to adopt mobile banking (Bananuka et al., 2019, Chawla & Joshi, 2019; Makanyeza, 2017). Likewise, this framework reveals a possibility where social influence affects customer attitude towards mobile banking to subsequently influence its adoption (Sathye et al., 2018; Ulun Akturan, 2016). Therefore, it recognizes the mediation effect of customer attitude in the relationship between social influence and intention to adopt mobile banking.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.0 Introduction

This chapter provides a review of literature in relation to the set objectives. These objectives include; examine the relationship between social influence and intention to adopt of mobile banking; assess the relationship between customer attitude and intention to adopt mobile banking; examine the relationship between social influence and customer attitude; and examine the mediation effect of customer attitude in the relationship between social influence and intention to adopt mobile banking. The chapter further explains the theories which were adopted to inform the study, and the key concepts of the study.

## 2.1 Theoretical Review

This study was informed by two theories, namely; unified theory of acceptance and use of technology, and technology adoption model. These theories are explained hereunder.

### 2.1.1 Unified Theory of Acceptance and Use of Technology (UTAUT)

Unified Theory of Acceptance and Use of Technology (UTAUT) was developed by Venkatesh et al., (2003). The theory emphasizes that the decision to adopt technology is a combination of individual, organizational and social factors. Under the individual predictors, this theory suggests that performance expectancy and effort expectancy are paramount. Performance expectancy explains the extent to which a customer believes that using available technology would help them satisfy their objectives while efforts expectancy or the perceived ease of use is the extent to which the customer believes that the technology is ease to use (Venkatesh et al., 2003). This theory indicates that the more customers perceive performance expectancy and effort expectancy is, the more they will express willingness to adopt technology.

Aside individual predictors, the theory indicates that organizations must provide facilitating conditions. These include technical and organizational infrastructure available to support the

use of technology, for instance; mobile banking. The theory strongly attests that customer with a high perceived facilitating conditions are more likely to adopt technology, hence use mobile banking as contextualized herein. Importantly, the theory appreciates the relevance of the social influence as a strong predictor for adopting technology (Isaac, Abdullah, Aldholay & Ameen, 2019). It highlights that in most cases, customers take decisions based on influence from others. Before they decide whether or not to use technology, they assess how they will be perceived by their peers, family members, friends and other social groups. The model further goes ahead to reveal that social influence is the most important and it affects even the late adaptors. These prefer to adopt technology which has proved to be effective by others. The theory emphasizes that peers, family members and colleagues among others are essential in changing perception of others either positively or negatively. In fact, considers social predictors as one of the key pillars that make up this theory, which affirms the value accorded to social attachment in determining the adoption of technology, specifically, mobile banking.

### 2.1.2 Technology Adoption Model (TAM)

Propounded by Davis (1989), technology adoption model emphasizes that intention and adoption of technology is driven by attitude or perception. This model reveals that when any technology is introduced, people will conduct an attitudinal evaluation in regards to how easy it is to use and its usefulness. Accordingly, the theory summarizes attitude towards technology as a function of perceived ease of use (PEOU) and perceived usefulness (PU) (Venkatesh, Morris, Davis, & Davis, 2003). As expressed by technology adoption model, people who exhibit positive attitude in relation to ease of use and usefulness tend to adopt technology as opposed to those who are biased in the same context. This theory elaborates that customer with a positive attitude in relation to ease of use believe that adopting technology is free of efforts. The presumed simplicity encourages customers to adopt technology, in this case; mobile banking (Lai, 2017). Furthermore, the theory emphasizes that customers with a positive attitude

in regards to usefulness consider use of technology as valuable or beneficial. Because of this, they customers are enticed to adopt new technology, specifically mobile banking (Taherdoost, 2018). This study is applied to explain the relationship that exist between customer attitude and adoption of mobile banking. The theory attests to the fact that attitude determines behavior that customers exhibit towards technology. It emphasizes that people with a positive attitude towards mobile banking reciprocate by adopting the system whereas those with negative attitude will reject this technological innovation.

## 2.2 Social influence

Smith, Louis and Schultz, (2011) earlier indicated that social influence occurs to all of us in everyday life. Everyone is influenced or influences someone to do what he/she thinks is right. Moreover, Kim and Srivastava (2007) conclude that purchasing decision is often influenced by people whom customers know, trust and associate with. This explains why the concept is attractive in many fields, including marketing, social influence is defined as the degree to which a customer is influenced to exhibit a specific behavior following influence from others. Such influence is determined by social norm, image and social factors (Salem, Baidoun & Walsh, 2019). It is also defined as the extent to which an individual feels it necessary to let others know they should use the technology (Jamshidi, Keshavarz, Kazemi & Mohammadian, 2018).

Therefore, social influence seeks to examine how people's opinions, superior and peer influence are able to influence behavior (Sathye et al., 2018). Indeed, when customers associate, they share personal expectations, experiences and attitudes towards products and services with their peers, colleagues, family among others which affect behaviour exhibited by the customer (De Leon, 2019; Prabhakaran, Vasantha & Sarika, 2020). Therefore, social influence is important because it has the power to change perceptions of highly unambiguous stimuli (Smith et al., 2011).

## 2.3 Customer attitude

Customer attitude is one of the concepts which has received a lot of attention in research. The underlying justification is that customer attitude is an important psychological factor (Kim & Srivastava, 2007; Prabhakaran et al., 2020; Risselada, Verhoef & Bijmolt, 2014), which predicts customer behavior. Correspondent to this argument, Namakula, Isoh, Benard and Ziraba (2020) define customer attitude as a unidimensional summary evaluation by an individual regarding a product or service with the capacity to stimulate behavior. On the other hand, it is defined as the degree of likeability by an individual towards a specific product or service (Ahn & Back, 2018). Modi Suki 2010, Orobia et al ,2016 and Loo 2010 explained attitude in terms of cognitive and affective factors. By cognitive factors he means knowledge and understanding of a given product or service and by affective factors it means the feelings about the service or product and how it relates to the respondents' perception. According to Fishbein and Ajzen (1975), in the TRA model, attitude is determined by someone's salient beliefs about the consequences of performing the behavior multiplied by the evaluation of those consequences.

Analyzing these definitions, it is clear that customer attitude is intrinsic or emotional stimulus which biases an individual when making a final decision. This reasoning is consistent with Lee (2009) who expresses that customer attitude as an individual's favorable or unfavorable assessment towards a product or services which is relied upon when making the final decision. Therefore, a customer with a positive attitude will exhibit positive behavior while one with a negative attitude will express negative behavior towards the same. Customer attitude is important in because it is a lasting and general-evaluation. It is lasting since it tends to endure overtime and general because it applies to several momentary event whenever a customer wants to buy a product or service (Akturan & Tezcan, 2012).

## 2.4 Intention to adopt mobile banking

Intention is defined as how hard someone is willing to try to perform a behavior and what level of determination one is planning to use toward performing the behavior in question (Orobia et al, 2016, Fishbein and Ajzen, 1975). Individuals make rational decisions (intention) pertaining to their actions and this therefore means that for every behavior there must be an intention to perform that behavior. It thus follows that the higher the behavioral intention, the greater the probability of performing the behavior in question (Gumel & Othman, 2013). Adoption of mobile banking, also commonly used to refer to the extent to which customers use available mobile banking services offered by the service provider (Akturan & Tezcan, 2012). Mobile banking services are both transaction-based such as transferring funds, making payment for bills and non-transaction in terms of checking balance and retrieving transaction history among others (Rehman, Omar, Zabri & Lohana, 2019). The proliferation of information technology in banking has made mobile banking services the new norm for financial institutions.

According to Chaouali and El Hedhli (2019), it is necessary to adopt mobile banking because it increases efficiency, convenience, timeliness and security of services offered by financial institutions. From the context of the financial institution, the adoption of mobile banking is associated with a sharp reduction in queuing, increases outreach and minimizes cost of offering financial services to customers (Ntumba, 2019).

Intention to adopt mobile banking is highly multidimensional construct which is widely conceptualized from the attitudinal perspective (Okocha & Adibi, 2020). Constructs such as perceived benefit, perceived cost and awareness have been widely emphasized both empirically and theoretically (Abdul-Hamid, Shaikh, Boateng & Hinson, 2019; Bananuka et al., 2019, Murendo et al., 2018; Ulun Akturan, 2016). Awareness is defined as a condition of having or showing realization, perception or knowledge of a situation or fact (Jaffar & Musa, 2014.

Awareness refers to the degree to which users have knowledge of a technology, such as its benefits, how to use it, and its probable risks (Alkhaldi, 2018). Creating awareness among consumers about a service or product is significant for any intention to use to occur (Abdul-Hamid et al., 2019).

Therefore, if consumers are not adopting Mobile-banking, it may be because they are neither aware that such a service is available, nor of the benefits that it provides. Perceived benefit has been defined as the extent to which a person believes that using a particular system will enable them enjoy its benefits (lun Akturan, 2016). Cost includes both the normal costs associated with mobile use and the cost of bank fees and charges. Ciciretti et al. (2009) emphasize the importance of price and cost factors in the intention to use of e-banking services mobile banking inclusive. This demonstrates that the intention to use of new technology is related to a reasonable price, where lower prices can attract customers to use such a service.

## 2.5 Social Influence and Intention to Adopt Mobile banking

According to various scholars and academia, social influence has been considered as one of the most important determinant of technology adoption with mobile banking inclusive. Findings ascertained by these scholars and academia show that social influence allows customers to develop a strong and robust adoption behavior of any technology-based system. For instance, Talukder and Quazi (2011) stressed that with social influence, customers are in position to develop clear social networks that avail them with an error free social learning process over a given technological program which eventually initiates their adoption conclusions. A similar conclusion was ascertained by Kim and Park (2011) who revealed that indeed social influence determines the rate at which clients are likely to adopt mobile banking services. Findings of this study stressed that socially clients are able to pass on informal information regarding a technology-based system within their social networks which

information later fast tracks their adoption behavior. In other words, people are more likely to adopt mobile banking services whenever they have socially gathered enough information from their influential social contacts or networks.

An empirical study conducted by Koenig-Lewis, Marquet, Palmer and Zhao (2015) emphasized the essence of social influence in any adoption model. Findings of this study assume that social influence develops collective norms among groups of customers towards a technology-based banking system which in turn accelerates the mobile banking adoption behavior and rate. Also, Cho and Son (2019) maintained that social influence avails customers with informal norms and values which entice users to technology-based systems such as internet banking. The same study further stressed that social influence enhances user perceptions of mobile banking and this positively leads to the adoption of mobile banking.

In line with the above, Nassar, Othman and Nizah (2019) pointed out that a customer's adoption behaviour is highly influenced by how socially peers and other members value mobile banking system. Therefore, it is more likely that such social groups would entice their colleagues to adopt mobile banking as long as they perceive that the service satisfies their expectations. This contends with Le et al., (2020) who postulate that the degree to which an individual is willing to adopt technology is dependent upon the information they obtain from friends, family and colleagues among others. Moreover, Talukder and Quazi (2011) emphasized the significance of social influence in motivating adoption of mobile banking services by indicating that social influence stimulates positive individual perceptions towards the mobile banking services which later influences the adoption rate. More interestingly, Sarkar et al., (2019) maintained that social influence is a direct precursor of technology adoption behavior simply because socially shared opinions and influence of friends, family, and relatives are important parts in a customer's decision-making process to adopt new technology-based products or services.

Accordingly, an empirical study conducted by Koenig-Lewis et al., (2015) directed towards the predicting factors of mobile payment adoption, it is postulated that social influence has the power to minimize customers' perceived risks which boosts their confidence thus increasing their technology adoption behavior. Accordingly, Nassar, Othman and Nizah (2019) revealed that social influence arouses customer perceived enjoyment levels simply because it appears to be a socially constructed occurrence which has the capacity of driving the eventual clientele adoption behavior and intention of any technology-based system.

Additionally, Pali et al., (2013) postulated that social influence arouses customer satisfaction levels basing on the series of social interactions that other clients share about mobile banking. It is therefore such motivated satisfaction that accelerates an increase in rates of mobile banking adoption. In line with the above, Alalwan (2018) revealed that social influence stimulates customer loyalty towards a given technology-based product or service. The study assumes that social interactions customers hold with their informal networks such relatives, friends and co-workers greatly excite them to adopt mobile banking services.

Whereas it appears like the relationship between social influence and adoption of mobile banking is a positive one, as more studies have been conducted, controversies have been obtained. For instance, a study conducted by Yushi et al., (2018) in Pakistan revealed that irrespective of how customers are likely to be influenced by the social networks they engage in, the final decision to or not to adopt a service relies on their evaluation and satisfaction gained after the initial adoption phase. The study therefore assumes that customers would still adopt more of a technology-based service regardless of the negative social influence. On the other hand, one of the research works by Singh and Srivastava (2020) stressed that the intention for customer to adopt mobile banking services is highly grounded on perceived security of the online banking program or services.

## 2.6 Customer Attitude and Intention to Adopt mobile banking

The association between customer attitude and intention to adopt mobile banking has attracted a lot of attention recently. Most of the studies indicate that as long as customer attitudes are good, the rate at which they are likely to adopt a particular technology-based service is also likely to be high. Indeed, this conclusion has been supported by various scholars and academia. For instance, in one of the studies conducted by Tsai, Cheng and Chen (2011), it was concluded that customer attitudes and internet banking adoption are significantly correlated. The study asserts that an auspicious customer attitude intensifies adoption of mobile and internet banking system simply because customers assume that the system is easy, flexible and efficient. In a similar line of argument, Yang, Al-Shaaban and Nguyen (2014) maintained that a prospective customer's inclusive attitude towards a particular technology-based system centrally influences customers' adoption behaviour. This study assumes that customers with more positive and favorable attitudes are likely to opt more for mobile banking services since they tend to perceive the application to be more usable and interactive.

Moreover, Wang, Shanmugam, Hajli and Bugshan (2015) postulate that customer attitudes are key determinants of mobile banking adoption. The study assumes that a positive customer attitude accelerates adoption of mobile banking services simply because customers are less likely to develop apparent fears of revealing personal information which intensifies mobile banking adoption. Indeed, Ahmad, Ara and Altaf (2013) highlights that with an optimistic attitude, customers opt more for mobile banking services simply because they are less likely to develop insecurity outlooks towards the system. Similar conclusions were derived at by Chawla and Joshi (2019) who identified insecurity outlooks and customer's confidentiality as salient issues that determine a customer's attitude to either adopt internet banking or not. Moreover, Yang et al., (2014) maintained that positive impact of customer attitude has a higher influence on mobile banking adoption.

An empirical study conducted by Wang et al., (2015) revealed that customer attitude is an important predictor of mobile banking adoption. Under this study, it is revealed that customer with confident attitudes experience aroused levels of trust with improved understandability of the underlying benefits of the system which accelerates the eventual adoption rate and usability behavior. Accordingly, Tsai et al., (2011) stressed that customers with a positive and good attitude are likely to experience aroused levels of perceived usefulness and ease of use of a particular technology-based system which remarkably accelerates on their intentions to adopt more of mobile banking system. In a study conducted by George and Kumar (2013), it is indicated that customers with optimistic attitude find mobile banking more satisfying than their counter parts and it is therefore one reason why they tend to adopt it more.

More interestingly, Lin, Wu and Chang (2011) posited that customers with a satisfactory attitude perceive mobile banking as a user-friendly system and it is this user-friendliness that inspires them to amplify its adoption. Nevertheless, a study conducted by Mansour, Eljelly and Abdullah (2016) revealed that however much customer attitudes influence adoption of mobile banking, it is not conclusive since the attitude customers hold towards bank-related technologies vary with one another. The study assumes that customer attitudes are subjective and not universal. Therefore, customer tend to react differently to various elements of the mobile banking application regardless of the social influence.

Moreover Prastiawan, Aisjah and Rofiaty (2021) consider customer perception as a major determinant of customers' intentions to adopt mobile banking rather than customer attitudes. Conclusively, the above presentation reveals contradicting findings regarding the association between customer attitude and adoption of mobile banking. However, much as this the case, majority of the available studies have been conducted in different countries but limited to

Uganda. Hence, this study seeks to establish clearly the relationship that exists between customer attitude and intention to adopt mobile banking.

## 2.7 Social Influence and Customer Attitude

Social influence has attracted a lot of attention in the Marketing related studies (Mukherjee & Banerjee, 2017). One of the issues that has attracted attention lately is how social influence shapes customer attitude. One of the empirical studies by Batinic and Appel (2013) indicated that there is a positive significant correlation between social influence and customer attitude. Under this study, it is revealed that with social influence, customers are likely to come up with social norms and standards established through countless informal interactions something that later shapes their attitudes over time. Furthermore, a study by Tsai et al., (2011) directed towards understanding online group buying intention revealed that social influence determines customer attitudes simply because social networks customer engage in stimulate their trust levels which eventually modifies their attitudes over time.

Likewise, Farhangi, Abaspour, Farahani and Ghasemi (2014) revealed that social influence avails customers with a long term sustainable social environment which provides them with high trust elements thus creating positive attitudes over time. A more recent empirical study by Singh and Srivastava (2020) stressed that social influence and customer attitude are two interconnected marketing concepts. According to this study, social influence results into establishment of social networking sites under which customer develop well-defined norms that positively modifies their attitudes over time. In agreement with the above, Yushi et al., (2018) maintained that customers tend to develop and demonstrate positive attitudes whenever their social contacts advise them constructively about a particular technology –based system since they tend to possess similar abilities.

Accordingly, Singh and Srivastava (2020) established that customers always tend to exhibit optimistic adoption attitudes of a particular innovation with high levels of satisfaction since they feel informally linked and influenced by compatible members. Additionally, Le (2021) emphasized that social influence heightens customer loyalty which results into a favorable attitude. More recently, Naqvi, Jiang, Miao and Naqvi (2020) observed that with social influence, customers tend to develop considerable levels of self-esteem and social capital which are vital channels for boosting a positive attitude. Indeed, various scholars have suggested that social influence has the ability of determining customer attitudes (Zhou et al., 2021). Conclusions ascertained under these studies stressed that customer attitudes towards a particular technology-based system change as the influence of like-minded members intensifies.

Moreover, a study by Farhangi et al., (2014) observed that marketers need to extensively understand underlying attributes that influence customer attitudes towards a particular technology-based system or product. The study points out social influence as a key channel under which customer engage in interactions with relevant social contacts that greatly influence their cognitive and behavioral responses towards mobile banking services. A similar conclusion was derived at by Ballantine and Yeung (2015) who established that balanced views about a particular technology-based system of product presented by social influencers has a capacity to command an optimistic customer attitude as well as purchase intention. However much there is considerable consensus regarding social influence and customer attitude, a major weakness in the existing marketing literature is its over concentration on issues drawn from systems in developed countries which are not typical of most developing countries (Naqvi et al., 2020). By conducting marketing research in developing democracies such as Uganda, the marketing theory can provide a clearer view of the relationship that exists between social influence and customer attitude.

## 2.8 Mediation Effect of Customer Attitude in the relationship between Social Influence and Intention to Adopt Mobile banking

There is a general paucity of empirical evidence which clearly indicate the mediation of customer attitude in the relationship between social influence and intention to adopt mobile banking. However, it is evident that some of the scholars attest that there exists a relationship between social influence and customer attitude. They emphasize that customers belong to specific social groups which have the potential to influence their actions, behavior and attitude (Chen et al., 2015; Mukherjee & Banerjee, 2017; Tsai et al., 2011). On the other hand, some of the scholars (Ahmad et al., 2013; Wang et al., 2015; Yang et al., 2014) provide evidence which shows that customer attitude is associated with intention to adopt mobile banking. They indicate customers exhibit either positive or negative attitude towards technology. Those who express positive attitude will consider such technology worthy adopting whereas negative attitude discourages customers to even try out on such technology. With these associations in place, it appears as if there is a string connection between variables of social influence, customer attitude and adoption of mobile banking. There is need to seek more clarity of this mediation.

# CHAPTER THREE

# METHODOLOGY

## 3.0 Introduction

This chapter provides the methodology which was applied in pursuing this study. It contains the research design; study population; sample size and sampling techniques; data sources; data collection instrument; validity and reliability; data analysis, presentation and interpretation; measurement of variables; and ethical considerations.

## 3.1 Research Design

This study applied a cross-sectional research design along with a quantitative research approach. The research design was used because it is fit for this study with a short-timeframe. In addition, this design facilitates the provision of timely conclusions and recommendations regarding the research phenomenon under investigation (Creswell & Creswell, 2017). Quantitative research approach was used because it provides statistical results which are not only precise, but also clearly demonstrates the cause-and-effect relationship between variables (Rahman et al., 2022).

## 3.2 Study Population

The number of customers from 13 Microfinance institutions who have adopted mobile banking is 122,167 (AMFIU,2020). According to AMFIU (2020), only 30% have adopted mobile banking making the study population stand at (30% of 122,167). The unit of analysis was MFI whereas, the unit of inquiry was a customer who had not adopted mobile banking.

## 3.3 Sample Size and Sampling Techniques

Using Krejce and Mrogan Table of sample size determination, a population of (70% of 122,167) gives a sample of 85,517 customers. This sample was distributed evenly across the 13 MFIs. The researcher applied convenient sampling to obtain the desired sample from the customers who had not adopted mobile banking from which data was obtained.

This technique was applied because the researcher could not determine the actual number of customers in the MFIs given the sensitivity of such information. Moreover, the technique is efficient and simplified obtaining participants of the study. The researcher accessed these clients by visiting any head office or branch of the selected microfinance institutions.

$$\mathbf{n} = \frac{X^2\, NP\,(1-P)}{d^2\,(N-1) + X^2\,P\,(1-P)}$$

Where;

$X^2$ = table value of chi-square @ d.f=1 with 3.841

N = Population size

P = Population Proportion (assumed to be .50)

d = Degree of accuracy (expressed as a proportion estimated at .05)

*Computation*

$$= \frac{3.841[(122167*.5)\,*(1-.50)]}{0.05\text{^}2\,(122167-1) + 3.841[(.50)\,*(1-.50)]}$$

$$= \frac{117310.9}{306.3753}$$

$$= 382.8993$$

NB: Based on the figure, 348 was considered as the sample size under this study.

### 3.4 Data Sources and Data Collection Instruments

The study used primary data. This kind of data was obtained directly by the researcher during data collection exercise from the unit of inquiry. This data source was used because it ensures that conclusions and recommendations are drawn from recent information. In addition, primary sources of data ensure that data obtained is fit for the purpose (Creswell, 2014). This study used a structured questionnaire instrument to obtain the data. This data collection instrument was used because it is suitable for gathering data from a highly isolated and large population sample

(Creswell, 2014). The questionnaire instrument was structured, containing closed-ended questions which were anchored on a 6-Point Likert scale. The points of the scale were defined as 1=strongly disagree, 2=disagree, 3= somehow disagree 4= somehow agree 5=agree and 6=strongly agree. This scale was used because it provides respondents with numerous options from which they can express the extent of agreement or disagreement with the presented items (Likert, 1961).

### 3.6 Content Validity and Reliability Tests

The validity is concerned with the extent to which data collection instruments accurately measure what they intend to. Validity is important concept in the acceptability of the use of an instrument for research purpose. Validity refers to the appropriateness of the instrument in collecting the data that is supposed to be collected while reliability refers to its consistency in measuring whatever it is intended to measure (Nunnally & Bernstein, 1994). Validity was measured by content validity Content validity measures the extent to which the content of the instrument corresponds to the content of the theoretical framework of the study (Creswell & Guetterman, 2018).

Content validity was assessed by using the questionnaire which measured the same concepts. Here validity of the instrument was obtained using the Content Validity Index (CVI) when the measurements were consistent with the theoretical expectation, then the data had construct validity. Reliability of the measurement on the other hand refers to the extent to which the measurement process is free from random errors (Nunnally & Bernstein, 1994). It refers to the extent to which obtained scores may be generalized to different measuring situations. Reliability decreases as error increases. Cronbach alpha is an important measure of the reliability of a psychometric instrument. Cronbach alpha measures how well a set of items (or variables) measures a single unidimensional latent construct. According to Creswell (2015),

Cronbach alpha values of 0.7 or higher indicate acceptable internal consistency. Therefore, Cronbach alphas of 0.7 and above was used for this study.

**Table 3.1: Validity and Reliability**

| Variable | Content Validity Index | Cronbach's Alpha | N of Items |
|---|---|---|---|
| Social influence | 0.77 | 0.88 | 13 |
| Social Comparison | 0.80 | 0.74 | 5 |
| Social Learning | 0.83 | 0.83 | 3 |
| Social Norms | 0.70 | 0.79 | 5 |
| Customer attitude | 0.78 | 0.85 | 9 |
| Affective | 0.70 | 0.80 | 5 |
| Cognitive | 0.88 | 0.78 | 4 |
| Intention to adopt mobile banking | 0.89 | 0.76 | 9 |
| Awareness | 0.75 | 0.71 | 4 |
| Perceived Benefit | 0.80 | 0.72 | 5 |

***Source: Primary Data***

Table 3.1 above displays the reliability indices/coefficients for all constructs used in the study. All alpha reliabilities (α) for all scales were above 0.7, ranging from 0.760 to 0.880 therefore meeting acceptance standards for research (Nunnally, 1978).

### 3.7 Data Analysis, Presentation and Interpretation

Data was sorted, edited and cleaned before being captured in Statistical Package for Social Scientists (SPSS. v25) for analysis. The researcher obtained descriptive and inferential statistics to interpret results. Descriptive statistics included frequency tables, and these were used to present results in relation to demographic characteristics. The interpretation of the results was based on percent values. Inferential statistics used in this study included correlation and regression analyses. Correlation analysis was used to examine the nature of the relationship between studied variables. On the other hand, regression analysis was used to examine the predictability of variables towards the dependent variable. The study also used a Med-Graph

System to obtain a Med-graph which was used to test the mediation of customer attitude in the relationship between social influence and intention to adopt mobile banking.

### 3.8 Measurement of Variables

Social Influence was measured in terms of social learning, social comparison and social norms (Salazar et al., 2013; Stibe & Cugelman, 2019). The measures for social influence were adopted from the previous works of Stibe & Cugelman (2019) and Stibe (2014). These were modified to fit the context of the study before they were subjected to the 6-Point Likert scale. Some of the items which were used in this study include; "I prefer learning new things by watching others" for social learning; "I assess my performance against others" under social comparison; and "I prefer to do what other people typically do" under social norms.

Customer attitude was conceptualized in terms of affective attitude and cognitive attitude (Bananuka et al., 2019 and Kartawinata et al., 2020). The items used in this study were adopted from, previous works of (Bananuka et al., 2019; Carlson & O'Cass, 2010; Lestari, 2020). These were modified to fit the context of the study, and subsequently anchored on 6-Point Likert scale. Examples of some of the Items used under this variable are; "Using mobile banking services would be my consideration in the near future" and "I believe that using mobile banking for financial transactions would be a wise idea" for affective and cognitive attitude respectively.

Intention to adopt mobile banking was measured in terms of awareness and perceived benefit (Jun & Palacios, 2016; Bananuka et al. 2019). Some of the Items used under this variable were adopted from Bananuka et al. (2019) before they were subjected to 6-Point Likert scale. Some of the Items used under this variable include, "I receive enough information about the benefits of mobile banking" and "I receive enough information about what mobile banking services are

out there" under awareness, and "I think that using mobile banking would make it easier for me to carry out my tasks" and "Mobile banking provides a wide range of banking services needed by customers all the time" under perceived benefit.

### 3.8 Ethical Considerations

The researcher did not start data collection until the research proposal was accepted by the university and a letter accepting data collection is provided to that effect. Importantly, all data obtained in this study was used strictly for academic purposes. The researcher also made sure that respondents voluntarily accept to participate in the study, in addition to making sure that their confidentiality is ensured.

# CHAPTER FOUR

# PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

## 4.0 Introduction

This chapter provides the presentation, analysis and interpretation of findings based on the objectives of the study which were to examine: relationship between social influence and intention to adopt mobile banking; customer attitude and intention to adopt mobile banking; social influence and customer attitude; and examine the mediation effect of customer attitude in the relationship between social influence and intention to adopt mobile banking among selected microfinance institutions in Kampala metropolitan, Uganda.

## 4.1 Response Rate

This study obtained data from a total of 264 out of 384 customers, giving a response rate of 68.7%.

## 4.2 Demographic Characteristics

This study obtained demographic characteristics related to respondents. These characteristics include; gender; age; education; occupation. Only respondents' characteristics were obtained in this study since the study was strictly inclined to the demand side (customers' perspective). The results are presented in table 4.1.

**Table 4.2: Respondents' Characteristics**

| Demographic | Frequency (n=264) | Percent |
|---|---|---|
| **Gender** | | |
| Male | 88 | 33.3 |
| Female | 176 | 66.7 |
| **Age bracket** | | |
| <30 yrs | 70 | 26.5 |
| 30-40 yrs | 102 | 38.6 |
| 41-50 yrs | 62 | 23.5 |
| 51 and above | 30 | 11.4 |
| **Education level** | | |
| Never Attended | 24 | 9.1 |
| Primary | 26 | 9.8 |
| Secondary | 74 | 28.0 |
| Tertiary | 140 | 53.0 |
| **Occupation** | | |
| Private Sector | 98 | 37.1 |
| Public Sector | 68 | 25.8 |
| Retired | 36 | 13.6 |
| Student | 52 | 19.7 |
| Does not work | 10 | 3.8 |
| **Microfinance membership** | | |
| Only 1 | 74 | 28.0 |
| 2-4 | 160 | 60.6 |
| 5 and above | 30 | 11.4 |
| **Years in microfinance** | | |
| Less than 1 year | 78 | 29.5 |
| 2-4 years | 66 | 25.0 |
| 5 and above | 120 | 45.5 |

***Source: Primary Data***

Results presented in table 4.1 revealed that most respondents were female constituting 66.7% compared to 33.3%. This meant that most of the customers in microfinance institutions in Kampala metropolitan region are female. Furthermore, results revealed that most respondents were aged between 30-40 years. From these results, it meant most of the customers in microfinance institutions are young people. This is likely to increase intention to adopt mobile banking as young people are known for being easily driven with new technology. Moreover, young people exhibit flexibility and innovativeness attributes, which are likely to stimulate their desire to adopt mobile banking.

Likewise, the results established that most of the respondents had acquired tertiary education (53%). This meant that most of the customers of microfinance institutions in Kampala metropolitan region are highly educated. The implication to that effect is that most of the customers in microfinance institutions can easily adopt mobile banking since they can easily read and follow the process guided by the competencies they possess.

Results further indicated that most respondents were working in the private sector. The results meant microfinance institutions are targeting the private or informal sector as their primary niche. The results could further imply that the services rendered by microfinance institutions are mainly favorable for people within the informal sector. The informal sector however generally prefers informal ways of transacting as opposed to activities which are procedural as it is the case with mobile banking.

In relation to microfinance membership, results indicated that majority of respondents were members in 2-4 microfinance institutions. The results meant that most customers have multiple accounts across microfinance institutions. This is likely to increase customers' intent to adopt mobile banking because they may consider having to physically transact across the various accounts as time consuming.

Results in table 4.1 further revealed that most respondents expressed having spent 5 years or more years in microfinance. In essence, the results revealed that most customers of microfinance institutions are loyal. This is bound to translate in increased intent to adopt mobile banking as loyalty tends to instigate a positive mindset and trust among customers to believe that the introduction of mobile banking is intended to simplify financial services.

### 4.3 Correlation Analysis

Pearson Zero-Order Correlation analysis was obtained to establish the relationship between the independent variables (social influence, customer attitude) and the dependent variable

(intention to adopt mobile banking) in order to address objectives 1-3 of the study. This analysis was opted because of the nominal scale which was used when collecting data used herein. These results are presented in Table 4.2.

**Table 4.3: Pearson Correlation Analysis**

| Variable | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|---|
| Social influence | 1 | | | | | | | |
| Social learning | .642** | 1 | | | | | | |
| Social comparison | .657** | .273** | 1 | | | | | |
| Social norms | .710** | .639** | .388** | 1 | | | | |
| Customer attitude | .487** | .339** | .333** | .539** | 1 | | | |
| Affective | .285** | .289** | 0.073 | .631** | .369** | 1 | | |
| Cognitive | .513** | .457** | .300** | .588** | .537** | .172** | 1 | |
| **Intention to Adopt mobile banking** | **.539**** | **.494**** | **.329**** | **.675**** | **.572**** | **.317**** | **.568**** | **1** |

*Note: n=264; **p<.01 (2-tailed).*

***Source: Primary Data***

### 4.3.1 Social Influence and Intention to Adopt Mobile Banking

Correlation results in table 4.2 indicated significant and positive relationship between social influence and intention to adopt mobile banking in selected microfinance institutions in Kampala Metropolitan, Uganda ($r=.539^{**}$, $p<.01$). This means that a positive change in social influence will lead to a positive change in intention to adopt mobile banking. In this case, the results meant that enhancing the societal learning, promote social comparison and influencing customer social norms, this will have a positive change in the adoption of mobile banking in MFIs. The implication of the results is that social influence must be stimulated in order for the selected microfinance institutions in Uganda to register an increase in the adoption of mobile banking services. The results further revealed a significant and positive relationship between social learning and adoption of mobile banking ($r=.494$, $p<.01$). This meant that enhanced new behaviour resulting customers observing those using mobile banking is bound to enhance the

propensity of adoption. In addition, results obtained a significant and positive relationship between social comparison and intention to adopt mobile banking (r=.329, p<.01). These results meant the more customers engage in social comparisons is the more likely they are bound to adopt mobile banking. Lastly, results revealed a significant and positive relationship between social norms and adoption of mobile banking (r=.675, p<.01). The results meant that a positive change in social norms is likely to translate in a positive intention to adopt mobile banking.

### 4.3.2 Customer Attitude and Intention to Adopt Mobile Banking

From the results presented in table 4.2 above, customer attitude was noted to be positively related to intention to adopt mobile banking (r=.572, p<0.01). This is indicative of the fact that the more the consumer's beliefs, perceptions and dispositions were influenced towards mobile banking, the more this would cause a corresponding adoption in mobile banking at the MFIs. The increase in adoption of mobile banking will result into decongesting the banking halls, quick service delivery among others. This implies that a positive change in customer attitudes enhances the intention to adopt mobile banking in MFIs.

### 4.3.3 Social Influence and Customer Attitude

Table 4.2 indicates a significant and positive relationship between social influence and customer attitude (r=.487, p<0.01). In this case, the results meant that social influence is bound to enhance customer attitude. Moreover, the results revealed that social learning is significantly and positively associated with customer attitude (r=.339, p<0.01). This meant that enhancing new behaviour through imitating others is likely to stimulate customer attitude. Further, results revealed a significant and positive relationship between social comparison and customer attitude (r=.333, p<0.01). These results revealed that a positive change in social comparison is likely to stimulate a positive change in customer attitude. More so, results established a significant and positive relationship between social norms and customer attitude (r=.539,

p<.01). The results meant that boosting social norms is bound to enhance a positive change in customer attitude.

## 4.4 Regression Analysis

The study used multiple regression analysis to examine the predictability of the independent variable (social influence) and the mediating variable (customer attitude) towards the dependent variable (intention to adopt mobile banking). The results are presented in table 4.3.

**Table 4.4: Multiple Regression Analysis**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | **B** | **Std. Error** | **Beta** | **T** | **Sig.** |
| 1 | (Constant) | 1.148 | 0.220 | | 5.208 | 0.000 |
| | Social influence | 0.313 | 0.050 | 0.341 | 6.297 | 0.000 |
| | Customer attitude | 0.409 | 0.055 | 0.406 | 7.500 | 0.000 |
| 2 | | | | | | |
| | | **r** | **$r^2$** | **Adj. $r^2$** | **F** | **Sig.** |
| | | .645[a] | 0.416 | 0.412 | 93.055 | .000[b] |

Note: n=264; Dep Var: Intention to adopt mobile banking

***Source: Primary Data***

Table 4.3 revealed Adj $r^2$ =.412 between social influence, customer attitude and intention to adopt mobile banking. The results meant that jointly social influence and customer attitude predicted up to 41.2% of the variances in adoption of mobile banking. Results in relation to the standardized coefficients indicate β=.341, p<.05 corresponding to social influence and β=.406, p<.05 in relation to customer attitudes. These results meant that both social influence and customer attitude significantly predict adoption of mobile banking by customers of microfinance institutions in Uganda. Results further indicated that the beta value for customer attitude (β=.406) was higher than the beta value for social influence (β=.341). These results meant that customer attitude is a better predictor of intention to adopt mobile banking as opposed to social influence.

## 4.5 Mediation Effect of Customer Attitude in the relationship between Social Influence and Intention to Adopt Mobile Banking

The study used a Med-graph to test the mediation of customer attitude in the relationship between social influence and intention to adopt mobile banking. These results are presented in figure 4.1.

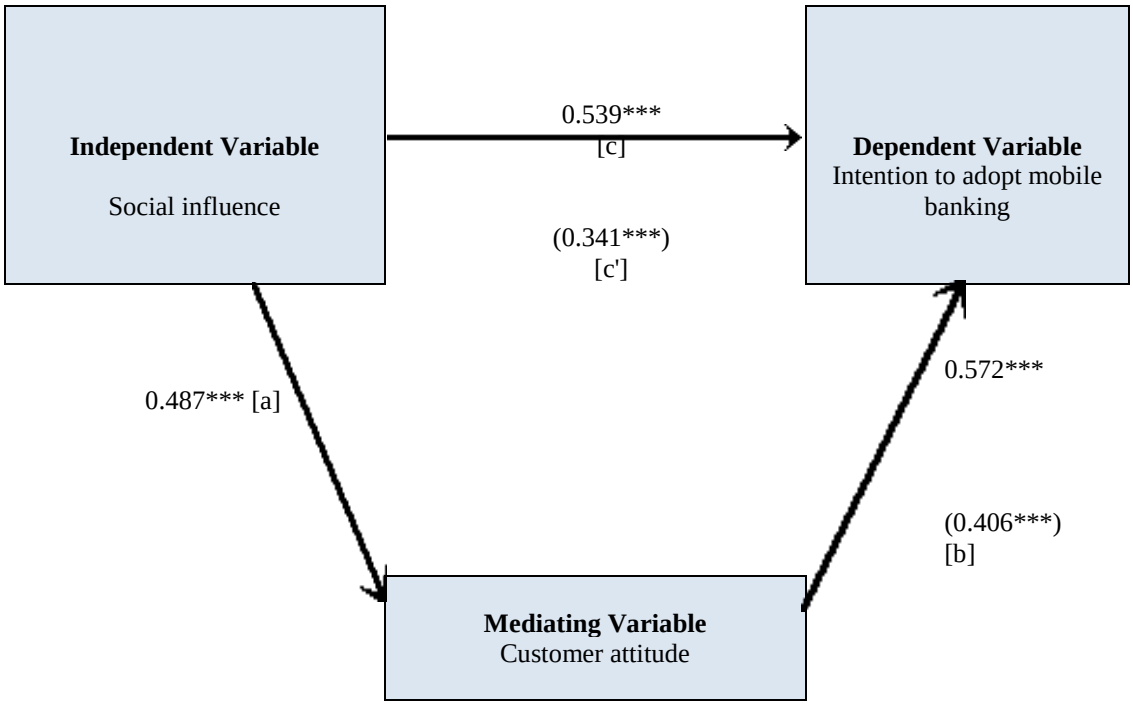


**Figure 4.2: Mediation of Customer Attitude in the relationship between Social Influence and Intention to Adopt Mobile Banking**

*Type of mediation=partial; n=132; Direct=539; Indirect=.198 *, *** significance at p<.05, p<0.001; Sobel z-value=4.041406; p=0.000053.*

Results in figure 4.1 revealed Sobel z-value= 4.041406 and p-value=0.000053 in examining the mediation of customer attitude in the relationship between social influence and intention to adopt mobile banking in selected microfinance institutions in Kampala Metropolitan, Uganda. From these results, it was evidenced that the Sobel z-value was greater than the p-value. In addition, the p-value obtained was less than .05 (p<.05). The satisfaction of these two conditions meant that customer attitude mediates the relationship between social influence and adoption of mobile banking in selected microfinance institutions in Uganda. These results revealed that the beta weight for the basic relationship of social influence and intention to adopt

mobile banking of selected microfinance institutions denoted as c(r=.539) was significant (p<.05). On the other hand, the beta weight upon the inclusion of the mediating variable (customer attitude) denoted as c'(r=.341**) was significant. These results meant that customer attitude was a partial mediator in the relationship between social influence and intention to adopt mobile banking in selected microfinance institutions in Kampala Metropolitan, Uganda.

# CHAPTER FIVE

# DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATION

## 5.0 Introduction

This chapter provides the discussion of findings, conclusion and recommendations based on the research objectives which were; examine the relationship between social influence and intention to adopt mobile banking; assess the relationship between customer attitude and intention to adopt mobile banking; examine the relationship between social influence and customer attitude; and examine the mediation effect of customer attitude in the relationship between social influence and intention to adopt mobile banking. The chapter also highlights the methodological limitations which were identified with the research, and areas for further research.

## 5.1 Discussion of Findings

### 5.1.1 Social Influence and Intention to Adopt Mobile Banking

The findings found out that social influence is positively associated with intention to adopt mobile banking. This meant that the enhancement of social influence is likely to increase the propensity to adopt mobile banking among customers. In other words, a customer can decide to use mobile banking upon realizing that other customers are using this technology. In the same context, the researcher stresses that some of decisions undertaken by customers tend to correspond with what they see others doing. Where a customer relates with fellow customers who are using mobile banking, he/she is bound to build confidence and trust in the technology and subsequently take the decision to adopt mobile banking.

The findings are consistent with Koenig-Lewis et al., (2015) who emphasized that social influence plays a crucial role in not only shaping behaviour of members, but also facilitating the way members make decisions. At the same time, Cho and Son (2019) postulate that social

groups embrace norms and values which bind people together in terms of what they think and how they act. The consistence exhibited in the previous and current research unleashes the fact that the relevance of social influence in as far as technology adoption is concerned applies in many environments, including Uganda. The research also has policy and managerial implications. It communicates the relevance of understanding issues that prevail amongst customers within their social circles.

This study is also found to contribute to the Unified Theory of Acceptance and Use of Technology (UTAUT) theory, by revealing that social influence is indispensable determining adoption and actual usage of technology (Venkatesh et al., 2003). According to this theory, social factor contributes significantly to the acceptance of technology. This is clearly pronounced in this research.

In the same manner, it is emphasized that when customers associate, they share personal expectations, experiences and attitudes towards products and services with their peers, colleagues, family among others which affect behaviour exhibited by the customer (De Leon, 2019; Prabhakaran et al., 2020). Consistent with this research, Yushi et al., (2018) found out that customers always work towards ensuring that their actions and behaviours correspond with their other social members. Likewise, Alalwan (2018) revealed that social influence stimulates customers' perception of technology. In the same context, Sarkar et al., (2019) maintained that social influence is a direct precursor of technology adoption behavior because of socially shared opinions and views that manifest within a social group. Conversely, Nassar et al., (2019) pointed out that a customer's adoption behaviour is highly influenced by how other people the customers associate with perceive the technology. Therefore, as policy makers and managers, it is relevant to understand how the social norms within a given group are likely to affect the decisions customers will make before inventing technology.

### 5.1.2 Customer Attitude and Intention to Adopt Mobile Banking

The findings obtained a positive relationship between customer attitude and intention to adopt mobile banking. The findings meant that customer attitude can facilitate adoption of mobile banking. This can be explained by the fact that customer attitude is a key component in shaping one's beliefs, feelings, and behavioral intentions towards prevailing technology. The implication to this effect is that when a customer has a positive attitude towards mobile banking, he/she will be propelled to adopt it. This attitude raises their expectation and presumption towards mobile banking, which propels them to go ahead to adopt this technology. The findings are consistent with Yang et al., (2014) who emphasize that customer attitude is a key precondition for guiding in decision making. In the same context, previous extant research conclude that customer attitude plays a crucial role in shaping an individual's psychological and emotional choices (Kim & Srivastava, 2007; Namakula et al., 2020; Prabhakaran et al., 2020). Moreover, this research also compliments the theory of technology adoption model, which stresses that perception by customers is fundamental in making choices (Venkatesh et al., 2003). This research affirms that this is true because perception is an attitudinal aspect. Therefore, as marketers, it is clear that we must always work towards shaping attitude of customers in a positive direction as a mechanism for improving adoption of technology, specifically; mobile banking.

The findings are in line with Orobia et al, (2016) who emphasized that customer attitude is intrinsic in the sense that it makes a one believes that the decision undertaken is the right one. In the same manner, Akturan and Tezcan (2012) who postulate that affective attitude is one of the important elements which is based on by customers in making final buying decisions. In the context of this study, it can be argued that customers with a strong affective attitude towards mobile banking will actually adopt this technology. This affection will make customers to

exhibit positive perception regarding the usefulness technology which propels in actual usage. This argument supplements the technology adoption model which considers that one's perception regarding the use and ease of use will propel the adoption of technology (Davis, 1989; Taherdoost, 2018).

The findings also concur with Ahn and Back (2018) who revealed that perception of customers towards mobile banking depends on the magnitude to which they understand the system. Likewise, Wang et al., (2015) emphasize that positive customer attitude accelerates as depending on the amount of information. This impliedly reveals the essence of cognitive attitude since it defines the perception a customer reflects towards technology they truly understand.–Moreover, this research is important because it endorses the theoretical argument of the technology adoption model which illustrates that perceived ease of use is one of the key issues a customer will consider before adopting technology (Lai, 2017). Therefore, as policy makers and managers, the current research demonstrates why it is important to enrich customers with information pertaining mobile banking. This will be important in enhancing customer's cognitive attitude which will stimulate their desire to adopt mobile banking.

### 5.1.3 Social Influence and Customer Attitude

It was noted that social influence is positively associated with customer attitude. The findings meant that social influence has a bearing on customer attitude. In support, the researcher suggests that customers may decide to do certain things or take decisions by putting into consideration how they will be perceived by their social surrounding. Social members such as parents, friends, relatives and family members among others are important in shaping how a customer thinks, perceives and believes in a couple of things. This is so because every social group is hinges on a sense of solidarity and loyalty. Indeed, the relevance of social influence in determining customer attitude has widely been emphasized. Notably, Li et al., (2019)

stressed that social influence and customer attitude are related citing that social influence shapes norms, values and beliefs of customers. Furthermore, Chen et al., (2015) express individuals tend to believe in what they are told by their friends, relatives or family members. Therefore, the study unleashes that one of the mechanisms for stimulating positive customer attitude is through social influence. These findings are consistent with Ballantine and Yeung (2015) who established that social influence shapes the way an individual thinks, believes and trusts certain things. Whereas, others are of the view that individuals copy others behaviour and actions to as a way of maintaining a strong relationship (De Leon, 2019; Prabhakaran et al., 2020). In the same way, the research a strong theoretical attachment, specifically the Unified Theory of Acceptance and Use of Technology, emphasizing that the beliefs, norms and values inclined in a specific social group is crucial in determining how people perceive things (Venkatesh et al., 2003).

Likewise, the study postulates that social comparison is positively associated with customer attitude. In this case, these findings suggested that social comparison has a bearing on customer attitude. From this, it can be concluded that customers who frequently compare themselves with others stand a high chance of copying actions and behaviour. These findings are in line with Yang et al., (2014) who emphasized that prospective customer's inclusive attitude is a function of the social issues they interface with. Yushi et al., (2018) equally reveal that customers tend to develop and demonstrate positive attitudes whenever their social contacts advise them constructively about anything. The consistence in the current and previous research findings only affirms that the relevance of social influence cuts across different environments, including that of Uganda.

### 5.1.4 Mediation of Customer Attitude in the relationship between Social Influence and Intention to Adopt Mobile Banking

The research found out that customer attitude mediates the relationship between social influence and intention to adopt mobile banking. Furthermore, the findings revealed that customer attitude is a partial mediator in the relationship between social influence and intention to adopt mobile banking. This study contributes significantly to literature by providing evidence to show that social influence can facilitate customer attitude to contribute towards adoption of mobile banking. Previous empirical evidence simply explains that customers who belong to specific social groups tend to exhibit similar behaviour as a result of sharing specific norms, values and practices (Chen et al., 2015; Mukherjee & Banerjee, 2017; Tsai et al., 2011), while others indicate that attitude expressed by customers significantly determines the nature of decisions they undertake (Yang et al., 2014). Although there is this chain relationship, there has been a general lack of evidence to prove whether customer attitude can actually mediate, a gap the current research fully addresses.

From these findings, a couple of issues are worth highlighting. First, the study unveils that social influence impacts the extent to which customers adopt mobile banking. Moreover, the findings demonstrate the ability of social influence to determine intention to adopt mobile banking is partially determined by the attitude expressed by customers. With the same line of thinking, the researcher argues that people try as much as possible to behave in a manner which is in congruence with their friends, and relatives. As the saying goes, "Birds of the same feathers, flock together", social groups have specific norms and behaviors which they follow as a means of creating a difference amongst themselves, but also as a mechanism for building a bond. Indeed, Koenig-Lewis et al., (2015) demonstrate that social influence develops collective norms among groups of customers towards a technology-based banking system which in turn accelerates the mobile banking adoption behaviour. Likewise, Cho and Son

(2019) maintained that social influence avails customers with informal norms and values which entice users to technology-based systems such as internet banking.

Secondly, these findings are suggestive of the fact that both social influence and customer attitude are essential in determining adoption of mobile banking. Likewise, these findings signify that whenever customers express positive attitude towards mobile banking, they will end up adopting the technology. This is consistent with Prabhakaran et al., (2020) who expressed that customer attitude is associated with some sort of intrinsic or emotional stimulus which is central in making any decision, including adoption of mobile banking. In the context of social influence, Sathye et al., (2018) expressed that opinions, views, attitude and actions of individuals is driven by the kind of people whom they associate with. Therefore, as policy makers and managers, these findings communicate the fact that we must work towards ensuring that mobile banking is socially accepted as an appropriate technology. Moreover, these findings demonstrate that policy makers must institute measures that can stimulate positive attitude towards mobile banking in order to increase its adoption.

## 5.2 Conclusion

From this research, it can be stated that willingness of customers to adopt mobile banking is inclined by the nature of influence they encounter socially. Customers undeniably tend to shape their behaviour, norms and values based on generally accepted aspects of a group they are accustomed and aligned with. This research also affirms that customer attitude is inevitable in determining intention to adopt mobile banking. Attitude is capable of shaping one's intrinsic feeling, perception, stereotype, and expectations a customer will convey towards mobile banking, which is fundamental in guiding them in making the final decision.

The findings have significant policy and managerial, empirical and theoretical implications. From the policy and managerial perspective, it teaches that we must strive to understand the

social environment in which we do business and the provision of information which can streamline customer attitude.

Empirically, this research expounds literature which clearly demonstrates that social influence and customer attitude are important in determining intention to adopt mobile banking, specifically among customers in microfinance institutions. This research contributes to the theories of technology adoption model and unified theory of acceptance and use of technology, by attesting to the fact that customer decisions is a function of their perception, as well as the social environment in which they live.

## 5.3 Recommendations

MFIs must closely consider all parameters of social influence in order improve customer intentions towards adoption of mobile banking. MFIs should specifically consider using renown and respected opinion leaders, celebrities and key professional opinion leaders within the society to spearhead the marketing and mobilizations campaigns for mobile banking. These are critical players in influencing the customer social behavior towards adoption of mobile banking services.

Since customer attitudes greatly determine behavioral intent to use and adopt mobile banking, MFIs need to undertake more awareness and sensitization campaigns regarding the use mobile banking as an alternative channel for customers, the benefits of using such platforms and how best to mitigate the perceived risks. Additionally, mobile banking services should be designed in such a way that makes them more user-friendly, real-time service, uncomplicated and flexible in comparison with traditional banking services. Certainly, user-friendly technologies temp to stimulate the affective and cognitive abilities of customer which greatly stimulates them to adopt that particular service.

## 5.4 Limitations of the study

The conclusions and recommendations presented herein are based on data which was obtained in microfinance institutions in Kampala metropolitan region. In this case, it is quite likely that the remarks indicated herein may not be appropriate enough to inform the actual status of adoption of mobile banking in Uganda as a whole. Likewise, it is quite unlikely that the results presented herein can be applied to other institutions within the financial sector which adopted mobile banking.

The study focused strictly on the demand side of mobile banking chain much as the supply side, in this case; microfinance institutions have a role to play in ensuring customers adopt mobile banking. Henceforth, it is possible that the study does not exhaustively address the research phenomenon.

This study was a cross sectional research design. All conclusions and recommendations were based on data which was obtained within a short timeframe or a snapshot. Therefore, the research does not reflect any changes overtime that occur to the variables studied, something which is fundamental in fully comprehending the research phenomenon.

## 5.5 Areas for Further Research

i) Perceived Security and intention to adopt mobile banking in financial institutions in Uganda.
ii) Ease of use, customer attitude and adoption of mobile banking in Uganda
iii) Demographic characteristics and adoption of mobile banking among financial institutions in Uganda.

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## APPENDIX I

## QUESTIONNAIRE FORM

Dear Sir/ Madam,

I am a Makerere University student undertaking a research study on *"Social Influence, Customer Attitude and Intention to Adopt Mobile Banking by Customers in Selected Microfinance Institutions in Kampala metropolitan, Uganda."* This is a confidential survey: your name nor telephone number is not required to complete. All responses provided will be strictly used for academic purposes. You are requested to respond to the questions as accurately and honestly as possible. If you have any questions, feel free to contact me +256-774-495-138. I thank you in advance for accepting to participate in this study.

**SECTION A: DEMOGRAPHIC CHARACTERISTICS**

In the following questions, you are requested to tick the option that best suits you.

1. Gender

| Male | Female |
|---|---|
| 1 | 2 |

2. Age

| <30 yrs | 30-40 yrs | 41-50 yrs | 51 and above |
|---|---|---|---|
| 1 | 2 | 3 | 4 |

3. Education

| Never Attended | Primary | Secondary | Tertiary |
|---|---|---|---|
| 1 | 2 | 3 | 4 |

4. Occupation

| Private Sector | Public Sector | Retired | Student | Does not work |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |

5. How many microfinance institutions do you subscribe as a member?

| Only 1 | 2-4 | 5 and above |
|---|---|---|
| 1 | 2 | 3 |

6. How many years have you been a member of any microfinance institution?

| Less than 1 year | 2-4 years | 5 and above |
|---|---|---|
| 1 | 2 | 3 |

7. Do you use mobile banking services offered by your microfinance?

| Yes | No |
|---|---|
| 1 | 2 |

8. How frequently do you transact with microfinance institutions?

| Daily | Weekly | Bi-Weekly | Monthly | Bi-monthly |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |

9. Nature of mobile transactions used

| Transaction-related (e.g. paying bills, transfer from bank to phone, depositing to bank from phone etc.) | Non-transaction related (balance inquiry, transaction inquiry etc.) | Both transaction and non-transaction related |
|---|---|---|
| 1 | 2 | 3 |

**SECTION B:**

This section is aimed at establishing the level of social influence, customer attitude and adoption of mobile banking. In each of the sub-sections, you are requested to fill your responses based on the scale which presented to you as follows;

| 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|
| Strongly Disagree | Disagree | Somehow disagree | Somehow agree | Agree | Strongly Agree |

**SECTION B(I): SOCIAL INFLUENCE**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | ***Social Learning*** | | | | | | |
| SL1 | I prefer learning new things by watching others | 1 | 2 | 3 | 4 | 5 | 6 |
| SL 2 | I learn new skills by observing others | 1 | 2 | 3 | 4 | 5 | 6 |
| SL3 | My decision to use a new technology is influenced by the number of users I know. | 1 | 2 | 3 | 4 | 5 | 6 |
| SL4 | If I find that many of my acquaintances use something, I would be more willing to do the same. | 1 | 2 | 3 | 4 | 5 | 6 |
| SL5 | The more people adopt a new technology, the more preferable for me to do the same | 1 | 2 | 3 | 4 | 5 | 6 |
| | ***Social Comparison*** | | | | | | |
| SC1 | I frequently compare how I am doing, relative to other people | 1 | 2 | 3 | 4 | 5 | 6 |
| SC2 | I set my targets in relation to peers or people around me | 1 | 2 | 3 | 4 | 5 | 6 |
| SC3 | I assess my performance against others | 1 | 2 | 3 | 4 | 5 | 6 |
| | ***Social Norms*** | | | | | | |
| SN1 | I prefer to act the way everyone else is acting | 1 | 2 | 3 | 4 | 5 | 6 |
| SN2 | I prefer to do what other people typically do | 1 | 2 | 3 | 4 | 5 | 6 |
| SN3 | I avoid acting in a way that is uncommon | 1 | 2 | 3 | 4 | 5 | 6 |
| SN4 | I would adopt a technology because it is acceptable to my peers | 1 | 2 | 3 | 4 | 5 | 6 |
| SN5 | People who are important to me think I should use mobile banking | 1 | 2 | 3 | 4 | 5 | 6 |

**SECTION B(II): CUSTOMER ATTITUDE**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | ***Affective*** | | | | | | |
| AF1 | I am interested in using Mobile banking | 1 | 2 | 3 | 4 | 5 | 6 |
| AF2 | I will recommend mobile banking to other people | 1 | 2 | 3 | 4 | 5 | 6 |
| AF3 | Mobile banking can be an alternative banking channel for me | 1 | 2 | 3 | 4 | 5 | 6 |
| AF4 | Subscribing to mobile banking would be a peace of mind to me | 1 | 2 | 3 | 4 | 5 | 6 |
| AF5 | Using mobile banking services would be my consideration in the near future. | 1 | 2 | 3 | 4 | 5 | 6 |
| | ***Cognitive*** | | | | | | |
| CO1 | I understand the concept of mobile banking | 1 | 2 | 3 | 4 | 5 | 6 |
| CO2 | I have enough information pertaining to mobile banking and I am ready to transact with mobile banking | 1 | 2 | 3 | 4 | 5 | 6 |
| CO3 | I believe that using mobile banking for financial transactions would be a wise idea | 1 | 2 | 3 | 4 | 5 | 6 |
| CO4 | I believe that using mobile banking is convenient. | 1 | 2 | 3 | 4 | 5 | 6 |

**SECTION B (111): INTENTION TO ADOPT MOBILE BANKING**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | ***Awareness*** | | | | | | |
| AW1 | I never received information about Mobile banking from the bank | 1 | 2 | 3 | 4 | 5 | 6 |
| AW2 | I receive enough information about the benefits of mobile banking | 1 | 2 | 3 | 4 | 5 | 6 |
| AW3 | I receive enough information of how to use mobile banking | 1 | 2 | 3 | 4 | 5 | 6 |
| AW4 | I receive enough information about what mobile banking services are out there | 1 | 2 | 3 | 4 | 5 | 6 |
| | ***Perceived Benefit*** | | | | | | |
| PB1 | Mobile banking can work as a complementary system to traditional banking channel | 1 | 2 | 3 | 4 | 5 | 6 |
| PB2 | I think that using mobile banking would enable me to accomplish my tasks more quickly, | 1 | 2 | 3 | 4 | 5 | 6 |
| PB3 | I think that using mobile banking would make it easier for me to carry out my tasks. | 1 | 2 | 3 | 4 | 5 | 6 |
| PB4 | I think using mobile banking would give me control over my transactions. | 1 | 2 | 3 | 4 | 5 | 6 |
| PB5 | Mobile banking provides a wide range of banking services needed by customers all the time | 1 | 2 | 3 | 4 | 5 | 6 |

***Thank you so much for your time!***