

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

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ABSTRACT

This study examined the relationship between social influence, customer attitude and intention to adopt mobile banking in selected microfinance institutions in Kampala metropolitan, Uganda. The study applied a cross-sectional design with a quantitative research design. The study was conducted across customers of microfinance institutions in Kampala metropolitan region. Primary data was obtained using structured questionnaire instrument. SPSS (v. 25) and Med-graph system were used to analyze data. Results were presented using frequency tables, correlation analysis, regression analysis, and Med-graph. The study obtained positive relationship between social influence and adoption of mobile banking. There was a positive relationship between customer attitude and adoption of mobile banking. Likewise, it was established that a positive relationship exists between social influence and customer attitude. This study established that both social influence and customer attitude significantly predicted adoption of mobile banking, and that the better predictor is customer attitude. Furthermore, the study found that customer attitude is a partial mediator in the relationship between social influence and adoption of mobile banking. This study concludes that willingness of customers to adopt mobile banking is inclined the nature of influence they encounter socially. It also notes that customer attitude is inevitable in determining adoption of mobile banking. The study recommends that; microfinance institutions must increase social influence; and strive to influence customer attitude towards mobile banking. The research also suggests further research on social influence, customer attitude and adoption of mobile banking among financial institutions in Uganda; social influence, customer attitude and adoption of mobile banking focusing on both the demand side and supply side; and longitudinal

research investigating the relationship between social influence, customer attitude and adoption of mobile banking across financial institutions in Uganda.

Key words: social influence, customer attitude, intention and mobile banking

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).

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 (Gracious, 2023). From the national perspective, the latest Finscope Uganda (2018) shows that more than 72% of customers in microfinance institutions do not use mobile banking (Nelson, Christopher, Teddy, et al., 2022). The report indicates that at least 72.5% of customers in rural areas feel insecure 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.

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 adoption of mobile banking in selected microfinance institutions in Kampala Metropolitan, Uganda.

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 unsure 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 customer attitude. If this is not checked, it is likely to worsen financial inclusion.

Research Objectives

- 1. To examine the relationship between social influence and intention to adopt of mobile banking by microfinance institutions in Kampala metropolitan, Uganda*
- 2. To assess the relationship between customer attitude and intention to adopt mobile banking by microfinance institutions in Kampala metropolitan, Uganda*
- 3. To examine the relationship between social influence and customer attitude in microfinance institutions in Kampala metropolitan, Uganda*
- 4. 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*

Research Questions

- 1. What is the relationship between social influence and intention to adopt mobile banking by microfinance institutions in Kampala metropolitan, Uganda?*
- 2. What is the relationship between customer attitude and intention to adopt mobile banking by microfinance institutions in Kampala metropolitan, Uganda?*

3. *What is the relationship between social influence and customer attitude in microfinance institutions in Kampala metropolitan, Uganda?*

4. *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?*

Methodology

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, 2014). 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, 2017).

Study Population

The study focused on customers from 13 Microfinance institutions (Association of Microfinance of Uganda, 2020) in Kampala metropolitan region which had adopted mobile banking.

Unit of Analysis and Inquiry

The customers of microfinance institutions in Kampala metropolitan served as both the unit of analysis and unit of inquiry. These were selected because all services introduced by microfinance institutions ultimately target customers being at the extreme end of the demand chain.

Sample Size and Sampling Techniques

Based on Krejcie and Morgan (1970) table, a maximum sample size of 384 was taken and distributed evenly to members of the Association of Microfinance Institutions of Uganda (AMFIU) who have adopted mobile banking. The maximum sample size of 384 was considered because the researcher could not accurately establish the total number of customers from MFIs. The researcher applied purposive sampling technique

to obtain the targeted sample. Purposive sampling technique was used because it minimizes randomization especially in a situation where the sample is very large

Data Analysis

Data was sorted, edited and cleaned before being captured in Statistical Package for Social Scientists (SPSS. v25) for analysis (Nelson, Christopher, & Milton, 2022). 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.

RESULTS

Table 1: Pearson Correlation Analysis

variable							
social influence							
social learning	.542**						
social comparison	.557**	.773**					
social norms	.710**	.539**	.388**				
customer attitude	.187**	.339**	.333**	.539**			
effective	.285**	.289**	.073	.531**	.369**		
ognitive	.513**	.457**	.300**	.588**	.537**	.172**	
adoption of mobile banking	.539**	.494**	.329**	.575**	.572**	.317**	.568**

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

Source: Primary Data

Social Influence and Intention to Adopt Mobile Banking

Correlation results in table 1 indicated significant and positive relationship between social influence and adoption of mobile banking in selected microfinance institutions in Uganda ($r=.539$, $p<.01$). In this case, the results meant that arousing social influence enhances the propensity of increasing adoption of mobile banking of selected microfinance institutions in Uganda. 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 social learning is bound to enhance the propensity of adoption of mobile banking. In addition, results obtained a significant and positive relationship between social comparison and adoption of 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 social norms is likely to translate in mobile banking.

Customer Attitude and Intention to Adopt Mobile Banking

Table 1 revealed a significant and positive relationship between customer attitude and adoption of mobile banking of selected microfinance institutions in Uganda ($r=.572$, $p<0.01$). This meant that improved customer attitudes are more likely to enhance the adoption of mobile banking services. Worth noting, this study obtained a significant and positive relationship between affective and adoption of mobile adoption ($r=.317$, $p<0.01$). This meant that enhancing affective attitude is likely to boost adoption of mobile banking. Results also obtained that there exists a significant and positive relationship between cognitive attitude and adoption of mobile banking ($r=.568$, $p<0.01$). This meant that adoption of mobile banking by customers is likely to be enhanced by cognitive attitude.

Social Influence and Customer Attitude

Table 1 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 social learning 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 enhancing social comparison is likely to stimulate customer attitude. More so, results established a significant and positive relationship between social norms and customer attitude ($r=.539$, $p<0.01$). The results meant that boosting social norms is bound to enhance customer attitude.

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 2.

Table 2: Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
(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
	<i>r</i>	<i>r</i> ²	Adj. <i>r</i> ²	<i>F</i>	<i>Sig.</i>	
	.645 ^a	0.416	0.412	93.055	.000 ^b	

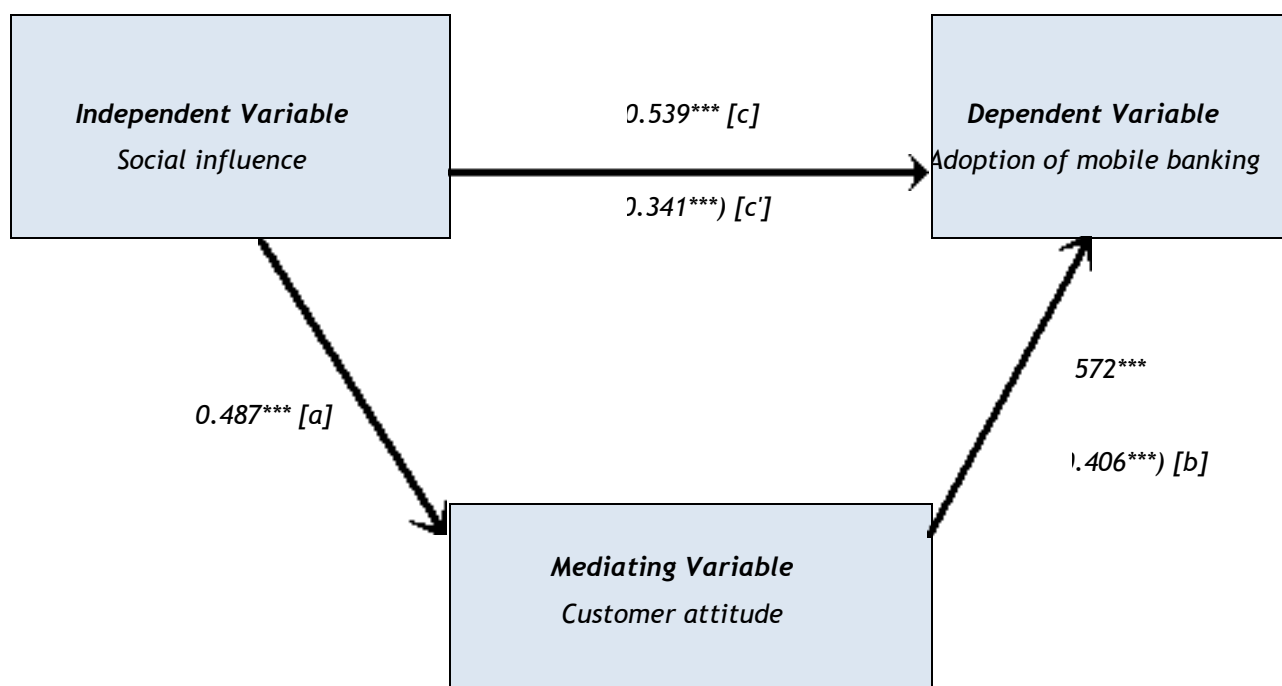
Note: n=264; Dep Var: Adoption of mobile banking

Source: Primary Data

Table 2 revealed $\text{Adj } r^2 = .417$ between social influence, customer attitude and adoption of mobile banking. The results meant that jointly social influence and customer attitude predicted up to 41.7% of the variances in adoption of mobile banking. Results in relation to the standardized coefficients indicate $B = .341$, $p < .05$ corresponding to social influence and $B = .406$, $p < .05$ 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 ($B = .406$) was higher than the beta value for social influence ($B = .341$). These results meant that customer attitude is a better predictor of adoption of mobile banking as opposed to social influence.

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 adoption of mobile banking. These results are presented in figure 1.



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

Figure 1: Mediation of Customer Attitude in the relationship between Social Influence and Intention to Adopt Mobile Banking

Results in figure 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 adoption of mobile banking in selected microfinance institutions in 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 adoption in 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 adoption of mobile banking in selected microfinance institutions in Uganda.

Conclusion

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. This information will be crucial in making strategic decisions regarding which technology to introduce to customers. In the same manner, it unleashes that exploring and providing information which can streamline customer attitude is paramount. Empirically, this research expounds literature which clearly demonstrates that social influence and customer attitude are important in determining adoption of mobile banking, specifically among customers in microfinance institutions.

Recommendations

Microfinance institutions must increase social influence to stimulate adoption of mobile banking. To achieve this, microfinance institutions should identify and reach out to various key influencers, and increase the use of social media advertising as a mechanism for creating awareness in the society.

Microfinance institutions must strive to influence customer attitude towards mobile banking. In this case, microfinance institutions should conduct mobile banking awareness campaigns through social media, promotions, convening workshops and seminars to enrich customers' understanding of mobile banking.

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