Chapter 11
Enablers and Inhibitors of Merchant Adoption of Mobile Payments: A Developing Country Perspective

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ABSTRACT

Merchant adoption of mobile payments is facilitating new business models and changing the way merchants run their brick and mortar businesses. Despite the advantages of mobile payment adoption to the merchant, they still hesitate to adopt mobile payments. Thus, the study seeks to explore qualitatively through a case study the enablers and inhibitors to merchant adoption of mobile payments. The study identified that merchants are adopting mobile payments to facilitate new business models, to promote the disintermediation of traditional intermediaries, to offer different possibilities of growing their businesses, and to reduce transaction costs. Even though merchants believe that mobile payments adoption and use improve operational efficiency to their businesses, there are instances of fraud, particularly in the peer-to-peer transfer sector, data breaches, data security, and privacy concerns. Therefore, it is imperative for service providers of mobile payments to enhance technological issues regarding privacy protection that could enhance trust towards mobile payment adoption.

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INTRODUCTION

The liberalisation of ICT in developing countries in the past decade has brought a considerable transformation to the macro and micro-economic landscape of developing countries. Through the provision of technical support, interactive network, and service to underserved sectors such as health and finance (Asongu, Nwachukwu, & Orim, 2018; Murphy & Carmody, 2017). More so, mobile phones are receiving attention globally; as a result, developing economies have gradually seen an expansion in mobile phones used to facilitate different services. Prominent among these services is using the mobile phone in payment transactions known as mobile payment (Dahlberg, Guo, & Ondrus, 2015; Iman, 2018). The mobile payment revolution has been transforming households and businesses by providing a business solution to small and medium-sized businesses as well as mobile phone-related financial services to the underserved population in developing countries (Asongu et al., 2018). Also, the deployment of mobile payments is an avenue to helps developing economies leapfrog poor non-existing payment infrastructure, which is seen as a burden to economic growth in these countries. This lack of quality means of payment is an opportunity to open a high window of m-payments for future use in developing countries (Asongu & Boateng, 2018). Mothobi and Grzybowski (2017) report that the availability and access to mobile payment dramatically improve the standard of living, and provide potential mechanisms to steer economic benefits to consumers and producers in developing countries. For instance, it can increase market efficiency by improving and facilitating services which in general are not available to low-income households, such as mobile phone-based financial services (Aker & Mbii, 2010).

This innovation has been swiftly accepted in developing countries by leading the way as a critical driver of economic growth and better financial access to reduce economic vulnerability and increase investment in human capital (Asongu & Boateng, 2018; Humbani & Wiese, 2018). Different authors have outlined the importance of mobile payment as creating distinct value to both merchants and consumers and is considered as one most essential success driver of mobile commerce (Liébana-Cabanillas, De Luna, & Montoro-Ríos, 2015; Asongu & Boateng, 2018). Arguably this innovation suggests a significant advantage for merchants. However, aligning the high penetration of mobile phones and the low level of mobile payment adoption by merchants continues to challenge mobile payment researchers and practitioners globally. This seems to defeat the usefulness of mobile payments, and yet it has not been explored (Dahlberg et al., 2015; Slade, Dwivedi, Piery, & Williams, 2015). Therefore, the reason for non-adoption by merchants is not firmly established. This suggests the need for mobile payment providers to understand the enablers and inhibitors of merchant adoption and use of mobile payments to design strategies and develop their marketing tools to suit the needs of merchants.

Nevertheless, the literature on mobile payments has explored and conceptualized the benefits and challenges of mobile payment, technical dimensions that affect consumer intentions to adopt mobile payments (Jin, Zheng, Jin, & Li, 2017; Liébana-Cabanillas & Lara-Rubio, 2017; Madan & Yadav, 2016; Miao & Jayakar, 2016). These studies are often silent on merchants ‘adoption and perceptions about the maturity of mobile payment technology as a means of payment transactions and, the preparedness of merchants to adopt mobile payment to their benefit (Cabanillas et al., 2017; Mallat, Rossi, Tuomainen & Oorni, 2006; Pousttchi, 2008). Secondly, mobile payment failures have a secure connection to the lack of critical mass of users as well as having limited adoption of merchants and non-involvement of merchants (Dahlberg et al., 2015). Nevertheless, existing studies on mobile payment fail to provide a comprehensive explanation of the merchant’s role in the growth and development of mobile payment ecosystem, and the resources needed to develop and establish a sustainable two-sided market that generates critical
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