


Chapter 5


Unveiling Consumer Switching Intentions: Exploring the Transition from Online Banking to Mobile Banking

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ABSTRACT

Despite technological advances, mobile banking adoption remains lower than online banking, though its popularity is rising due to convenience and user-friendliness. This chapter aligns with Sustainable Development Goal 9, highlighting mobile banking as a technological innovation in the financial sector. It examines Malaysian consumers' intention to switch from online to mobile banking, targeting users aged 18 to 60 who have experience with mobile banking. Data were collected via self-administered questionnaires from a minimum sample of 153 respondents and analyzed using SPSS and Smart PLS. Results show that perceived usefulness and relative advantage significantly influence switching intention, with relative advantage identified as the

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most important factor and perceived ease of use showing the highest performance. The findings offer valuable insights for governments, banks, and service providers, contributing to the understanding of innovation's role in enhancing infrastructure and industry within the financial sector.

1. INTRODUCTION

Mobile banking is determined by carrying out financial transactions by using mobile equipment. Mobile banking services are provided by financial institutions which are banks. Nowadays, mobile banking is so convenient that it lets the customers use various transactions and banking services such as account information access, transaction, investment, support service and news. According to Statista Research Department, there were about 1.47 billion mobile banking transactions in Malaysia in 2021. The highest amount of mobile banking transactions in Malaysia was in 2018 which is nearly 2.2 billion transactions while the lowest amount of mobile banking transactions in Malaysia was in 2019 which is 489.8 million. It has increased 945.8 million from 2016 to 2021 over the five years period.

Despite the technology advancing, the number of consumers in using mobile banking is still low compared to online banking. Past statistics showed that 27% of Malaysians prefer to use online banking while 18% of Malaysians prefer to use mobile banking apps (FICO, 2021). After the Covid-19 pandemic, about 80% of consumers wanted to continue to use mobile and online banking channels while 42% of consumers still wanted to visit the branch (Suhaidi, 2021). There are some reasons that cause the consumers to prefer to go to branches rather than mobile banking. According to Kats (2021), hackers can assess 76% of mobile banking apps and there might be security mistakes that haven't been noticed from the app developers to the bank itself. About 62% of the mobile banking users commented that they will switch to another service provider if they have a negative experience when using mobile banking apps (Kats, 2021). According to Kwartalny (2020), 97 percent of the mobile banking apps having code protection issue, 90 percent of the consumers facing leakage of information problems and 80% of the mobile banking apps do not have enough encryption methods.

Besides that, there will be some technical issues when using mobile banking apps in the certain period. If the consumer's internet is slow, it will affect their time when accessing their bank accounts. When the bank's server is down or temporarily unavailable due to the maintenance of the server, the consumers also can't get access to their mobile banking apps. It will be very inconvenient for the consumers when it is an emergency. The system will slow too when there is a big number of

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