

Chapter 6

Mobile Banking in the Youth Market: Implications from an Entrepreneurial and Learning Perspective

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ABSTRACT

Mobile banking is a technological innovation that is changing the way business is conducted. One of the most entrepreneurial and learning orientated segments of the population is the youth market. The purpose of this chapter is to examine the behavior Australian youths have towards mobile banking. Social cognitive theory is the theoretical framework in which a conceptual model is empirically tested. The conceptual model includes five constructs (media, modeling, outcome expectancy, learning orientation and entrepreneurial orientation), which are proposed to influence an individual's intention to adopt mobile banking. The conceptual model is tested in a sample of Australian youths and the analysis supports a portion of the proposed conceptual model. The findings support the link between the media and an individual's entrepreneurial orientation with their intention to adopt mobile banking. The chapter highlights how social cognitive theory is a useful foundation to understand an individual's desire to adopt mobile banking.

INTRODUCTION

Banks continually are refocusing their marketing strategies to take into account new technology developments (Hall et al., 1999), so it is important to understand how the adoption process of technological innovations can be increased. A number

of trends have occurred in the banking industry, which have influenced the use of mobile banking (Laukkanen, 2007). Most people in developed countries now have a cell phone and an increasing number of these people also have the internet on their cell phone, which has made it easier for individuals to do mobile banking. There is also an

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increasing number of bank products and services available through electronic delivery, which has led to an increased acceptance by consumers and businesses of e-commerce banking activities (Ratten, 2008). Electronic delivery of banking products and services can take a number of different forms (Seitz & Stickel, 1998). Consumers and businesses utilize electronic information communication in the form of emails. Information is also presented electronically to inform and provide information about products and services. Moreover, businesses and banks are interacting together for transaction banking.

The mobile commerce (m-commerce) industry has emerged as an important component of the banking industry as technological innovations related to electronic commerce (e-commerce) have increased. The m-commerce industry is largely dependent on the internet as the internet has changed management practices and enabled consumers and businesses more access to different products and services (Wymbs, 2000). In the banking industry, m-commerce allows an individual to utilize e-commerce such as the internet to do their banking on a mobile device like their cell phone (Ratten & Ratten, 2007). Banks are increasingly using m-commerce as it is a low cost technological development (Holland, 2008). As more global banking services are automated (Takac, 1997), technological innovations like mobile banking are influenced by how quickly an individual adopts the service. This paper examines the importance of m-commerce in the banking sector by discussing how the youth market adopts mobile banking.

One of the most technologically savvy demographic components of society is the youth markets, who have grown up using the internet. This paper discusses how the youth market adopts mobile banking and the factors that influence the adoption behavior. The youth market (also referred to as Generation Y) is an early adopter of new technology such as mobile banking, which is often internalized into a youth's lifestyle. In this paper, the youth market is defined as individuals

between the ages of 18 to 29 years, which is in line with the definition espoused by the OECD (2001). The youth market is innovative and early adopters of banking technology (Ratten & Ratten, 2007). This paper will examine how the youth market adopts mobile banking and what internal and external environmental factors will determine whether a youth will utilize mobile banking (see Ratten, 2011). The research question that this paper addresses is:

Research question: *What influence does a youth's entrepreneurial and learning orientation have on their intention to adopt mobile banking?*

This paper will be structured as follows. First, the literature on technology adoption is reviewed and the major theories that have been used by previous research are discussed with social cognitive theory being found to be the most relevant theoretical framework for the purposes of this paper. The conceptual model is then explained and the variables included in the conceptual model are justified and discussed. Next, the quantitative methodology that included a survey given to youths is stated. The findings from the testing of the model are examined and the implications for the banking industry are highlighted. Lastly, suggestions for future research are discussed.

BACKGROUND

The adoption of new technology innovations like mobile banking is dependent on an individual's behavioral intention. People can learn about technology innovations through behavioral or cognitive learning models. Behavioral learning models assume that as a response to external stimuli, learning will occur through observable behavior change. In contrast to behavioral learning models, cognitive learning models assume that there is also some problem solving an individual will be involved in after they have responded to an

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