

## **The Analysis of Influencing Factors and Promotion Strategy for the Use of Mobile Banking**

### **L'ANALYSE D'INFLUENCER DES FACTEURS ET LA STRATÉGIE DE PROMOTION POUR L'USAGE DES OPÉRATIONS BANCAIRES MOBILES**

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**Abstract:** The main factors that influence the mobile banking' s promotion are specifically analyzed based on the three-factor theory, namely the external environmental factors, internal factors of consumers and marketing factors. It can come to a conclusion that culture, perception of risk, marketing factors are the three main factors that affect mobile banking' s marketing. Then the effective countermeasures are put forward as well in the paper.

**Key words:** Mobile banking; Consumer behaviour; Marketing

**Résumé:** Les facteurs de canalisation qui influencent la promotion d'opérations bancaires mobile sont spécifiquement analysés basés sur la théorie de trois-facteur, à savoir les facteurs environnementaux externes, facteurs internes des consommateurs et facteurs de vente. Elle peut arriver à une conclusion que la culture, perception de risque, lançant des facteurs sur le marché sont les trois facteurs principaux qui affectent la gestion bancaire mobile. Alors les contre-mesures efficaces sont aussi bien proposés dans le papier.

**Mots clés:** Opérations bancaires mobiles; Comportement du consommateur; Commercialisation

## **1. INTRODUCTION**

As an extension of internet banking, mobile banking is a new way of financial business services for consumers. It makes use of mobile communication technology and equipment to provide various banking and financial services (Xie Lin & Guo, 2009). Through the combination of the mobile communication technology and the financial services in bank, mobile banking makes users feel more convenient because users can enjoy a variety of financial services at anywhere and anytime provided by banks regardless of time, place and space constraints. With the growing number of mobile phone users, mobile banking has become the focus of enterprises and consumers. However, since some banks have provided mobile banking service for many years after 2000, the number of mobile banking users is still very small. Therefore, it's important to understand the main factors which influence the promotion of mobile banking from the perspective of consumers. It is the key to promote the marketing of mobile banking.

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## 2. THE THREE-DIMENSIONAL MODEL OF THE USE OF MOBILE BANKING CONSUMERS

The consumer behavior directly affects the promotion of mobile banking. According to the three-factor theory which is one of the consumer behavior theories, the influencing factors of the use of mobile banking include external environmental factors, internal factors and marketing factors. External environmental factors refer to culture, social infrastructure, family and reference group. Values, codes of conduct or guidelines are the basic elements of culture. There are many elements of internal factors such as stratum, attitude, personality, self-concept, generations, lifestyles and so on. The individual's attitude means the good or bad evaluation, emotional feelings and behavior intention, which is someone's long-held concept of understanding toward certain things or ideas(Lu, Yang&Zhang,2005). Marketing factors include product, promotion, channels and price(Wu, Tian&Yao,2006). Although there are many influencing factors for the promotion of mobile banking service, culture in external environment factors, perception of risk in internal factors, the marketing factors such as high cost and single function are the key influencing factors based on the characteristics of mobile banking market. Culture influences the formation of people's inherent concept and behavior is the major factor in external environment, which affects the acceptance of mobile banking. In addition, as people widespread worry about security when using mobile banking service, perception of risk has become an important internal factor. In marketing factors, price and functions of product are the primary consideration of consumers. So high cost and single functions of mobile banking directly affect people's behavior intention. Therefore culture, perception of risk, high cost and single functions constitute the three-dimensional model of the use of mobile banking consumers. The research model is depicted in Figure 1.

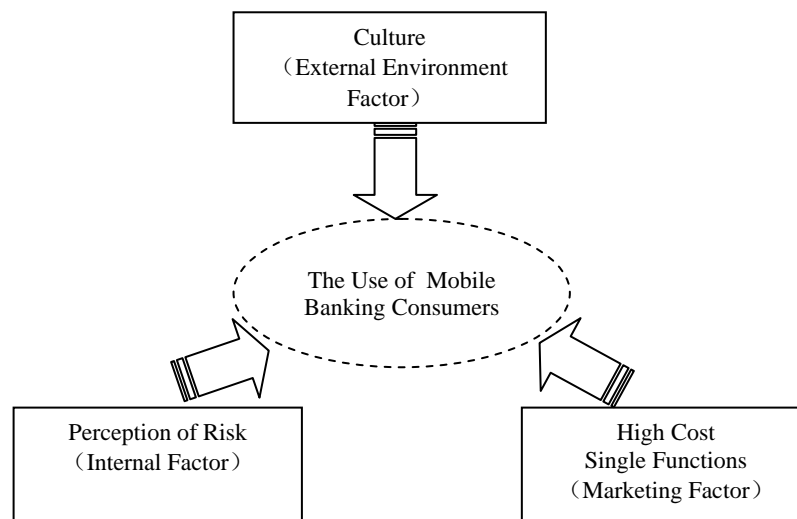


Figure 1: The Three-Dimensional Model Of The Use Of Mobile Banking Consumers

## 3. THE ANALYSIS OF INFLUENCING FACTORS FOR THE USE OF MOBILE BANKING CONSUMERS

### 3.1 Culture in external environment factors is an important factor for the use of mobile banking consumers

External environmental factors include reference group, policy, culture, infrastructure and so on. Because China is a country with a long history, five-thousand-year traditional culture makes people have an inherent behavior and habit. For example, when people need to deal with some financial business, people still prefer to go to the bank counter waiting in line even if it will waste a lot of time. Culture as a values influences people's behavior and attitudes, the impact on people is very important. Especially, in the market introduction phase of new product, culture plays a crucial role in the consumers' acceptance. According to the survey about the use of mobile banking in 2010, the results show that the users of mobile banking are mainly in the young people group aged 18-34 years old, and the percentage up to 93.5%. The percentage of middle-aged users is very low. Take for instance, although people can use automated payment card to pay their own expenses, there are still many people, especially the traditional people, go to the bank every month to pay them. Therefore, people's inherent behavior and habit makes that the wireless payment has not yet been accepted by people. It had restricted the promotion of mobile banking. So culture is the most important factor in external environmental factors.

### **3.2 Perception of risk is the major internal factor that has important influence on the using of mobile banking for consumers**

Consumer behavior intention depends on consumer perception, stratum and personality. According to the statistics, 89.1% of Internet users have heard of mobile banking, but only 33.2% of Internet users have used it. There are 73.5% of mobile banking users who expressed the concerns about the security of mobile banking (Wang& Jiang, 2009). Clearly, people have certain knowledge of mobile banking, but their intention for the use of mobile banking is not obvious. As an internal factor, the perception of risk has a direct impact on people's intention. It also restricts the promotion of mobile banking. There are three reasons contributed to people's anxiety. First of all, the realization way of mobile banking by SMS is likely to cause fraud. The security technologies of mobile banking are not perfect at present, so many criminals cheat users through the network device. Secondly, people are worried that the mobile phone's loss or Trojan may cause their bank account leaked. Thirdly, many people use 3G phone, so Trojan will affect its security more easily. Therefore, according to the attitudes of people on mobile banking, it can be found that perception of risk is the major internal factor.

### **3.3 The high cost and single functions of mobile banking are the key elements of marketing factors**

Marketing factors have many elements such as product, promotion, channels and price. Consumers pay more attention to product's price and functions, so the price and functions have an effect on people's behavior intention.

#### **3.3.1 The consumer cost of mobile banking is so high**

The research from iResearch Company shows that 60.5% of mobile banking users believe that the cost is too high. First of all, once you want to use the mobile banking service, you should have a mobile phone with the function of surfing the internet. In order to use mobile banking service, the user should have a mobile phone such as CDMA phone, which will undoubtedly increase the user cost. What's more, the users need to pay traffic billing, commission charges and flat fees. Now China Mobile Communications Corporation has reduced traffic billing, but user's frequent operation will still increase the communication cost. In addition, mobile banking users also need to pay the bank for commission charges and flat fees. For example, the China Construction Bank's mobile banking users need to pay RMB6 per month for flat fees and commission charges from RMB1 to RMB15 fee. These expenses all increase the user cost.

#### **3.3.2 The functions of mobile banking are single and obvious advantages are not enough**

The main functions of mobile banking include account management, remittance, foreign exchange, mobile shopping, mobile payment, mobile phone stocks and so on. The research data from iResearch Company shows that the utilization rates of account management, remittance and mobile payment were separately 84.4%, 53.7% and 53.1% (Wang&Jiang,2009). At present, the functions of mobile banking are similar to the ones of internet banking. The service of shopping and booking tickets by mobile payment is still developing fast. Only as a substitute for online banking, the mobile banking needs to be diversified to meet consumer's demands.

## **4. RELEVANT PROMOTED STRATEGY FOR MOBILE BANKING**

### **4.1 Promotion in specific consumer groups**

Many banks should carry out different marketing strategies for specific consumer groups such as students, public institutions, state-owned enterprises cadres, businessmen and so on. For example, the banks can advertise on the network, television, campus and other places, which also enable students to fully understand mobile banking by the way of personal selling and live demonstrations. It may be an effective way for the student groups. For those who like new things and easily accept, banks can also carry out experience activities for free and let them truly feel the convenience brought by mobile banking. However, for businessmen, it's better to increase the publicity of time-saving and convenient features of mobile banking. It can speed up the promotion of mobile banking in social groups and gradually change people's habits, thereby promoting the development of mobile banking.

### **4.2 Enhancing the security of mobile banking to reduce consumer perception of risk**

The promotion of mobile banking requires the establishment of security mechanisms to allay people's fears on safety. Security mechanisms should be supervised and enhanced by technology and banks. The basic structure of mobile banking include host operating system, mobile banking front-end systems, firewalls and security proxy server (Gao,2008). As long as the security of user's information in the transmission process has been ensured, the disclosure of which will be prevented. At present, some banks have taken note of this point. For example, in order to improve the safety of transactions, the whole process from mobile phone users to banking clients is encrypted, meanwhile digital signature and binding mechanism of mobile phones are used by China Construction Bank (Yuan, Wang&Xu,2006). In addition, more propaganda campaigns about mobile banking functions, advantages, security and reliable are also needed. A series of publicity

activities can dispel consumer's concern about security, and make consumer get more understanding of the use of reliability. Then it may gradually improve people's intention of use and acceptance.

#### 4.3 Reducing consumer cost

The cost of mobile banking can be reduced from two aspects. For one thing, we need to increase the popularity rate of 3G mobile phones. 3G meets the technical requirements of mobile banking, so the 3G mobile phone user needn't to replace his or her mobile phone when using mobile banking. Banks should encourage mobile phone manufacturers to reduce the costs as to increase the popularity rate of 3G mobile phones, which would reduce the cost of using mobile banking. For another thing, banks and operators should create a good industrial chain to cut the cost. They can cooperate with each other to explore the new market of mobile banking, and forming a mutually beneficial situation. For example, through cooperation, mobile operators could reduce the traffic billing, and also banks could reduce fees of transfer, remittance, payment and other business. Only in this way will more and more people choose use mobile banking.

#### 4.4 Enriching mobile banking's functions

Currently, domestic mobile banking's functions, which are mainly concentrated in account management, transferring and payment services, have no obvious advantages when compared with internet bank, ATM and bank counter. But in foreign country, mobile banking has been used as credit cards widely (Gu & Lee, 2009). Therefore, domestic mobile banking should have more functions to meet people's different needs. For instance, in order to target to occupy micro-payment market, mobile banking should diversify the functions such as buying lottery tickets, retailing merchandise, paying transport costs and management fees. The more convenient of mobile payment, the more people will be attracted to use mobile banking.

## 5. CONCLUSION

Because of the late emergence of mobile banking in China, the immature market environment and technology, most users are worried about security risks and high costs. So the promotion of mobile banking is encountering some obstacles. However, people's demands for 3G, the real-name registration system and banks' enhanced security technology contribute to creating a good environment for the development of mobile banking. As long as the banks, operators and government make continuous efforts by promoting specific consumer groups, enhancing security of mobile banking, reducing consumer cost and enriching functions of mobile banking, people's intention to use mobile banking will be surely inspired, and the use of mobile banking will be promoted.

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