

# **Mobile Payment: Analysis of Critical Acceptance Factors**

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# Table of Contents

List of Figures.....	II
List of Tables .....	II
List of Abbreviations.....	III
<b>1 Introduction.....</b>	<b>1</b>
<b>2 Theoretical Funding .....</b>	<b>2</b>
<b>2.1 What is Mobile Payment?.....</b>	<b>3</b>
<b>2.2 Theory-based Literature Review .....</b>	<b>6</b>
2.2.1 Research Methods .....	6
2.2.2 Models and Concepts .....	7
2.2.2.1 The Technology Acceptance Model .....	8
2.2.2.2 The Unified Theory of Acceptance and Use of Technology .....	9
2.2.2.3 The Innovation Diffusion Theory.....	10
2.2.3 Concept Matrix and Summary.....	12
<b>3 Expert Interviews.....</b>	<b>15</b>
<b>3.1 Methodology of Expert Interviews .....</b>	<b>15</b>
<b>3.2 Expert Interview with Bank A .....</b>	<b>17</b>
<b>3.3 Expert Interview with Business Consultancy A.....</b>	<b>18</b>
<b>3.4 Expert Interview with Bank B .....</b>	<b>19</b>
<b>3.5 Expert Interview with Business Consultancy B.....</b>	<b>20</b>
<b>3.6 Expert Interview with Bank C .....</b>	<b>21</b>
<b>3.7 Summary of Expert Interviews .....</b>	<b>22</b>
<b>4 Discussion .....</b>	<b>25</b>
<b>5 Limitations .....</b>	<b>33</b>
<b>6 Recommendations for Practice and Research and Outlook.....</b>	<b>34</b>
<b>7 Conclusion .....</b>	<b>35</b>
<b>References .....</b>	<b>36</b>
<b>Appendix .....</b>	<b>42</b>
<b>Appendix A: Literature Review Concept Matrix.....</b>	<b>43</b>
<b>Appendix B: Responses of Interview Partners .....</b>	<b>48</b>
<b>Appendix C: Questionnaire.....</b>	<b>49</b>
<b>Appendix D: Expert Interview with Bank A .....</b>	<b>50</b>
<b>Appendix E: Expert Interview with Business Consultancy A.....</b>	<b>55</b>
<b>Appendix F: Expert Interview with Bank B.....</b>	<b>66</b>
<b>Appendix G: Expert Interview with Business Consultancy B .....</b>	<b>68</b>
<b>Appendix H: Expert Interview with Bank C .....</b>	<b>77</b>

# 1 Introduction

Today everything is possible in our digitalized world. Most of the goods and services are available and can be traded on the internet. An important part of this is the financial aspect. When goods and services get traded, there is always a payment transaction process (see Laudon, Laudon and Schoder (2016), p. 31f.). When it comes to banking and paying in the future, Mobile Payment is an unavoidable topic. These days smart phones are everywhere and everyone uses them for nearly everything. Why not use them to pay the needs of daily life?

30 % of Germans already use their smart phones or tablets to pay for things like clothing, airplane or train tickets and hotel stays without needing to contact the merchant. They think it is more straightforward and see an advantage in being able to check their flow of money right on their smart phone. But 70% of the population still does not use it representing huge potential for Mobile Payment that is not yet exhausted (see PwC (2016) p. 1).

Mobile Payment generally means paying with a mobile device like a mobile phone, a smart phone or a tablet device and is one of the most interesting and upcoming themes in the financial sector today. A few years ago, Mobile Payment seemed to be the next big step in Mobile Business, but in 2010 it failed greatly. Since then, it has shown attractive development again. In some parts of the world like Asia or Africa Mobile Payment already works successfully. However, in some industrialized countries such as Germany, it has not yet been widely adopted, but there is still development. The radical increase in the usage of smart phones in everyone's daily life in recent years seems to be the perfect precondition to get these devices in the payment transaction process for millions of people and thus offers a giant market (see Lerner (2013), p. 1ff.).

The Mobile Payment market "is considered to become a multi-billion-dollar industry. [...] This raises questions of security, privacy, and trust, due to the possibilities of financial fraud, loss of anonymity, and increasing insights into user finances from additional entities" (Sieger (2015), p. 21). Maybe these concerns are the reason why Mobile Payment is not commonly used throughout the entire world (see Sieger (2015), p. 21f.).

Therefore, it is important to analyze the user acceptance of Mobile Payment. Users play an inalienable role in the Mobile Payment process. Without them adopting this method of payment, all efforts would be pointless. In Germany, only 30% of people

foresee a switch to using cashless, contactless Mobile Payment solutions in the next ten years. Concerns about data abuse or hacking are ever-present (see PwC (2016), p. 6f.). For that reason, user acceptance is an extensive topic of particular importance among researchers and organizations when it comes to Mobile payment in research, as well as in practice. In libraries or on the internet large quantities of literature concerning the user acceptance of Mobile Payment can be found and many organizations and banks reveal their opinions in these works.

To provide a condensed overview of vast literature as well as simultaneously compare and discuss it with the practical meanings about user acceptance, this thesis answers the following research question:

### **Which critical factors influence the acceptance of Mobile Payment?**

To answer this question this thesis first gives a short overview about what Mobile Payment means and then analyzes which factors influence its acceptance and the resulting usage. Therefore, it first combines and links the most significant literature through a theory-based literature review as a theoretical aspect, with the later depicted practical side using expert interviews. In the discussion, both parts will be related and the most important critical factors of influence are worked out and are presented more precisely. At the end, recommendations for practice and research are given, limitations are revealed and a conclusion is drawn. All in all, this thesis serves as a window to an understanding of the critical factors influencing the acceptance of Mobile Payment.

## **2 Theoretical Funding**

The opening part of this work outlines the theoretical funding of the topic Mobile Payment and which critical factors influence its acceptance. As a first step, an answer to the question what is Mobile Payment is given providing a short overview on the relevant topic. Further, a theory-based literature review is conducted which is then summarized at the end.

## 7 Conclusion

The aim of this thesis was to identify critical acceptance factors of Mobile Payment using a theory-based literature review and expert interviews. As an overall result, the following four main factors of influence are identified: risk, including security, usefulness and added value, ease of use and availability. During this thesis, several additional factors that influence the acceptance as well occurred and even more exist besides. Nevertheless, the identified factors represent the answer to the asked research question about which critical factors influence the acceptance of Mobile Payment. Having taken all these factors into account, this enhances the essential role of the users and their acceptance in Mobile Payment. They always have to be in focus, because without them, a successful implementation is not possible.

The new payment solution Mobile Payment causes some new possibilities for the financial market. Mobile devices can now be used for payments and bring big opportunities to customers, as well as to banks and financial institutions, that are now able to face the digitalization and develop themselves in the right direction. But before this positive development can take place, all the market participants have to go on working on a broad adaption of the new payment method Mobile Payment.

Both, literature and the interviewed experts predict a bright future for Mobile Payment. They see a future where it is accepted globally. This can still take some years, but at the end it will win through. To realize this bright future, the financial sector still has some work to do. They always have to conform to the existing level of digitalization.

In summary, Mobile Payment is on a good way to become a broadly accepted payment solution, but it is still in a very early stage and further work and research is needed to overcome currently existing problems. However, this thesis makes an additional contribution to these problems and is another step in the analyzation of user acceptance and its influencing factors.