

## Exploring Consumer Adoption of Mobile Payments - a Qualitative Study

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Helsinki Mobility Roundtable, June 1, 2006

### Introduction

- A plethora of new mobile payment services introduced in recent years
- Potential for facilitating especially micro payment transactions
  - Internet & mobile commerce
  - Small payments at point of sale, e.g., vending
- The adoption, however, not been as fast or wide as expected
- In Finland, all separate solutions remained marginal
  - Sonera Shopper, Mobiiliraha, OP Digiraha, DNX mobile money
  - Most potential solutions in Japan, Korea and Austria

## Theoretical background

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Diffusion of innovations (Rogers, 1995)

- Relative advantage
- Compatibility
- Complexity

Electronic payment adoption (Szmigin & Bourne, 1999)

- Network externalities

Mobile commerce and technology adoption (Teo & Pok, 2003; Siau et al., 2004)

- Trust and security
- Cost

## Methodology

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- Six consumer focus group interviews, n=46
  - Teenagers (8), Students (7), Young adults I (8), Young adults II (8), Parents (6), Middle-aged (9)
- Interviews recorded and transcribed
- Data analysis: qualitative clustering (Miles & Huberman, 1994)
  - Objective: find and categorize factors that affect m-payment adoption
  - Initial codes drawn from theory, new insights allowed
  - Tentative factors extracted by grouping similar wordings and data excerpts under same codes

## Findings I - factors facilitating adoption

### Relative advantages

- Time and place independent purchases
- Queue avoidance
- Enhanced payment instrument availability
- Complement to cash

### Compatibility with specific applications

- Digital content and services, e.g. ticketing
- Small value purchases at point of sale, e.g. vending

### Trust in m-payment service providers

- Banks, Telcos

### Advantages highlighted in certain use situations

- Sudden need for payments
- Lack of other payment instruments
- Occurrence of queues
- Need to make payments remotely

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## Findings II - factors inhibiting adoption

### Complexity of mobile payments

- Complex SMS formats, codes, service numbers
- Management of separate accounts burdensome
- Complex registration procedures

### High costs

### Lack of network externalities

- Lack of wide merchant adoption
- Proprietary devices / services

### Perceived security risks

- Unauthorized use, transaction errors
- Lack of transaction record and documentation
- Vague transactions
- Concerns on device and network reliability and privacy

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## Conclusions

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- Implications for theory
  - Partial adoption pattern
  - Mobility of the m-payment service essential advantage
  - Use situation an important new adoption factor
  - Need for more dynamic adoption models
- Implications for practice
  - Value of mobile payment services based on service mobility and situational responsiveness
  - Critical issues to improve:
    - Usability
    - Critical mass creation
    - Costs

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## Thank you!

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Questions?



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