Exploring Consumer Adoption of Mobile Payments - a Qualitative Study

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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, Mobiiliiraha, OP Digiraha, DNX mobile money
  - Most potential solutions in Japan, Korea and Austria
Theoretical background

**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

- 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

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
Conclusions

• 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

Thank you!

Questions?