

Mobile Trust and IT Service Avoidance

The Effect of Mobile Trust on IT Service Avoidance: An Instrumental Variable Approach

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Mobile financial service aims at providing branchless banking services to the existing and unbanked customers. Given that such banking services can access personal data and are provided through mobile devices (e.g. phones, tablets, etc.), it requires a sequence of trust in their mobile devices, mobile banking applications, and mobile financial services. Recent survey shows discrepancy in the level of trust between the mobile devices and mobile financial service in that mobile consumers who downloaded mobile banking applications infrequently used mobile financial services. Such avoidance behavior can hamper the expected role of mobile banking applications as means to new communication channels for banking customers and potential unbanked customers. While there have been a plethora of studies about adoption and use of mobile banking applications, there is limited knowledge on IT service avoidance provided by mobile banking technology. To fill this gap, by extending literature from mobile trust and IT avoidance, this study viewed mobile trust as trust beliefs about their own mobile devices and identified mobile trust as a key antecedent to avoidance of mobile financial services. Namely, if they trust their mobile devices to be compatible with mobile financial services, they are less likely to avoid the services. Next, we propose that individuals' mobile trust can be instrumented by their existing experience on their mobile devices (i.e. engagement in non-financial, complementary activities on the same devices). Based on this rationale, this study examined the link between mobile trust and mobile payment service avoidance. To address possible endogeneity issue in mobile trust variable, we employed an instrumental variable (IV) approach (2SLS) using Stata 15. Results from the IV regression indicated that when consumers trust their mobile device and use it for other similar, complementary activities, they are unlikely to avoid the mobile payment service. Such mitigating effects of mobile trust were even stronger when instrumented. This study calls for including the personalized experience in users' mobile devices as a key contextual variable, in order to better understand their avoidance behavior of mobile IT service, all of which can help make tailored mobile banking strategy and policy.

References

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