

CHAPTER I INTRODUCTION

1.1. Background

Over the past four decades, online banking has been involved just after the arrival of the internet. By the history of m banking, in 1980, United American Bank has offered to its customers a bank service at home. Following the trend, several banks in the country were tested whether this kind of method can be beneficial for customers. In 1981, mobile banking services started in New York City. This where customers get access on it from home. In 1983, the bank of Scotland first invented a “home link” service that offered an internet banking primarily in the UK. Transferring and paying bills was already worked due to the internet network via TV’s and phones.

In 1997, The Royal Bank of Scotland become the first UK bank that has launched a full internet banking through SMS or text.

Some of the Banks were exited to enable this way and started to urge customers to use it by providing essential and attractive services which are more profitable than the traditional one. By this, mobile banking won its important place and indeed all the Banks in the Us were providing internet banking service where mobile banking started to expand all over the world Nowadays, people have become familiar using their phone comparing the life before. Mobile banking is relatively new technology with the first attempts at banking on mobile phone that took place in the last century, thesis where the mobile banking internet has grown its seeds in the late 1990s and early 2000s. (Finateq, Anna Sorbet, 2022).

Before the admission of Mobile banking, it was referred to SMS banking, which has been developed and supported financially by a Deutsche Bank, the

company's name is called PayBox. According to Ukessays published journal in 2017, stated that Mobile Banking was formed in 1999 with the aid of mobile phone were the higher cost of data and network was limiting factors in the growth of mobile banking. This has been improved by the development of technology software and hardware that makes the cost of mobile devices cheaper with speed access. (UKEssayes, 2018).

According to GMSA's (Group Managed Service Accounts) report Mobile Economy, the number of online banking users has increased rapidly given the rate at which mobile subscriptions are increasing and the wealth of potential future users among the present under-16s, represent 40% of the region's population. [1] (Ffooks, 2018). Such economic and demographic changes, combined with technological advances, including the expansion of broadband connections, wider coverage by 4G (networks and increased use of smartphones, promise a buoyant future for mobile money in the region (Co J. f., 201). This has led many developers to investigate more convenient methods for customers to perform remote banking transactions. Mobile banking is a new convenient scheme for customers to perform transactions. Most of developed countries around the world, people totally live in the Information and Communication Technology (ITC) and digital novelty which lead a vital innovation in the business area, where old business transactions with cash-based shift into electronic-based transactions. E-payment is affecting payments from one end to another and through the medium of the computer without manual intervention beyond inputting the payment data; it is the ability to pay the suppliers, vendors and staff salaries electronically with the touch of a mobile phone or computers. Electronic payment plays huge rules in e-commerce environment especially in the midst of the situation such as pandemic COVID19 from 2019 until now. E-commerce develops quickly since it provides big opportunities for companies to increase sales over internet within any kind of platforms. Nawarathna Banda affirmed that currently, many people spend more time on it to make sales and

shopping (Banda, sales and shopping) (Banda, 2019) E-commerce is an activity of buying or selling of products and services on online over the Internet.

Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. (Banda, electronic commerce, 2019). Facilitates buyers and sellers' routines, as it only requires tools such as mobile phone computer or any other technology related to internet. This is a flexible solution for businesses and its customer since both can easily relate through it anytime and anywhere.

Nowadays, many platforms were built for people can interact directly with sellers or suppliers in order to deal a transaction such as Amazon, Alibaba, Lazada, Shopee, and Facebook etc. Facebook has become deeply involved in a wide range of public activities such as education, commerce, environment, civic engagement, transport Therefore, it has started to play a vital role in the realization of important public values and policy goals related with these activities.

Madagascar in term of e-commerce has not enough the ability to use big platforms like amazon. It is an under developed country which technology is insufficient due to the lack of infrastructures, strong network and security issue. Therefore, in that case, the majority of people do not have yet the possibility to get high technology tools such as smart phones, laptop, and tablet because the cost of internet is no cheap at all so that is the first reason why Madagascar has no possible ways to do such online sales such as these kinds of platforms above. Hence, the common use is Facebook line; this is where people interact with each other (stats, 2021-2022).

For Malagasy people Facebook is not only a way for communicating but also to make any forms of transaction by the aids of mobile banking that exist in the country. Most of people prefer purchasing product on it since it does not require

much times with an affordable price. Attributable to the lack of technology, many people have met a big issue in doing transaction payment since most of people do not own bank account yet. Mobile banking or M-banking has been growing speedily in Madagascar in recent years. In 2017, the country had over 1.4 million mobile banking users, and that number has been increased. In 2019, the Central Bank of Madagascar approved new regulations to encourage the expansion of mobile banking service in the Island.

Since then, several mobile money providers have entered the market, including MVOLA, ORANGE MONEY, and AIRTEL MONEY. These providers have increased their services such as bill transfer, offering loans, saving accounts, to attract retain customers.

In 2020, the COVID-19, pandemic accelerated the use of mobile banking in Madagascar, as people sought safer and more convenient ways to conduct financial transactions. The government also encouraged the adoption of mobile banking to reduce the risk of spreading the virus through physical cash

Mobile banking in Madagascar has been growing steadily in Madagascar over the years, with the country being one of the pioneers of mobile money in Africa. As of 2021, there are several mobile money providers in the country, including the most popular mvola, orange money, airtel. These providers have made it easier for people to access financial services especially for those who are unbanked.

Overall, the growth of mobile money in Madagascar is a positive development that has helped to improve financial access and inclusion in the country

In a low-banking country such as Madagascar, mobile money is the best option to dematerialize the sending and receiving of money between individuals, but also for professionals. (Simon Lee, 2020, Mobile money most used in Madagascar). According to his research, it was proved with the aid of survey that the majority of people use mobile money. Since there are three existing

operators which provide mobile money in Madagascar which are: TELMA with MVOLA, ORANGE with Orange Money, and AIRTEL with Airtel Money. A result of the survey was collected and gave this result below:

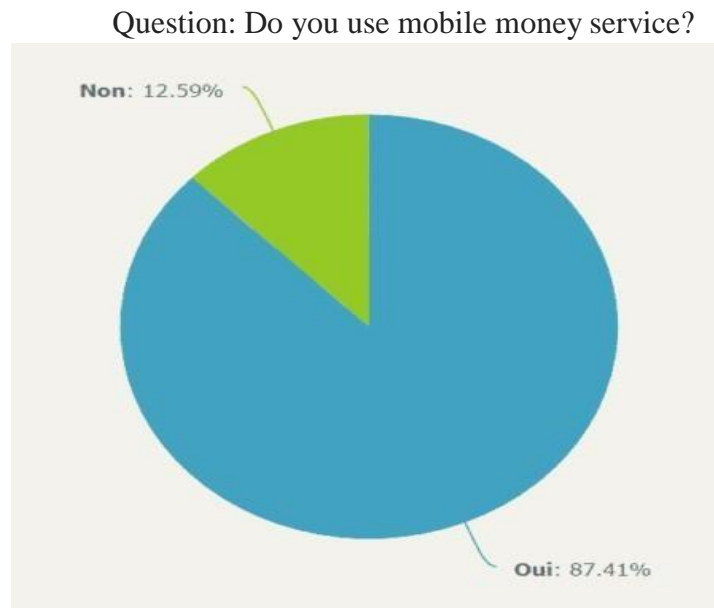


Figure.1 Source: (Simon Lee, 2020, Mobile money most used in Madagascar)

With the blue area, it represents the percentage of mobile banking or mobile money users from the entire population, reach up to 87.41%. Moreover, the rest on the green area shows that 12, 59% of people who are not using it.

Telma Mobile Money namely MVOLA, an independent subsidiary of TELMA telecom group as the leading mobile payment solution in Madagascar, which is offering their mobile channel to provide financial services available at a time where the world is dealing more and more in cashless, long-distance transactions. (ICT.10, 2018). MOLA is the first FinTech in Madagascar, launched in 2010; MVOLA's mission is to provide access to affordable and quality financial services to every Malagasy people. MVOLA thus contributes to the financial inclusion for Malagasy citizen by giving them the same chance

of success as the rest of the world. MVOLA makes life easier for almost +8 million customers by making money transfer easy and affordable (Hiridjee, 2017). MVOLA also develops services innovative savings, advances and insurance solutions. MVOLA becomes the first Electronic Money Establishment (EME) in Madagascar since 2018 and obtains the status of bank becoming the facto Madagascar's first digital bank in 2021. (Bank, 2020) Since its launch in April 2010, the MVola solution, the first mobile money service in Madagascar, has continued to develop in order to become the safest means of payment by excellence in the daily lives of Malagasy people. MVola is available to everyone even if someone don't have a bank account. Registration is free and can be done with MVola Merchants throughout Madagascar. As soon as customers are registered in Telma, they can perform all MVola operations, regardless of the brand of your phone.

In this research, the study will be focusing more details in using MVOLA mobile banking since researcher found out that this is the most used in the island especially when doing online transaction (GSMA Announces Launch of National Interoperable Mobile Money Service Across Madagascar,2016)

These three big operators offering mobile money, TELMA with MVOLA, Orange money and Airtel money. Based on some researches, a result of survey was conducted in latest 2020 – 2022, show that MVOLA is leading at the top, which represents 68% from 8 million of users. While Airtel money is at the second place with 35%, of users use it. Finally, Orange money at the range of 18% that is noted that in 2016, if MVOLA was always the first, Orange Money in the other side ahead of Airtel Money. (Hobyneria, 2020)

Based on the data about MVOLA, as proved as the most popular in the country, researcher focused in finding the reason why customers choose it as their first

option and tried to identify it with the aid of pre-survey, result will be shown on this following table:

Question	Answer	Indication of the Variables
Why are you using MVOLA?	Easy, no much cost, Practical , fast, flexible, practical, Reducing the waste of time, Safe, no bank account, doing transfer, making, transaction online, trusted for payment	1. Perceived usefulness 2. Perceived ease of use 3. e-Security 4. e-Trust

This pre-survey was conducted among 30 Malagasy people. 96% of the result shows the amount of those who are using MVOLA mobile banking.

Based on survey, we can evaluate that there are several variables since most of the respondent answers indicated that they choose MVOLA directly relate to these variables such as perceived usefulness, perceived ease of use, e-security and e-trust and 80% of them have the same answer related to their intention to continuously use MVOLA in the future.

Perceived Usefulness connects with the extent to which one person assumes that using a particular technology will highlight job performance. (Davis 1989). Elicited from previous research using TAM, usefulness is hypothesized to be among of straight predictor of the behavioral intention to use technology of interest according to Park, et al 2014). Technology acceptance can be used to gage and improved information system. Hence comprehending the factors that affect users' technology acceptance has become one of the most necessary areas in the IS environment.

Some other researches indicate that the perceived usefulness is associate with continuance intention to use which is taken from (Baker-Eveleth& Stone,2015) on his e-book. Mobile service provider (Abbas & Hamdy, 2015) online travel services (Li & Liu, 2014), knowledge creation (Chou, Min, Chang, & Lin, 2009)

from these theories, it was proved that usefulness positively affects the intention to use MVOLA Mobile banking.

Perceived Ease of Use

It is a possible way which is defined as a degree in which people admit that using technology will be casual from effort. (Davis 1989, p.320) ease of use is the ease of having a comprehension and interaction about a provided information technology system which is used in services (Zhang, 2014). In this context, ease of use consists to the belief of users, which allow them to continue to use MVOLA. If a system is relatively easy to use, it obviously will motivate users to keep using it and even those who e not yet tried will get inspired. Some studies indicateat ease of use is positively associated with willingnessg to continue to use (Wang, 2008)

E-Security refers to the public's concern of a mobile banking system that securely processes financial transactions and maintains the confidentiality of personal information (Patel & Patel, 2018). Security described as the level of protection for "customers" from these "threats" (Yousafzai, Pallister, & Foxall, 2003). Shin (2009) incites security as “the degree to which a customer believes that using a special mobile payment procedure will be secure” This affects the willingness to use Internet banking. Many studies have analyzed the effect of security on the use of mobile banking. Research (Laforet & Li, 2005) announced that security is an important factor for customer to use mobile banking. Studies (Luarn & Lin, 2005) show that two important elements related to consumer intention to use mobile banking are privacy and security. In addition, research (Wong & Mo, 2019) shows that security and trust systems encourage consumer intentions to use mobile payments in Hong Kong. Then research (Dufour et al., 2017) found that security has an impact on customer intention to use it.

E-Trust is an inevitable element in mobile commerce (Lee, 2005) Trust is important in technology platform to deal with online transaction, trust in the main aspect to keep personal information, sensitive, and confidential. Malhotra

emphasized on the other side that users believe that using mobile banking might help them overcome their issues and encourage them in using the service. As the number of cybercrimes is massively increasing especially on account hacking, Trust becomes the significant factors which customers must above all take into consideration when they are about to start using e-banking (Nath, 2003). Trust as the expression of belief between the parties, which make them to take a risk by the other's behavior ((Akelrod and French, 2000 - 2006). Based on this expression, the result was found that trust is among the factor that attract customer's intention to use especially on mobile banking domain. If those bank, operators build strong relationship toward customer by building confidence between both. It is certain that there is no doubt for them to decide using it.

1.2. Research Questions

This study seeks to address the following research questions:

- 1) Does usefulness influence the customer's intention to use MVOLA mobile banking in Madagascar?
- 2) Does Ease of Use influence the intention of customer using MVOLA mobile banking in Madagascar?
- 3) Does security influence the customer's intention to use MVOLA mobile banking in Madagascar?
- 4) Does trust influence customer's intention to use MVOLA mobile banking in Madagascar?

1.3. Research Scope

The scope of this research is to examine the usefulness, ease of use and the security and trust in the use of mobile banking services on online market that may affect the decision of use, to determine the relation between these variables of mobile banking payment toward customer's decision. Lastly to observe if each of the variables affect the decision-making in using MVOLA.

1.3.1 Subject Scope

The subject of this study is MVOLA mobile banking users within the entire six provinces in Madagascar that are: the province of Antananarivo, province of Antsiranana, province of Fianarantsoa, province of Mahajanga, province of Toamasina, and province of Toliara)

1.3.2 Object scope

The object of this study is customer intention to use.

1.3.3 Place and time of the research

1.3.3.1 Time of research

This research carries out from October 2022 until January 2023

1.3.3.2 Place of the research

To accomplish this research, researcher took place in Madagascar, which is located in Southeast of Africa.

1.3.4 Science scope

The scope of this study is to get deep understanding in marketing management study especially about customer intention to use, perceived usefulness, and perceived ease of use, e-security and e-trust

1.4. Research Purposes

1. Find out the effect of perceived usefulness on customer's intention to use (MVOLA) in Madagascar
2. Find out the effect of perceived ease of use on customer intention to use (MVOLA) in Madagascar
3. Find out the effect of e-security on customer intention to use (MVOLA) in Madagascar
4. Find out the effect of e-trust on customer intention to use (MVOLA) in Madagascar

1.5. Research Benefit

1.5.1 Researcher's benefits

The broad of this study is to analyze the current mobile banking system and review related to the literature, which might be used to come up with a related proposed. Therefore, to get the necessary requirement needed in order to acquire the honors of information technology, to develop a new system that might help people to perform banking services by practicing on their mobile phone.

To supply a deep understanding in the basis of decision-making for both services and customer in term of e-commerce. The result will be discussed and analyzed in order to better understand and improve the experiences of the users in the future.

1.5.2 Theoretical

The result of this study refers to scholars especially about e-commerce studies. In addition to that, it improves services and users' skills in term of e-commerce environment.

1.6. Research structure

Systematics of writing makes clearance of the overview and it helps readers to better understand the report. Systematics of writing in this report will be divided into five chapters with these following steps:

CHAPTER I: INTRODUCTION

This chapter describes about the background of the study, the scope of the research, research question, objective and the purpose of the study among its benefits and lastly explained about the framework.

CHAPTER II: THEORETICAL FRAMEWORK

This chapter encompasses the theoretical framework, which describes the overall research including hypothesis, which will be tested.

CHAPTER III: METHODOLOGY OF THE RESEARCH

This chapter consists the method approach by solving the issues, which have been cited above.

CHAPTER IV: RESULT AND DISCUSSION.

In this forth chapter, the author will introduce academic knowledge analytically and critically based of the analysis and discussion. The theory and literature in the chapter II will be the guidance. Researcher tends to be capable in expressing an innovative idea, models and methods in order to get the issue solved, indeed to reach the objective of the research.

CHAPTER V: CONCLUSION AND RECOMMANDATION

This last chapter comes to end up with the conclusion of the work from the analysis result and discussion, and bring new suggestion for the future researcher.

BIBLIOGRAPHY

ATTACHEMENT