

1.0 Introduction

The development of new technologies has profoundly changed the way in which the customers interact with the service providers. Traditionally, distribution of services within the retail banking industry has largely involved the bricks and mortar branch; where the customers have to pay a visit to the branch in order to seek for financial services (Bradley, Stewart, 2002). Now, the situation has changed. Customers can access to the bank services remotely; through wireless connections. Technology has become an increasingly vital element in the competitive landscape of the financial service industry. It has changed the very nature of selling and buying financial services (Suoranta, Matilla, 2003).

Mobile banking is among the newest electronic delivery channels offered by banks. Currently, conducting account balances and transaction history inquiries, funds transfers, bill payments, stock trades and quotes, portfolio management as well as insurance ordering are technologically enabled via a mobile device (Durkin, Howcroft, O' Donnell, Quinn, 2003). Even though the technology is available, the penetration is low. This paper will try to identify factors influencing the adoption of mobile banking among working adults. The theoretical framework of this paper is based on the traditional innovation diffusion research, which is developed by Rogers (1995).

According to Rogers (1995), the perceived innovation characteristics are supposed to provide the framework how potential adopters perceived an innovation. He suggested that there are 5 product characteristics that affect the adoption of the innovation; relative advantage, compatibility, complexity, trialability, observability. In addition the concept of perceived risk is often included as augmented by Bauer (Suoranta and Matilla, 2003).

1.1 Objectives of the Study

The aim of this study is to:

1. To identify the characteristics of typical mobile banking users
2. To determine the level of personal innovativeness of mobile banking users compared to non-mobile banking users.
3. To determine the level of acceptance of mobile banking services among mobile banking adopters.
4. To find out the degree of the consumers' perceptions towards the innovation attributes.
5. To determine the factors that influences the adoption of mobile banking using Diffusion Of Innovation Theory.

1.2 Scope of the Study

The primary concern of this study is to uncover the potential factors that will encourage the adoption of mobile banking. In order to achieve this goal, the study will focus on mobile banking attributes and consumer's perceptions, as these are the key elements that will affect the diffusion of an innovation. The study will be based on the theoretical framework developed by Rogers (1995). The study focuses on the Klang valley area. because mobile banking is a new technological innovation, which has not been implemented to other parts of the country.

1.3 Limitation of the Study

The research, although successful in exploring the diffusion of the mobile banking is subject to certain limitations. The limitation are as follows:

- Although the size of the sample was considered effective, the size of 275 samples is relatively small compared to the numbers mobile devices owners, which is amounted to 14 million subscribers in 2004 (Thestar, 2005)
- The self-administered questionnaires rely on the clarity of the written word; therefore response bias may occur as the respondents may misinterpret the questions.
- The study only focused on the innovation attributes and individual differences; other factors such as social influences, communication channels and etc are not included.

1.4 Organisation of the Study

The paper begins with an overview of the relevant literature to provide the theoretical background of the study. Thereafter, the methodology is reviewed, and the subsequent section describes the findings. The paper concludes with a discussion of the implications of the findings and identifies areas for future research.