

**UNIVERSITI TEKNOLOGI MARA**

**DETERMINANTS OF CONSUMER  
ADOPTION INTENTION ON  
BRANCHLESS BANKING AMONG  
EXISTING RETAIL BANKING  
CONSUMERS IN KLANG VALLEY:  
THE MODERATING EFFECT OF  
E-LIFESTYLE**

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## ABSTRACT

Banking consumers in Malaysia have had bad experience when using traditional banking services. There are individuals and businesses who have limited access to traditional banking products and services because of low or inconsistent income, poor credit or lack of convenient banking locations. Acceptability of branchless banking's products and services is unknown and insufficient because Malaysians are mostly unfamiliar with the concept of branchless banking. However, some consumers still prefer interacting with traditional banks because they are still confused or do not clearly understand the concept of branchless banking. Traditional consumer profiling approaches, which focus on past performance and existing assets, will not lead to the success of branchless banking in the future. Having a firm grasp on how today's digital consumers behaviour, preferences and choices is essential to fruitful digital transformation efforts. In addition, numerous studies have been done to determine the factors of using digital banking but they ignored the fact that consumers are different in terms of their lifestyle. Therefore, this study empirically investigated the factors that influence consumer to adopt branchless banking. The research model was underpinned by the Extended Unified Theory of Acceptance and Use of Technology (UTAUT2) dimension such as performance expectancy, effort expectancy, social influence, facilitating condition, hedonic motivation, price value and habit which serve as the independent variables. Meanwhile, e-lifestyle was proposed as the moderator to determine the moderating effects on the relationships of performance expectancy, effort expectancy, social influence, facilitating conditions, hedonic motivation, price value, and habit towards consumer adoption intention. In testing the research model, a survey was conducted on 220 existing banking customers in Klang Valley. The collected data were then analysed using the PLS-SEM technique running on SmartPLS 4.0 software. The results revealed that performance expectancy, hedonic motivation, price value, habit and e-lifestyle positively influence banking consumers' intention to adopt branchless banking. However, there is no moderation effect of e-lifestyle on the relationship between all the constructs. Thus, this study contributed to the consumer behaviour body of knowledge by providing tangible statistical evidence of consumer adoption intention on branchless banking.

**Keywords:** Consumer adoption intention, performance expectancy, effort expectancy, social influence, facilitating condition, hedonic motivation, price value, habit

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# CHAPTER ONE

## INTRODUCTION

### **1.1 Preamble**

The first chapter of this study explains the background of the study and Malaysia's branchless banking environment, problem statement, objectives of the study and research questions. The significance and scope of the study are presented as well. The final section will be the definition of terms.

### **1.2 Background of the Study**

The progressive deregulation of the banking industry began in the 1970s, marking the beginning of Automated Teller Machines (ATMs) in the 1980s, and the advent of electronic banking in the 1990s (Guru et al., 2001). New technological breakthroughs are altering the way banks do business and providing them with opportunities for greater financial stability and competitiveness (Baumgartner & Ebner, 2010; Begum & Pereira, 2015; Zahid et al., 2021). It plays a vital role in the banking industry by improving operational activities and customer services as to offers users a convenient and user-friendly banking experience (Ahn & Lee, 2019). It enhances the effectiveness and efficiency of the business model by reducing operating expenses, such as the inefficiency of paper-based documents for bills, card statements, receipts, and other purposes. Information technology has greatly impacted the banking industry by transforming it into easy banking, which allows unbanked individuals to have access to new markets and other advantages of new financial services (Zahid et al., 2021).

The financial institutions differ from other sectors as it has a widespread involvement in regulation (Elamer et al., 2019, 2020; Hagendorff et al., 2007). Financial institutions are subjected to more stringent rules and compliance requirements (Arnaboldi et al., 2020; Elamer et al., 2020). This serves as an underlying reason for financial institutions to transform and innovate, as there has always been a need to change in order to comply with regulatory requirements, compete with new competitors, and adapt to shift in consumer behaviours (Pramanik et al., 2019). As a result of the widespread use of the internet in people's daily lives, financial institutions now have