



## Cultural Influence on Drivers and Barriers to Merchant Adoption of Mobile Payments

Eunice Yeboah Afeti

University of Ghana Business School  
University of Ghana  
Legon, Accra, Ghana  
E-mail: maaunice2002@yahoo.com  
Phone: 0243286371

### ABSTRACT

Mobile payments have been predicted to be one of the essential tools for payment in the near future. However, most studies on mobile payments have focused on consumer adoption and mainly applied theoretical models like TAM (Technology Acceptance Models) with merchant adoption receiving little attention. This doctoral research argues and finds support that mobile payment phenomenon is very complex, as such an investigation into only consumer adoption will provide a limited understanding and will not achieve the needed innovation required. Therefore, there is the need for attention on the other side of the market including merchants. This doctoral research seeks to explore cultural influence on the drivers and barriers of merchant adoption of mobile payments. In addressing the gap, the research will adopt a qualitative methodology and the theory of innovation resistance with Hofstede's cultural dimensions to examine and understand the issues.

**Keywords:** Merchants, Mobile payments, Adoption, Cultural values, Ghana

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### 1. BACKGROUND TO THE STUDY

Mobile technology evolution and the extensive diffusion of mobile phones in performing several functions and tasks, has led to phenomenal growth in the ownership of mobile phones globally. Notable among these everyday tasks is the use of mobile phones in making payments for goods and services without the need for cash or participation of banking institutions (Liébana-Cabanillasa & Lara-Rubio, 2017; Dahlberg et al., 2015; Chandra, Srivastav & Theng, 2010). Mobile payments enable consumers to do away with the use of cash and rely on the true value of mobile phones for commercial activities which offer convenience, flexibility, speed to positively influence customers' purchasing decisions (Pham & Ho, 2015). Arvidsson (2014) defines mobile payments (m-payment) as a process where payments or transfer of value is done by using mobile devices. Pandey et al. (2010) posit that mobile payments will introduce cashless payments and serve as a gap bridging mechanism for greater financial inclusion through affordability, user-friendliness and ease of availability to the financially underprivileged. In addition, Yang et al. (2012) argue that mobile payments have become a compelling tool that drives web-based business transactions to make it feasible and convenient. Moreover, the high penetration of mobile payments within societies, its accessibility and ease of use has led to experts classifying mobile payments as the potential payment of choice (Liébana-Cabanillasa & Lara-Rubio, 2017).

More importantly, the availability of mobile payment technologies offers promising possibilities and new ways of doing business by merchants, leading to innovative payment solutions with value added services to their customers (Congdon, 2016; Boateng, 2011). The rising interest in mobile payments usage from the consumer to the merchants have become central to commerce, this innovation is considered as the most significant payment tool for potential consumers and merchants, thus providing opportunity for merchants to do business with their customers at any time and from any location (Lu, Yang, Chau & Cao, 2011; Carton et al, 2012). Further, it allows services to be provided to customers at their door steps and at their convenience which is expected to generate impulse buying, help increase the willingness of consumers to pay, attract new customers and increases revenue for merchants (Congdon, 2016). Additionally, it helps facilitate positive business outcomes and is seen as an important strategic tool for merchants to achieve their high financial goals (Falk, Kunz, Schepers & Mrozek, 2016).



## 2. STATEMENT OF PROBLEM

Despite the potential in merchant adoption of m-payment and its benefits, merchants still hesitate to employ mobile payment methods in their transactions, making penetration of merchant adoption of mobile payment relatively low, compared to other recent forms of cashless, noncontact payment modes such as credit cards and e-payment systems (Dahlberg et al., 2015). It is fascinating to know that past mobile payment research focused mainly on issues such as, consumer adoption, intention, attitude and use as well as mobile payments platform design, technology, security and architecture (Miao & Jayakar, 2016; Dahlberg et al., 2015; Pandey, Krishna & Vickers 2010; Madan & Yadav, 2016; Liébana-Cabanillas, Sánchez-Fernández & Muñoz-Leiva, 2014). Most of these studies focused on technical issues that affect consumer intentions to adopt and mainly applied theoretical models like TAM (Technology Acceptance Models) and its variation, with the aim of identifying factors that influence consumer adoption to the neglect of merchant adoption and how merchant adoption can be influenced by culture. Researchers like Cabanillas, Dwivedi and Slade (2012), and Dahlberg et al. (2015) in their recent reviews of mobile payments research, have emphasized that despite more than a decade of research into mobile payment there is next to nothing on merchant adoption. As a result, merchant adoption has seen little progress in mobile payment research, because academic community has not fully explored it (Dahlberg et al. 2015). However, the sole concentration of mobile payment research on consumer adoption has not yielded the needed innovation. This is because mobile payment phenomenon is very complex and an investigation into only consumer adoption will provide a limited understanding of mobile payments (Cabanillas et al., 2014; Dahlberg et al., 2015). Therefore, directing attention on merchant adoption is critical for the other side of the market. By so doing, this doctoral research seeks to address three main gaps in the mobile payment's literature.

First, Mallat, Rossi, Tuunainen, & Oorni (2006) and Pousttchi Pousttchi, Schiessler & Wiedemann, (2009) posit that mobile payments are gradually becoming an alternative to traditional mode of payments such as cash, check or credit cards, with a growing interest in various society (Liébana-Cabanillas, Muñoz-Leiva, & Sánchez-Fernández, 2017). Further mobile payments are also in a stage where failures have a strong connection with reaching a critical mass of users as well as having limited adoptions of merchants and lack of merchant's involvement (Koenig-Lewis, Marquet, Palmer & Zhao, 2015; Dahlberg et al. 2015). However, past studies are often silent on the various ways in which mobile payment can attract critical levels for mass adoption by merchants (Mallat et al., 2006; Pousttchi, 2008). This call for the need to theoretically understand and discover what drives or serves as a barrier to mobile payment adoption by merchants. Secondly, two critical barriers of merchant adoption identified by earlier studies are high costs and complexity of systems (Mallat et al., 2006; Mallat, 2007; Oh et al., 2006; Ondrus & Pigneur, 2006).

Nevertheless, merchant adoption to mobile payment generate a benefit of reducing transactional fees by decreasing card payments, minimizing management of cash and checkout process could be more efficient and convenient (Koenig-Lewis et al., 2015). However, previous studies have examined mobile payment adoption based on, characteristics of the technology, individual adopters, and organization (Abrahão, Moriguchi, & Andrade, 2016). There is little attention to mediation of cultural values and its consequences on merchant's perception on accepting the maturity of mobile technology as a mode of payment and willingness to adopt (Cabanillas et al., 2017).

Therefore, this doctoral research will address this gap by showing how different cultural values shapes the merchants' perception about mobile payment drivers and barriers to its adoption in a developing country context. Finally, the rising interest in mobile payments usage from the consumer to the merchants have become central to commerce (Lu et al. ,2011). This has made mobile payments deployment relevant to the growth and development of business in developing countries (Donner, 2009; Dahlberg et al., 2015; Heeks, 2008; Mallat et al., 2006). However, studies have failed to scrutinize and demonstrate more feasible revenue sharing options for mobile payment systems and did not consider how the institutionalization procedures could be improved to encourage merchant's adoption of payment systems. This doctoral research seeks to understand the nature of merchant adoption and the composition of the mobile payment ecosystem in Ghana.



### **3. OBJECTIVE**

The main objective of this research is to understand the nature of merchant adoption, barriers and drivers as well as the sociocultural variables that shapes merchant perception to adopt mobile payments in their business transactions in Ghana.

### **4. METHODOLOGY**

#### **4.1 The Research Design**

The study will be an exploratory study and will adopt qualitative methodology to make use of case study approach of merchants both in the private sector and the public sector those who have adopted mobile payments and those who have not adopted mobile payment in Ghana.

### **5. DATA PRESENTATION**

This study will gather data empirically by interviewing the selected merchants. Questions for the interview for the empirical study will be designed based on the theory. The case study will be analysed using pattern- matching as described by Yin (2002) to help establish the findings that support the research questions.

### **6. DISCUSSION OF FINDINGS**

\*\*\* Will be populated as the research progresses

### **7. CONCLUDING REMARKS**

\*\*\* Will be populated at the end of the research

### **8. CONTRIBUTIONS TO KNOWLEDGE**

The findings from the proposed doctoral research will improve our knowledge on the interdependence among sociocultural variables and the enablers and barriers of merchant adoption of mobile payments Secondly, the use of the theory will contribute to understanding of consumers psychology of resistance and use, this information will improve and advance innovations as opposed to push upon consumers preconceived innovations (Sheth, 1981). In addition, this study will provide managers with a better appreciation of the kind of sociocultural values which foster mobile payment adoption by merchants in Ghana. So, to help them better assess the benefits resulting from cultural change management in terms of the individual's impacts on IT.



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