Mobile Banking Apps as an Indicator of the Industry’s Strategy

TREO Talk Paper

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Abstract

Technology advances in smartphones and their applications have prompted wide influences on users’ lifestyles. These technologies have carried with them many affordances of service and convenience. Banking institutions have been making use of these new technologies by developing mobile apps for smartphones. The purpose of this study is to investigate the presence and credibility of a mobile strategy within the banking industry. This research uses a combination of quantitative and qualitative data to answer the research questions: Do retail banks have focused strategies for their mobile banking efforts?

We use archival data from Apple iTunes website (for the years 2012 and 2016) and annual filings from the Securities and Exchange Commission’s (SEC) for 21 of the top 50 richest banks listed with the Federal Deposit Insurance Corporation (FDIC).

As this current research discusses banking mobile strategy and the impact of user reviews as an indicator, the essence of the case revolves on consumer expectations. Thus, we adopted the Expectation Confirmation Theory (ECT) as a framework for this project. ECT originated in cognitive theory and was used to explain consumer satisfaction based on expectations of product. The study relies on the following hypotheses for its investigation:

\[ H_1: \text{Mobile banking apps will have better user reviews in 2016 compared to 2012.} \]
\[ H_2: \text{The number of features in a mobile app will be positively related to better reviews.} \]
\[ H_3: \text{The number of existing reviews of a mobile app will be related to better reviews.} \]
\[ H_4: \text{The file size of a mobile app will be related to better reviews.} \]

We used ANOVA to test our hypotheses, specifically one-tailed tests of significance, given our directional hypotheses. Overall, our results were mixed. The results of the ANOVA shed light on the diffusion and customer perceptions of banking apps. More work is being done to test H3 and H4.

We will be using the qualitative data from the 10-K reports from the SEC to validate the findings from the quantitative reviews. We used a bottom-up approach to parse the data to find patterns. We started with the word count for relevant terms as m-banking, mbanking, online banking, web banking, mobile app, mobile strategy. In addition, we used a higher level of coding by using some categories such as Descriptive, Risks, and Strategy. The findings of this type of coding will dictate whether we explore a lower level to create sub-categories.

We will be investigating whether the patterns and themes in the 10-k report confirm or shed any light on the conclusions from the ANOVA findings. In particular, we will look for any indications that will provide 1) rationale behind implementing the mobile app; 2) any indicators of strategic thinking/plan behind improving the app/releasing a new version; and 3) an indication of the importance of the mobile app to the respective banking institution.