

Attitudes, Subjective Norms, Perceived Behavioral Control and Adoption of Agency Banking Among Market Vendors in Mbarara City

Atuheire Anaclet*, Rogers Matama**, Diana Kyomuhangi***

*(Department of Business Administration, Makerere University, Uganda
email: klate1982@gmail.com)

** (Department of Business Administration, Makerere University, Uganda
email: rmatama@mubs.ac.ug)

*** (Department of Business Administration, Makerere University, Uganda
email: dkyomuhangi@mubs.ac.ug)

Abstract

This study examined the attitudes, subjective norms, perceived behavioral control, and adoption of agency banking among market vendors in Mbarara City. A cross-sectional survey design was employed, with data collected at a specific point in time. Given the nature of the research objectives, correlation analysis was performed to test associations between the study variables, while hierarchical regression analysis was used to test both the individual and combined predictive power of attitudes, subjective norms, and perceived behavioral control on the adoption of agency banking. Data were analyzed using SPSS. The study results show that attitudes have a positive and significant relationship with the adoption of agency banking. Subjective norms also have a positive and significant relationship with the adoption of agency banking. Perceived behavioral control similarly has a positive and significant relationship with the adoption of agency banking. The variable "attitudes" was found to explain 12.1% of the variation in the adoption of agency banking, while subjective norms explained 7% of the variation, and perceived behavioral control explained 13.1% of the variation in adoption. The results also show that attitudes, subjective norms, and perceived behavioral control combined explain 32.2% of the variation in the adoption of agency banking. The study recommends that the security and convenience of transactions be ensured to improve users' attitudes.

Key Words: Attitudes, Subjective Norms, Perceived Behavioral Control and Adoption of Agency Banking.

Introduction

Agency banking links banks and consumers by expanding financial services, offering a low-cost model that could increase financial inclusion (Alinda, 2022). It allows banks to grow by onboarding new clients who were previously unreachable (Irura & Munjiru, 2013). Through agency banking, underbanked customers can access financial services nearby, saving time and money, with lower transaction fees (Omwansa, 2019). Despite its importance, the adoption of agency banking remains low (Tindi & Bogonko, 2017). In Brazil, despite 99%

network coverage, half the population is still unbanked (Watiri, 2013). In South Africa, agency banking has been in place since 2005, but usage is still at 43% of the banked population. In Kenya, 3 out of 9 clients use agency banking, while 30% of Tanzania's banked population is registered (Muoria & Moronge, 2018).

In Uganda, agency banking reached 26,000 customers by 2022. Agents of 10 banks earn an average of Shs 30 billion daily, but in Mbarara City, customers still travel long distances for financial services (Agaba, 2023). Many use agents for deposits

but not for services like account opening or withdrawals (Financial Services Deepening Report, 2022). Agency banking enables customers to access banking services at flexible hours, increases access, and is cost-effective (Mwangi & Mwangi, 2019).

Despite the significance of agency banking, anecdotal evidence shows that bank customers have not fully adopted it (FII, 2020). This is evidenced by the long queues in both banking halls and at automated teller machines (ATMs), including those surrounded by bank agents (FinScope, 2021). Extant literature suggests that the adoption of agency banking could be attributed to factors such as customers' attitudes toward adopting a new system, subjective norms, perceived behavioral control, and the intention to adopt a new system (Kim & Han, 2014; Varnali, Yilmaz, & Toker, 2012; Schierz et al., 2010). The usage of the theory of planned behavior has been overlooked by previous scholars, and most studies have focused on the adoption of agency banking in the formal sector and developed economies. Therefore, little is known about the adoption of agency banking among market vendors in Mbarara City, highlighting the need for this study.

Purpose of the study

The purpose of the study was to establish the relationship between attitudes, subjective norms, perceived behavioral control, and the adoption of agency banking among market vendors in Mbarara City.

Literature Review

The adoption and attitudes of consumers toward the collaborative consumption of shared services were investigated by Billows and McNeill (2018). Subjective norms and attitudes were found to be the driving forces behind consumer intention toward the equal access model. Generally, behavioral intention was positively predicted by attitudes toward collaborative consumption. Customers would feel good about themselves and their reputation among their peers if they used this equal access model, which influenced their behavioral intention. These

results suggest that consumers are more likely to choose agency banking if they believe using the service will improve their reputation and if they have a favorable opinion of it overall.

Kulviwat et al. (2009) concluded that the adoption intentions of high-tech innovations are positively influenced by positive attitudes in their study on the adoption of these innovations. An organization may be able to change people's opinions about an innovation if it can persuade customers that a certain idea is supported by a relevant group (Kulviwat et al., 2009). The relationships between the constructs under investigation were established through structural equation modeling using a sizable university sample from the Midwest of the United States. The current study will adopt correlation and regression analysis to determine whether these variables indeed predict the adoption of agency banking.

Owing to societal pressure to use a specific technology, users are vulnerable to the influence of others, which can impact how they feel about utilizing a new system (Bryson et al., 2021). Social impact is a significant factor influencing the intention to use a new system, as it can persuade consumers to adopt a certain technology through peer, family, and even media influence (Nayanajith & Damunupola, 2019). In fact, one can readily learn about the benefits of using a specific technological innovation through the influence of others and word-of-mouth communication. Specifically, social impact reflects how much someone values other people's opinions about whether or not they should adopt an innovation (Chong et al., 2010). According to factors like the subjective norm, it exhibits a normative nature (Wang et al., 2009). As noted by Mutahar et al. (2017) and Yq et al. (2011), there is ample evidence to demonstrate that this effect plays a crucial role in understanding the transmission of innovation. It is also a key driver of perceived usefulness.

Research on the adoption of innovations, including mobile technology-based wireless internet services, has shown a strong correlation between social factors

and adoption (Montano & Kasprzyk, 2019). By collecting data from 357 Texas A&M MBA students, this study contributed to advancing knowledge regarding the theoretical factors that influence early innovation uptake. The study demonstrated the causal links between the constructs under investigation through the application of structural equation modeling. Furthermore, an innovation may occasionally serve as a symbolic enhancer of a person's social standing, similar to the actions of young Asians who have been documented using smartphones (Lu et al., 2018). Early adopters are frequently referred to as prompters in the literature (Kim & Park, 2011). In addition to frequently offering advice, these reference sources sometimes even obtain technology on behalf of others, which in turn affects how someone feels about using the innovation.

Human control over a particular action or environment is known as behavioral control (Azmi et al., 2021). It specifically refers to how people perceive their capacity to carry out a certain behavior (Dali, 2019). According to Jayasingh and Eze (2019), the determination of behavior is based on the entire collection of controllable beliefs regarding the existence of elements that could either support or hinder the performance of the behavior. According to Mathwick et al. (2020), consumers who require a high level of control are more inclined to use technology that involves them in decision-making processes, which in turn encourages them to adopt it (Di Pietro et al., 2012).

In agency banking, where customers can engage with an adaptive environment, they are more influenced. Consequently, an interactive and adaptable scenario appeals more to consumers and helps with the decision-making process (Pantano & Servidio, 2012). User characteristics, such as aptitudes and skills, play a significant role in consumers' acceptance of technological developments. These characteristics specifically relate to behavioral control and self-efficacy, which are factors that can affect customers'

decisions to adopt particular systems (McKinsey, 2021).

Methodology

A quantitative and correlational research design was used in this study. There are 11 markets licensed to operate in Mbarara City, with a population of 1,323 vendors (Mbarara City Business Register, 2020). The study targeted market vendors from all 11 markets. A sample of 297 vendors was selected from the population of 1,323 vendors, as determined by the Krejcie and Morgan table. Cluster sampling was used to select the sample. A sampling frame was created using information from the Mbarara City Business Register, and a number was assigned to each vendor. The study used primary data collected through a survey questionnaire. The questionnaire was closed-ended and included items on the respondents' demographic characteristics, attitudes, subjective norms, perceived behavioral control, and agency banking adoption. Quantitative data were analyzed using inferential statistics, including correlation and regression analysis. The analysis process involved typing, editing, tabulating, and interpreting the data to present the findings. Correlational analysis was used to determine the relationship between the variables, while regression analysis assessed the predictive power of the independent variables on the dependent variable.

Results

Table 1: Correlation results

Items	1	2	3	4
Attitude -1	1			
Subjective norms -2	.259**	1		
Perceived behavioral control -3	.327*	.176*	1	
Adoption of agency banking -4	.244**	.361**	.553**	1

** . Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

The correlation results above indicate that there is a positive and significant relationship between attitude and the adoption of agency banking ($r = .244^{**}$). This implies that a positive change in attitude is

associated with a positive change in the adoption of agency banking.

Furthermore, the results indicate that there is a positive and significant relationship between subjective norms and the adoption of agency banking ($r = .361^{**}$). This means that a positive change in subjective norms is associated with a positive change in the adoption of agency banking.

The results also indicate that there is a positive and significant relationship between perceived behavioral control and the adoption of agency banking ($r = .553^{**}$). This implies that there is an association between a positive change in perceived behavioral control and a positive change in the adoption of agency banking.

Table 2: Regression results

	B	Std. Error	Beta	B	Std. Error	Beta	B	Std. Error	Beta
Attitude	0.141	0.061	0.144*	0.107	0.062	0.11	0.047	0.053	0.048
Subjective norms				0.128	0.062	0.132**	0.104	0.052	0.107
Perceived behavioral control							0.626	0.061	0.539**
R		.348 ^a			.437 ^b			.568 ^c	
R Square		.121			.191			.322	
R Square Change		0.121			.070			.131	
F Change		5.388			44.271			105.498	
Sig. F Change		0.00			0.001			0.00	

Model 1 – the variable attitudes was regressed on adoption of agency banking. Results in model 1 show that the attitudes explain 12.1% of variance in adoption of agency banking ($R^2\Delta = .121$; $f\Delta = 5.388$). further the results also confirm a positive and significant relationship between attitudes and adoption of agency banking ($\beta = .144^*$).

Model 2 – subjective norms was added in model 2. The results show that the addition of subjective norms to the equation, accounts for an extra 7% of the variance explained by the model ($R^2\Delta = .070$; $f\Delta = 44.271$). The results also confirm a significant relationship between subjective norms and adoption of agency banking ($\beta = .132^{**}$).

Model 3 – perceived behavioral control was added in model 3. The results show that the addition of perceived behavioral control to the equation,

accounts for an extra 13.1% of the variance explained by the model ($R^2\Delta = .131$; $f\Delta = 105.498$). The results also confirm a significant relationship between perceived behavioral control and adoption of agency banking ($\beta = .539^{**}$).

Overall final model explains 32.2% of variance in adoption of agency banking. This means that the remaining 67.8% is explained by factors other than attitudes, subjective norms and perceived behavioral control

Discussion of findings

The findings show a positive and significant relationship between attitudes and the adoption of agency banking. A positive attitude toward agency banking, such as its ease of use, security, and convenience, encourages market vendors to adopt the service. Agency banking allows vendors to access services without visiting a bank or worrying about closing hours. This flexibility makes it easier for them to save after a long day of work. These results align with Billows and McNeill (2018), who found that a positive attitude increases the likelihood of adopting agency banking. Kulviwat et al. (2009) also noted that a positive attitude toward technology fosters acceptance. When customers have a favorable attitude, they are more likely to recommend and stay loyal to agency banking.

The findings show a positive and significant relationship between subjective norms and the adoption of agency banking. When market vendors receive information from trusted sources or social media, they are more likely to adopt agency banking. Recommendations from others can make them perceive the service as trustworthy, shaping their attitude and intention to use it. This aligns with Kim & Park (2011), who found that referent sources influence individuals' attitudes toward adopting innovations. Subjective norms reflect an individual's perception of whether significant others would approve of a certain behavior (Fielding et al., 2008). Lopez-Nicolas et al. (2008) suggest that societal standards and social media, along with views from

friends and family, influence people's perceptions of acceptable behaviors.

The findings show a positive and significant relationship between perceived behavioral control and the adoption of agency banking. When vendors feel in control of using agency banking, their confidence and self-efficacy increase, boosting adoption. This confidence stems from knowing their personal information is secure and receiving transaction receipts. As a result, vendors are more likely to adopt agency banking. These findings align with Hong (2019), who found that greater confidence in using agency banking enhances self-efficacy. Customers who feel in control are more likely to adopt technologies that involve them in decision-making (Mathwick et al., 2020).

Conclusion

If market vendors believe that engaging in agency banking will enhance their reputation and have a positive attitude toward the service, they are more likely to choose agency banking. Individuals can easily be influenced by word of mouth to become aware of the benefits of using agency banking, and they are more likely to adopt it if the information comes from trusted sources or social media. The more confident consumers are about successfully using agency banking, the greater their perception that they can navigate it as intended, thus increasing their intention to use the service.

Recommendations

Banking institutions should promote agency banking, especially through social media, to influence market vendors' social norms and increase adoption.

User attitudes should be improved by securing personal identification numbers, assessing the credibility of agency bank operators, and enforcing security policies. This will make customers feel safer and more likely to adopt the service.

Perceived behavioral control should be enhanced by organizing training for market vendors on effectively using agency banking. This will boost their

confidence, help them feel in control, and encourage adoption.

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