

How the Future of Banks could be affected by Mobile Payments of Tech Corporations

Bachelor Thesis
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| Date of submission: | 10.11.2016 |
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Abstract

Mobile payments have become very important the last several years and could become a major threat to current banking system because tech corporations could provide banking services in the future as well. To answer this question, it is necessary to find out how banks might be affected, what the intention of customers is and if they are willing to move some of the services currently provided by their bank to a tech corporation. A review of the banking theory and a model of a two-sided market shows that banks mainly rely on interest and fee income in their business and might be affected there because of services provided by tech corporations. This research focuses on the customers' perspective, on their adoption of mobile payments and attempts to proof this issue for German and Swiss people as well as take a look at potential adoption of future banking services of tech corporations. To address this problem an online survey within Germany and Switzerland was conducted. Two sub-samples were then created afterwards to figure out differences between older and younger people that cannot be confirmed according to the chi-squared tests. The results of the survey show that most of the customers know of several mobile payment services but have not made any payments yet or use it regular basis. Security aspects, trust and costs, are the major aspects that keep customers from using mobile payment services regularly or instead of another payment method. So far, customers still prefer banks because the broader services of tech corporations are not available yet. In addition, the question of trust and security issues have not yet been properly solved. However, the trend within the customers is already visible to use those services, that was also proven by OLS regressions, if they might be provided. Tech corporations as independent banks seems to be very unlikely now and in the future because of regulation, experience and customer trust. This, a partnership between banks and tech corporations seems to be possible as customers would like to see this in the future. Finally, it can be seen that tech corporations affect banks already because banks have to think about new technologies, a cashless future, new ways of payment methods and how a partnership with tech corporations might look like and be beneficial for them and of course for their customers.