

An Exploratory Study on the Factors that Influence the Adoption of Internet Banking With Reference to Select Commercial Banks in Saurashtra

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Abstract

The emergence of Internet technology, particularly the World Wide Web has introduced new ways for doing business. Banking is not an exception to it. Internet is increasingly used by banks as a channel for receiving instructions and delivering their products and services to their customers. This form of banking is generally referred to as Internet Banking, although the range of products and services offered by different banks vary widely both in their content and sophistication. Internet banking allows customers to interact more with the front office operations and at the same time, it allows the bank to concentrate the back office operations by increasing their efficiency (Corrocher, 2002). The motivation for this study arose out of the rapid development of Internet banking in India. Since 1997, after the launch of the first Internet based banking service, the number of Internet bankers has grown at an enormous pace. An inhibiting factor is concern. In broad terms, the present study aims, as the title —demographic factors affecting adoption of Internet banking in India indicates, to explore the world of electronic banking through the eyes of the consumer, and by so doing seeks to increase the understanding of consumer attitude formation and behaviour. The identification of personal characteristics related to the adoption of internet banking is critical for market targeting and can help banks in product design and in formulating campaigns that will encourage the adoption of the service. The objective of this study is to describe demographic differences amongst the users and non-users of Internet banking, which is an integral part of consumer behavior strategies.

Keywords: Internet, Electronic, Attitude, Campaign, Demographic.

Introduction

1. Research Background

This study is to identify the factors influencing adoption of internet banking from customer's point of view thus the most appropriate strategy is quantitative survey. The offline questionnaire method is used so in this study it was justifiable to get data from internet users in order to apply Saurashtra region as a whole. Also internet users were considered because it was assumed that in order to be familiar with internet banking, respondents have at least familiar with internet.

The awareness is the formed as a result of interpreting the experience. There is a growing interest in understanding the users' experience (Hiltunen *et al.*, 2002.)^[30] As it is observed as a larger concept than user satisfaction. From this perspective, assessing the user experience is essential for many technology products and services (Wilson & Sasse, 2004)

Customers have started perceiving the services of bank through internet as a prime attractive feature than any other prime product features of the bank. Customers have started evaluating the banks based on the convenience and comforts it provides to them. Bankers have started developing various product features and services using internet applications.

Thus this study will try to examine the customer's perceptions towards internet banking considering select commercial banks in the Saurashtra region.

2. Review Of Literature

Internet banking has many names such as online banking, Electronic banking, e banking, virtual banking etc. In general it is a feature introduced by the bank to its customers to log into their individual registered domain account (through the given username and password) on bank website (through internet) and do almost every transaction they do by visiting the bank. Registered internet banking users can perform common banking transactions such as writing checks, paying bills, transferring funds, printing statements, and inquiring about account balances etc. Different types of research paper are listed below.

Elisha Menson AUTA (2010)

In his research paper "E-banking in developing economy: empirical evidence from Nigeria". This paper empirically examines the impact of e-banking in Nigeria's economy using Kaiser-Meyer-Olkin (KMO) approach and Bartlett's Test of Sphericity which support the use of factor analysis in order to extract independent variables associated with e-banking. The paper explores the major factors responsible for internet banking based on respondents' perception on various e-banking applications.

Dr. Renu Arora and Dr. Surabhi Singh (2011)

In their research paper "Service quality of online banking services in public, private and foreign banks in India". These paper present recent developments in information technology have led to major changes in service providing organizations such as banks. Every bank realizes that they must use

information technology to survive in this era. Through information technology, banks can better maintain the relationship with customers as customers tend to interact more with provided services through information technology.

Rimpi Kaur (December 2012)

In her research titled on “An Impact of IT on Branch Productivity of Indian Banking in the Era of Transformation”. It can research on banking all over the world witnessed changes during last decade, which perhaps it did not see during its entire history. The changes are not only confined to developed countries, banking in developing countries like ours has also witnessed drastic changes.

Dr. G S Gireesh Kumar, Bijoy A P and Ajimon George (December 2012)

In their research paper “Effect of Service Quality Dimensions on Adoption of Internet Banking– an Empirical investigation of Customer’s Perspectives in Kerala”The purpose of this research is to examine the interrelationship between the IB service quality dimensions and adoption of IB by customers in Kerala. Using a structured questionnaire, primary data were collected from 240 IB users from both public sector banks and private sector banks, identified randomly from various parts of Kerala.

Jayshree Chavan (June 2013)

In his research paper “Internet Banking- Benefits and Challenges in an Emerging Economy”. This study presents New Information technology has taken imperative place in the future expansion of financial services, especially banking sector conversion are affected more than any other financial provider groups.

Dorra Gherib (2014)

In their research paper titled “Adoption and diffusion of internet banking: case of Tunisian banking sector “tried to observe the embracing of Internet banking in the Tunisian banking industry. The aim is to make out factors that accelerate or slow down the implementation process. The literature review enables identifying a set of variables: organizational, individual and structural. The research methodology used within this study is the case study. Five case studies in banking sector were executed. The sample is shaped by banks that adopted the Internet Baking as a modernization.

Kartikeya Bolar (April 2014)

In their research paper “ End-user Acceptance of Technology Interface In Transaction Based Environment “ This paper presents Creators and investors of technology need information about the customers’ assessment of their technology interface based on the features and various quality dimensions to make strategic decisions in improving technology interfaces and compete on various quality dimensions. The research study identifies the technology interface dimensions as perceived by the end-users in a transaction based environment (viz. Internet banking) in India, using exploratory factor analysis.

3. Research Sub Question

Based on this overall research question, the following sub questions to be answered are:

1. How does perceived security levels influence the use of internet application.
2. Does internet experience have a profound impact on the use of internet application?
3. How has marketing exposure helped in the use of internet application?
4. How does the effect of internet experience on the use of internet application.
5. How can and to what extent web designing affects the use of internet application.
6. What is the effect of test of reliability on the use of internet application?

4. Research Aim & Objectives

4.1 research aim

“To study the factors influencing the adoption of internet banking with reference to select commercial banks in Saurashtra Region”

Objectives OF THE STUDY

However, based on the main objectives of the study, the following sub objectives were evolved for the study:

1. To study the effect of security levels on the use of internet application.
2. To study the effect of internet experience on the use of internet application.
3. To study the effect of marketing exposure on the use of internet application.
4. To study the effect of internet experience on the use of internet application.
5. To study the effect of web designing on the use of internet application.
6. To study the effect of test of reliability on the use of internet application.

5. Research Hypotheses

To achieve the above objective of the study, the following hypotheses had been formulated and will be tested:

1. Hypothesis for testing the perceived security levels for the adoption of internet banking

- H 1 (0): There is no significant difference between perceived security levels as a factor affecting internet banking.

2. Hypothesis for testing the internet experience as a factor affecting the adoption of internet banking

- H 2 (0): There is no significant difference between internet experiences as a factor affecting internet banking.

3. Hypothesis for testing the marketing exposure as a factor affecting the adoption of internet banking

- H 3 (0): There is no significant difference between marketing exposures as a factor affecting internet banking.

4. Hypothesis for testing the internet skill as a factor affecting the adoption of internet banking:

- H 4 (0): There is no significant difference between low internet skills as a factor affecting internet banking.

5. Hypothesis for testing web designing as a factor affecting the adoption of internet banking:

- H 5 (0): There is no significant difference between web designing as a factor affecting internet banking.

6. Hypothesis for testing the reliability as a factor affecting the adoption of internet banking:

- H 6 (0): There is no significant difference between reliability as a factor affecting internet banking.

6. Research Design

A research design is a framework or blueprint for conducting the research project. It details the procedure necessary for obtaining the information required to structure or solve the research problem. A research design lays the foundation for conducting the research project. The cross sectional descriptive research design is used for conducting this research work because this research design enables the researcher to study the problem at the given point of time of the population of interest. To identify the problem, to develop an approach to the problem and to formulate an appropriate research design, primary and secondary data is used. Primary data was collected by interviewing customers at the bank site locations through a structured questionnaire.

6.1 Sampling Element

The study is carried out by interviewing bank customers in Saurashtra. The banks included for the purpose of study were Axis Bank, HDFC Bank, ICICI Bank, Bank of Baroda of Jamnagar, Rajkot, Bhavnagar and Surendrenagar Districts. The customers were targeted by visiting different banks.

6.2 Sampling Technique:

The researcher has applied multistage sampling and convenient sampling technique which is carried out in various stages. Here Non probability convenient random sampling technique based on the judgment of the surveyor has been used for the purpose of data collection. The population elements were selected based on the researcher's own judgment. The sampling has been collected considering the following factors:

- The customers already having reliability for security was selected under the study were considered.
- The customers already having user friendly GUI were selected under the study were considered.

6.3 Sampling Size:

The sampling size of 400 respondents was selected from different bank locations in different cities in Saurashtra as well as locations in Jamnagar.

7. Analysis and Interpretation of Data

The collected data has been duly edited, classified and analyzed by using all types of relevant statistical techniques like pie charts, diagrams, tables, parametric & Non parametric test including the ANOVA test, Robust Test Welch Brown – Forsythe, Normal Parameters Mean Std. Deviation, Kolmogorov smirnov Z (One Sample k-s test), Levene

Statistics, Kruskal-wallis, Levene Statistics, Kruskal – Walls, Mann-Whitney Test, Wilcoxon W, Z Test.

8. Significance of the Study

The banks provided clear picture about the customer prospective for internet banking services with new edge. It indicates whether, the customer is enjoyed for new features with his or her bank or not. It is also indicate the attention towards the problem faced by the customers while using the internet banking services or innovative banking services provided by the bank. It may help to solve the problems of bank and take necessary action against the problem of their customers which provide the innovative banking service more and more popular. It gives an idea of customer's behavior, their internet experience, internet skill and the awareness regarding modern and latest internet banking services.

This study gives the idea for improvement about internet banking services or new features for innovative banking. Innovative banking services or the customer's awareness regarding the use of easy e-banking services but also it will guide the society, a lay man, Government and future researcher for the tremendous modern way of thinking for better innovative services and the implementation of the appropriate steps against the difficulties of internet banking services. Banks can come to know the challenges of the e-banking services and by this study; banks can convert the challenges into future opportunities.

This research will definitely meet the need of maximum satisfaction of the customers and this satisfaction make the internet banking service easy, approachable, popular and available for each and every customer who wants to use it.

9. Limitations of the Study

All efforts have been made to ensure that the research is design and conducted to optimize the ability to achieve the research objective. However there are some constrains that do not validate the research but made to be acknowledge.

1. This study is restricted to Saurashtra Region only.
2. This evaluation is based on primary data generated through questionnaire and Collected from the respondent's customers of banks in Saurashtra and as such its findings depend on accuracy of data.
3. The sample consists of around 400 customers from different banks of Saurashtra region. The findings depend on accuracy of data.
4. The study is based on the response of the customer who is highly subjective in nature and findings depend on accuracy of data.
5. During the course of personal interview the subjective nature of interviewers might also have influence upon the response-received for the present study.
6. It is not possible to conduct an exhaustive search study due to its limitations of finance and time.

10 Suggestions

The following suggestions are made to improve the performance banks in four major cities of Gujarat state as well as in India.

- To increase use of internet banking, internet banking awareness programs should be introduced and practical training workshops for the customers should be organized.

- Modern technology based services like ATM, EFT, EBP, credit & debit card, Tele & mobile banking, Digi & Net cash and so on should be provided by the all kinds of bank.
 - For improving the operational efficiency, new technology should be introduced.
 - Maximum security should be provided by the bank to increase the reliability of E-banking.
 - To increase the use of on line banking, bank should take necessary actions to remove the operational complexity of their customers.
 - There is a need to implement proper security system to improve the reliability of on line banking transaction.
 - More ATM and Mobile alert are made to improve the performance according to the customer expectations.
 - There is a need to update bank website and bank should provide user prompt for easy on line transactions.
 - There is a need to reduce charges for the use of internet banking.
 - Bank should improve their customer services in all spheres of banking activities.
 - Employees of the bank should provide the fast services and should pay special attention against any complain of the customer.
 - Age group, education, occupation and the type of bank are the major factor of the customer which bank has to consider while introducing any policy.
 - There is need for proper planning with specific objective after considering the potential and particular characteristics of people in the area of internet banking operation.
 - There is a need for computer literacy or internet banking literacy. Banks can arrange work shop or training program to increase banking literacy as well as computer literacy.
 - There is a need to provide the proper atmosphere to avail the internet banking facility and day to day website updating.
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