

# Customer perception on usage of Internet Banking in Batticaloa District

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## Abstract

The Internet is the most important distribution channels for financial service sector in this current era. Financial institutions are finding ways to utilize internet technologies to launch internet banking services, an important issue is to understand what factors will impact the decisions of customers in adopting the service. However, there is still a need to more fully understand to customer use of banking via the Internet. Therefore the aim of the study is investigating the perceptions of customers on the usage of internet banking systems in Batticaloa district. Primary data was collected using a self - structured questionnaire from commercial bank customers. A total of 100 questionnaires were randomly administered to customers from various employment background and bankers. Study revealed that there is high level of perception experienced by the customers to adapt the Internet banking from anywhere at any time. Especially in terms of usefulness, security and ease of use has exhibited higher level of perception and concern trust and privacy comparatively influence less than the other three variables of perception. Implications for banks are that they need to put much effort not only into making a user-friendly internet bank, but also into explaining to their customers how the internet bank is useful to them.

**Keywords:** Internet Banking, Banks, Perception, TechnologyIntroduction

## Introduction

Information technology plays a major role in shaping industries all over the world (Hashim and Chaker 2008). Obviously, banks rely heavily on IT in conducting their businesses and spend huge amounts of money on such technology to reduce operation costs and gain competitive advantage over their rivals by offering customers better services through ATMs machines, telephone banking and more evidently in the last decade the internet banking (IB). Online banking was introduced in 1980's, has come a long way since then, though it was only in the mid 1990's that internet banking caught on and emerged in the developing countries (Peterson 2006). New Information technology has taken important place in the future development of financial services, especially banking sector transition are affected more than any other financial provider groups. Due to emergence of global economy, e-business has increasingly become a necessary component of business strategy and a strong medium for economic development. E-banking has become popular because of its convenience and flexibility, and also transaction related benefits like speed, efficiency, accessibility, etc. According to Munyoki & Ngigi (2011) continuous technology development, particularly information technology revolution has forced the banks to embrace internet banking channel as one of the strategies for their sustainable growth in an expanded competitive environment. Therefore this study intends to analysis insight of the aspects of consumer's perception on usage of internet banking and also it will assist bank administration to ascertain a better understanding of consumer perceptions of automated services in bank's products offering.

### **Statement of the problem**

Internet banking allows to the customers to perform a wide range of banking transactions electronically via the bank's website anytime and anywhere (Grabner-Kraeuter & Faullant, 2008). Nasri (2011) noted that with the help of the internet, banking is no longer bound to time or geography therefore consumers all over the world have relatively easy access to their accounts 24 hours per day, seven days a week.

Several studies have brought out a number of observations by researchers on what could have occasioned the low uptake and continued use of internet banking; while Nyagosi et al. (2009) thought it's because of other alternative banking channels, others like Ozuru et al. (2010); Gikandi & Bloor (2010) and Isaiah (2011) observed that customers have attitudes and perception that discourage them from using internet banking.

In focusing on the commercial banks in Batticaloa district, the current research is extrapolated further by using a more representative sample that captures the banking industry in Batticaloa district. It aims at investigating the perceptions customers have on internet banking by studying their perceptions on ease of using internet banking systems.

### **Significance of the study**

This research, which is about customers' perception of internet banking in Batticaloa district, should be very important because no such study has yet been known to be reported. Therefore, the outcome of the study can be of great importance to the banking industry in Batticaloa district, especially that banks spend a lot of money to utilize the IB service facility in an attempt to reduce their operation costs by reducing the number of customers that tend to visit their branches.

### **Objectives of the Study**

#### **General Objective**

The general objective of this study is to know how customers perceive using internet banking in Batticaloa district, which will enable bank managers to understand the major factors that influence customers' decision to use or not use online banking.

#### **Specific Objective**

- To investigate the level of satisfaction and trust in using IB in Batticaloa district.
- To determine the main reason for not using IB.
- To determine the perceived importance of diverse IB services.

### **Literature Review**

Mahdi and Mehrdad (2010) used chi-square to determine the impact of e-banking in Iran and their findings from the view points of customers is that, e-banking cause higher advantages to Iranians. In other words, Iran banks provide services that the customers are deriving satisfaction with particular reference to the use of e-banking. In a similar study, Jayawardhena and Foley (2000) explore e-banking as a new delivery channel arguing that e-banking may help to overcome the inherent disadvantages of traditional banks; it is very clear that if e-banking conducted successfully it leads to big volume of transactions.

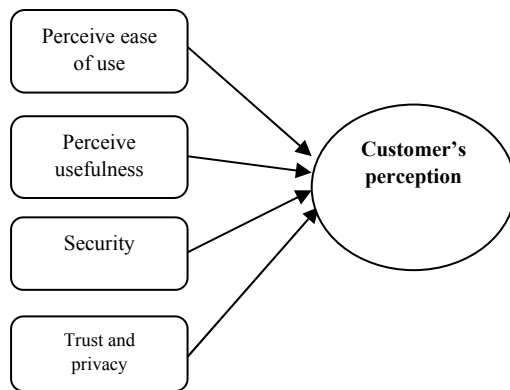
Sathye (1999) analyzed the factors affecting the adoption of Internet banking by Australian consumers. His sample was from individual residents and business firms in Australia. The study focused on the capital cities where use of internet and population was likely to be high. White and yellow pages were used as the frame of reference for personal and business customers, respectively. The findings suggest that security concerns and lack of awareness about Internet banking and its benefits stand out as being the obstacles to the adoption of Internet banking in Australia. He also suggests some of the ways to address these impediments. Further, he suggests that delivery of financial services over the Internet should be a part of overall customer service and distribution strategy. These measures could help in rapid

migration of customers to Internet banking, resulting in considerable savings in operating costs for banks. Akinici et al. (2004) developed an understanding of consumers' attitudes and adoption of Internet banking among sophisticated consumers. Based on a random sample of academicians, demographic, attitudinal, and behavioral characteristics of Internet banking (IB) users and non-users were examined. The analyses revealed significant differences between the demographic profiles and attitudes of users and non-users. IB users were further investigated, and three sub-segments were defined according to a set of bank selection criteria. Finally, based on the similarities between various Web-based bank services, four homogeneous categories of services were defined.

A study to investigate customers' perception on internet banking adoption in an emerging Indian economy by Safeena, Abdullah & Date (2010) noted that a majority of the respondents contented that a complex website took long to navigate through and thus discouraged many people to continue using it. The respondents considered website designs which were user friendly and easy to navigate as having a positive impact in usage of internet banking.

## Theoretical Framework

Based on exiting literature following conceptual framework has been developed. This conceptual framework establishes link between dependent and independent variables. The independent variable describes the participant's perception of the internet banking. The dependent variable describe the use and adaption of internet banking through the perceived the internet Banking as four variables such as perceived usefulness, perceived ease of use, security and trust and privacy.



## Research Methodology

### Research design

The research is carried out on Customer's perception on usage of internet banking in Batticaloa district. An exploratory research design is considered the most suitable approach in view of the nature of the problem was investigated. The questionnaire is divided into two sections. Section I captured basic demographic information regarding the age, gender, how often they use the internet banking, salary, qualification details. Section II captured information about the perception regarding the internet banking.

This section II used a five point Likert Scale having the ratings of "strongly disagree" (1) and "strongly agree" (5) will be used. Due to commercial confidentiality and sensitivity of the banking information the questionnaire was designed in a manner that is not required the respondents to reveal their names nor their banking institutions.

**Table 01: Data collection and data analysis**

Gender	Male	75	Type of account held	Saving	75
	Female	25		Current account	15
	<b>Total</b>	<b>100</b>		Both	10
Age	18-24	10	Signed for internet banking	<b>Total</b>	<b>100</b>
	25-30	55		Yes	70
	31-35	12		No	30
	41-45	10	Number of banks where users have internet banking account	<b>Total</b>	<b>100</b>
	46-50	13		One	55
	<b>Total</b>	<b>100</b>		Two	15
Marital	Single	55	Frequency of using internet banking	None	30
	Married	45		<b>Total</b>	<b>100</b>
	<b>Total</b>	<b>100</b>		Daily	15
Education	O/L	5	Duration of access to internet banking	Weekly	15
	A/L	10		Monthly	70
	Bachelor	60		<b>Total</b>	<b>100</b>
	Masters	25		Less than 1 year	35
	<b>Total</b>	<b>100</b>		Less than 2 years	55
Occupation	Private	10	Duration of access to internet banking	Less than 3 years	10
	Government	80		Less than 4 years	10
	Self employed	10		More than 5 years	0
	<b>Total</b>	<b>100</b>		<b>Total</b>	<b>100</b>

This type of research is convenience sampling study because data is gathered from member of the population. This research is limited to the commercial banks in Batticaloa District.

#### **Data collection and data analysis**

The study sample consists of commercial banks in Batticaloa district. The duly filled questionnaires were analyzed using Statistical Package for Social Sciences (SPSS) version 16 also descriptive statistics was computed to interpretation of the findings. A total of 100 questionnaires were randomly administered to customers from diverse employment background and bankers. Data was collected over a period of one month's commencing from the second week of August 2015 to September 2015.

#### **Results**

##### **Demographic Characteristics and preferences with Internet banking users**

The research information obtained through 100 structured questionnaires. In the first section Demographic information was obtained such as gender, age, faculty institution, and year of study there and some preference questions regarding the Internet banking are follows.

## **Table 02 - Information of Respondents**

### **Gender**

According to the table – 02 the above table showed; among the total 100 sample 75% represent male and only 25% female.

### **Age**

The above table shows among the total sample 55% laid under the ages between 25 to 30 years, and customer perception regarding the Internet banking highly use by the age group of 25 to 30 than other age category. However, 15% of customers fall under the age group of 46-50 years. Likewise 10% of customers fall under the age group of 18-24 years and 41-45.

### **Marital status**

Among the total 100 sample 55% represent single and only 45% married customers.

### **Education**

When investigating engages with Internet banking, results showed that higher levels of using Internet banking are 60% of the respondents were completed the bachelor degree, 25% of the respondents were completed master degree and finally 15% of customers completed the O/L and A/L.

### **Occupation**

When investigating engages with Internet banking, results showed that 80 % of customers represented government employees, 20% customers represented as a private and self-employed.

### **Type of account held**

The above table shows among the total sample 75 % of customers are holding saving account, a most of the customers are holding a saving account, 15% of customers are holding a current account, 10% of customers are holding a both category account.

### **Signed for internet banking**

The survey next aimed at establishing respondents Signed for internet banking most of the customers are signed the internet banking, 70% of customers access the internet banking, and only 30 % didn't access the internet banking.

### **Number of banks where users have internet banking account**

The survey also aimed at establishing respondents Number of banks where users have internet banking account, results showed 55% of customers use only one bank in internet banking, 15% customers accesses two banking in internet banking system, and 30% customers no access uses in any internet banking system

### **Frequency of using internet banking**

The survey also aimed at establishing respondents Frequency of using internet banking, most of the respondents has used monthly basis, 70% of customer's access the internet banking monthly, and 30% of customer's uses daily and weekly.

### **Duration of access to internet banking**

The survey next aimed at establishing respondents Duration of access to internet banking. Most of the customers around 55% respondents access the internet banking in less than two years, 35% respondents access the internet less than one year, 10% of the respondents access internet banking less than 3 in to 4 years, and none of them didn't uses more than 5 years.

**Table 02: Mostly interested internet banking activities**

<i>Description</i>	Independent variable Dimensions				Overall perception level
	<b>Perceived ease of use</b>	<b>Perceived usefulness</b>	<b>Perceived security</b>	<b>Trust and privacy</b>	
Mean	4.35	4.25	3.73	3.52	4.11
Standard Error of Mean	0.37	0.61	0.98	0.82	0.54
Std. Deviation	0.377	0.609	0.978	0.87	0.543
Variance	0.137	0.371	0.957	0.95	0.295
Minimum	3.00	2.00	1.00	1.00	3.00
Maximum	5.00	5.00	5.00	5.00	5.00
Decision Attribute	High Level	High Level	High Level	Moderate level	High Level

**Mostly interested internet banking activities.**

Through our study 98% of respondents are interested in checking their bank account balance. Another 80% of respondents revealed that because of the adaption of Internet banking they are interesting to settle bills payment, and. e-mail enquiry selected interested activities (90.0%) of the respondents. Making an order and stop the cheque payments selected interested activities (65.0% and 30.0%), know bank products (75.0%). Transferring money from own accounts also interested activities (45.0%) . and finally changing respondents banking pin numbers activities (60%) This result shows that Internet banking was applied in mostly for checking bank account balance. The following table describes the interesting activities of the M- banking users.

**Research information**

The adaption of internet banking assessed with four dimensions: perceived usefulness, perceived ease of use, perceived security concern and Trust and privacy. Perceived usefulness dimension has a mean value 4.35 with the standard deviation of 0.377. The mean value clearly showed that respondents have high level perception about Internet banking. Perceived ease of use dimension has a mean value 4.25 with the standard deviation of 0.609. According to the findings, ease of use factor is highly influence the perception of Internet banking. The customers clearly understand the ease of use through the perception of Internet banking. Perceived security concern dimension has a mean value 3.73 with the standard deviation of 0.978. Trust and privacy dimension has a mean value 3.52 with the standard deviation of 0.87. According to the findings, perceived security concern factor is highly influence the perception of Internet banking. The Perception of Internet banking adaption includes the perceived usefulness, perceived ease of use, perceived security concern and Trust and privacy. From the analysis the overall perception of internet banking adoption has mean value of 4.11 and SD is 0.543. This results shows the perception of Internet banking adaption is high level because the mean range is between (3.5<x>5.0).

**Table-03: Generating adaption of internet banking perception**

<b>Internet banking service</b>	<b>Yes</b>	<b>No</b>
Check account balance	98	02
Account statement enquiry	50	50
Transfer of funds	45	50
Order cheque book	65	35
Stop cheque payment	30	70
e-mail enquiry	90	10
Change password	60	40
Know bank products	75	25
Bills payment	80	20
<b>N =100</b>	347	

## Conclusion

This study had been attempted to identify the factors influencing the perception of Internet banking among the customers on the commercial banks in Batticaloa district, Sri Lanka, concern with four factors such as perceived usefulness, perceived ease of use, perceived security concern and Trust and privacy was analyzed. Each of the factors has certain dimensions with their indicators explicitly denoting the high level of perception. The customers who are holding an account in commercial a bank, Batticaloa are adapted in the Internet banking that is encouraging their day to day banks transaction work properly. This adaption of Internet banking definitely has a direct influence on their perception of personnel life.

Overall perception about Internet banking has mean value *4.11* and standard deviation *0.543*. Study revealed that there is high level of perception experienced by the customers to adapt the Internet banking from anywhere at any time. Especially in terms of usefulness, security and ease of use has exhibited higher level of perception and concern trust and privacy comparatively influence less than the other three variables of perception.

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