

# **An Analysis on the Consumers' Adoption of Online Banking in Sri Lanka**

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**ABSTRACT.** Technological revolution enables organizations to rethink their strategies in delivering their products, services to customers, and business as a whole. Internet plays very vital role in all aspects of business and personal life. Businesses increasingly adopt internet related technologies to their business operations. Banks are no exception to this phenomenon. Online Banking is an emerging technology that permits conduct of banking transactions through the Internet. By providing these services, banks can get notable cost savings, reduce their branch networks, and downsize the number of their service staff. However, banks are interested in knowing what factors influence customers in adopting Online banking facilities since the adoption rate varies to country to country and the different factors have influence in different countries towards using online banking.

The purpose of this research is to identify the factors that influence bank customers in the adoption of Online banking services in Sri Lanka. The hypotheses were developed from the literature review to study the adoption of Online banking in the context of Sri Lanka. Technology Acceptance Model (TAM) is the primary basis for the study since this model was used in the earlier studies for the same purpose and other context. The survey was done by using a pre developed and tested questionnaire for the same purpose. The sample consisted of 150 bank customers from five banks in the Colombo Metropolitan area. The data were subject to statistical analysis with the help of SPSS 13.0 version. Factor analysis, regression analysis, and correlation analysis were done. The results revealed that the factor 'Awareness of Online Banking' was the most influencing factor among the other factor such as 'Perceived Usefulness', 'Perceived Ease of Use', and 'Security and Privacy'. The research model was significant (0.611). Further, the results revealed that Age and Income of background variables have positive relationship with the adoption of online banking. Eventually, one hypothesis was accepted among the four.

**Key words:** Online Banking, Adoption, Technological Acceptance Model.

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