Internet Banking in Sri Lanka – Customer Concern

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Abstract- The banking sector recognized as the dominant and leading sector of adopting the trend of using Internet to serve their customers. Banks are now moving forward towards Internet banking from their traditional banking procedures and adopt e-commerce to carry out most of their banking transactions. The prime objective of undertaking this study is to analyse the contributors of the customer adoption of Internet banking in Savings Bank in Sri Lanka. The self-administered questionnaires relying on a 4 point likert scale was distributed to sample of 300 customers who are using internet banking and analysed and the corresponding findings are discussed in the work.

Index Terms- Customer Adoption, Internet Banking, Relative Advantage, Risk and Compatibility

I. Introduction

The banking activities are the fundamental backbone for the development of an economy and the endurance of any country. The tremendous growth in of Information technology occupied the space in the field of banking too. The Internet has encouraged an IT-based transformation in the financial services sector that has drastically transformed the mode that banking services are provided. This advancement in banking sector, referred as Internet banking (IB), which allowed busy people to complete their financial activities in a cost-effective and efficient manner at any time of the day at any place (Makris et al., 2009). Huge collection of financial amenities such as bill payments, checking account information, balance inquiry, fund transfer, and utilizing investment and check services through bank websites are possible whenever and wherever via internet banking to customers (Tan and Teo, 2000).

Internet banking (IB) is defined as "the use of the internet as a remote delivery channel for banking services, and an internet banking is defined as a bank that offers (web-based) transactional services" (Gopalakrishnan, Wischnevsky and Damanpour 2003). Both the bank and the customers are benefited via the internet banking services. Internet banking permits banks to cut-down their operation expenditure with the reduction of physical facility and human resources also reduce the queuing time in branches which help to concentrate on other prospective business operations which help to increase the sale performances and wider reach (Hernando and Nieto, 2007). In customers' perspective, internet banking allows them to do a wide range of bank transaction electronically through the bank web-site anytime from anywhere (Granbner-Krauter and Faullant, 2008). Despite of many benefits of internet banking the numbers of customers are not increasing as the number of internet users. Adoption of internet banking among customers is not in pace as banks are expecting. Especially the internet banking in developing countries is still in its nascent stage. Deyoung added that slow and low adoption of new technology and related product and services indicates threat for success of that technology (Deyoung R and Duffy D, 2002)

Therefore, there is a clear need to investigate the factors that influence customers' adoption to the internet banking services, so that banks can better formulate their marketing strategies to increase this service usage in the future. This study aims to identify the factors impact the ability on the customers' acceptance of internet banking services in Sri Lanka. The study began with a literature review followed by research model then data analysis and results and discussion followed by conclusion and references.

II. Literature Review

Wijayaratne (2015) has undertaken a study to analyse the expansion of the Internet banking and overcoming the barriers to adopt Internet banking among Sri Lankan customer for the 27th Anniversary Convention of the DFCC Bank. Factors such as image barriers, traditions, risk, value, usage and lack of awareness were measured against the Internet banking adoption. Results revealed that these six dimensions have significant negative relationship with the adoption of the Internet banking. Based on the findings, Wijayaratne (2015) concluded that usage barrier has the most significant impact on adoption of Internet banking followed by the value barrier and the image barrier.

Six dimensions were used including trust, security, easy to use, banking needs, relative advantage and customer attitudes in a study carried out by Wickramaarachchi (2015) in analysing the factors affecting customer adoption of Internet Banking among the People's Bank customer in Colombo and Gampaha district. The results divulged that age group between 26-40 and who have education attainment above the G.C.E. A/L are more likely to use Internet banking. Males use Internet banking than the females. Results also evidenced that easy to use and the customer attitudes as the major determinants of Internet banking adoption.

Shiraj (2015) also studied the factors affecting the adoption of Internet Banking referring the commercial banks in South Eastern region of Sri Lanka. Factors such as attitude towards change, perceived benefits, perceived risk, age, gender, occupation, user IT knowledge and information on online banking were used as independent variables. It was found that the adoption or not adoption significantly influenced by the factors of perceived risk, perceived benefits, attitudes towards change and IT knowledge of the users. Information available on Internet banking does not to have any impact on the customer adoption. This study also confirmed that men likely to adopt Internet banking than women and the individuals between the age of 25-40 adopt Internet banking than other age groups levels.

Similarly, Hettiarachchi (2013) examined the factors affecting customer adoption of Internet banking considering decomposed theory of planned behaviour. This included subjective norms, perceived behavioural control and attitudes (risk, trialiability, complexity, compatibility and relative advantage). According to the results, it was noted that compared to subjective norms, perceived behavioural control and attitudinal factors significantly determine the customer intention to adopt the Internet banking. Factors such as technology support, self-efficacy, risk, trialability, internet skills, compatible with values and relative advantage influence the Internet banking adoption of the consumers. These evidences were compatible with the findings of Tan and Teo (2000).

An empirical investigation undertaken by Weerasekara and Abeygunawardhana (2011) to study the reasons from limited and slow adoption of Internet banking by the customers in Sri Lanka revealed that compared to the continuously increasing usage of Internet, the Internet banking adoption in Sri Lanka is very slow. Four distinct variables were considered in measuring the reason for this situation including, consumer resistant to change, perceived characteristics of the Internet banking, awareness and knowledge of the Internet banking and legal support and IS security. Among these factors resistant to change found to be the most influencing factor that limits the customer adoption of Internet banking. Awareness and knowledge and legal support and IS security also have significant impact on the customer adoption of Internet banking. However, perceived characteristics of Internet banking has no impact on limited adoption of Internet banking (Weerasekara and Abeygunawardhana, 2011).

III. Research Model

Based on the literature review the study model has been derived to understand the influence of "relative advantage, compatibility, complexity, trialability and perceived risk" on internet banking adoption by customers of a savings bank in Sri Lanka.

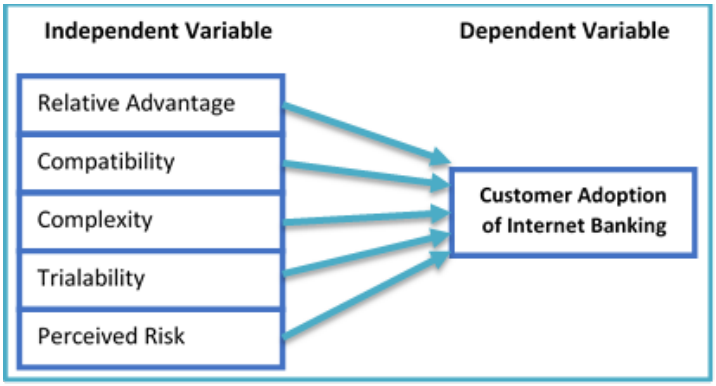

Figure 1: Age distribution

IV. Methodology

A. Sample and Data Collection

The targeted population for the study covers all customers using Internet banking facility in a savings bank in Sri Lanka. A total of 300 questionnaires were distributed to the customers residing in the Colombo city of Sri Lanka. Of the total, 274 usable questionnaires with a percent of 90% were received for the analysis.

B. Measurement and Analysis

The first part of the questionnaire demonstrates the background data of participants including age, gender, educational level, and occupation. These variables were divided into distinctive categories, and nominal scales was used. The second part includes the items of the model variables that anchored by a 4-point Likert scale (strongly disagree = 1, disagree = 2, agree = 3, strongly agree = 4). In that, the measurements of prior research were employed to measure the relative impact of separate independent variables on customers' adoption of Internet banking in a savings bank in Sri Lanka.

C. Testing Reliability

Cronbach's Alpha was used for measuring the total consistency between all items of the instrument and internal consistency among items for each dimension. The minimum alpha of 0.6 sufficed for the early stage of research (Nunnally, 1978). The minimum proposed composite reliability value is 0.70 (Hair et al., 2010).

The results of reliability analysis show that the value of Cronbach's alpha is in the very good range for all variables and also of overall questionnaire. The value of Cronbach's alpha of the overall questionnaire is 0.902 which indicates that the data and the instrument are almost 90 percent reliable, and the study could get consistent results by using this instrument. Results of the reliability analysis confirm that the data and the instrument are reliable for any further estimation (Table 1).

TABLE I
RELIABILITY TEST

Dimension	No of Items	Cronbach's Alpha
Relative Advantage	2	0.895
Compatibility	2	0.878
Complexity	2	0.835
Trialability	2	0.962
Risk	2	0.918
Customer Adoption	5	0.808

V. Results and Discussion

A. Age composition

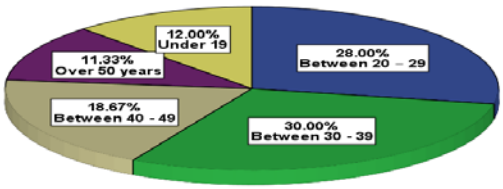

Figure 2: Age distribution

In relation to the age of respondents, 30% were for the age of 30 to 39 years old, followed by the age group of 20 – 29 with 28%, 18.67% were fir age if 40 – 49, and nearly 12% were for age below 19 and above50 years old. It can be said that the higher percentages were associates with the ages of economic young workforce. This category groups prefer to use the Internet banking than the other age groups. Most of them are doing a job

so they want to do their bank transactions immediately with higher security. The age above 50 do not show much interest towards the modern technology, furthermore the age below 19 years old do not use the internet banking because they do not have the banking accounts so they do not use the internet banking facility. The similar kind of link between the age of customer and Internet banking adoption was found in previous researchers (Ameme, 2015; Njuguna et al., 2012; Pikkarainen et al., 2004). Wngwanitchackron, (2002) pointed out that elderly people are less likely to be adopters of internet banking online systems than young people.

B. Gender distribution

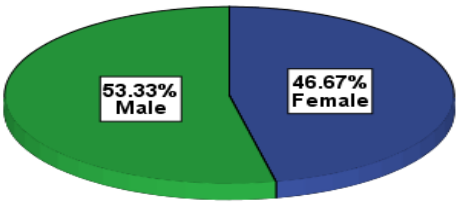

Figure 3: Gender distribution

For the Gender analysis, the results revealed that from the total sample 53.33% of the Internet bank users are males and females are amounting to 46.67%. Under the gender distribution male people more interest to use the internet banking than female as the reason for that female have not enough knowledge about this facility and also they have not enough time to use it. So that's the reason more percentage in male. Wickramaarachchi (2015) revealed that female are less likely to be adopters of internet banking online systems than male. The same type of association between the gender and Internet banking adoption was found by Shiraj (2015), confirmed that men are more prospective to adopt Internet banking than women.

C. Occupation

According to the findings, sample is comprised with customers with different occupations. Among them, majority is the businessmen which is 34% followed by 25.33% of salaried employees and 21.33% of students. There are also some 8% of professions and 7.33% of house wives. Most of the businessmen do not have enough time to visit the bank; on the other hand they don't like to do the transactions physically. Thus most of them prefer to do their banking transactions with internet. Likewise most of salaried employees also prefer to do their bill payments, fund transfer and account balance checking through the internet due to the time constraint.

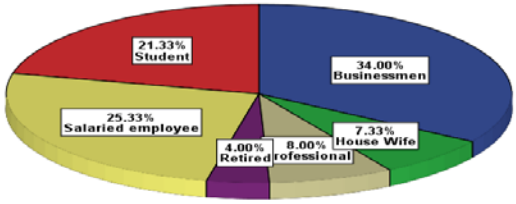

Figure 4: Occupation

D. Benefits of Internet banking

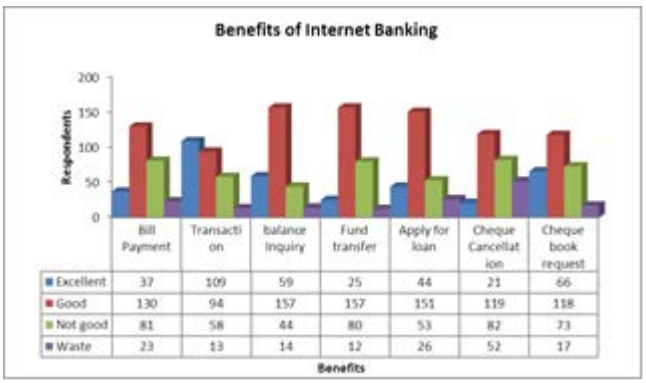

Figure 5: Benefits of Internet Banking

Bill payment

Majority of the respondents (46.7%) get benefited in bill payment facility and they rate it as good while 14% rate as excellent. On the other hand 28.7% of the respondents thought internet banking is not trustable option for bill payment where 10.7% supposed it is waste of all.

Transaction summary

It is found that 36.7% of the sample believed that this facility in the Internet banking is excellent and 34.7% believed that it is good. There are 22% who believed that transaction summary facility is not good while for 6.7% this facility is waste of all. Most of people like to know their transactions summary so 55 of people say this is excellent, because some of people do not have enough time to go to the bank to update their passbooks. But any person can know their transaction summary without going the bank.

Account information

Majority, which is 57.3% of the sample said that this facility is good and 18.7% said it is excellent while 17.3% said this is not good. Getting account information through online is waste of all for 6.7% of the customers .Majority of 80 people say good because without any cost any person can know their transaction summary.

Fund transfer

57.3% of the respondents believed that internet banking facility is good for fund transfer followed by 29.3% who stated that it is not good. 7.3% of the sample said that this facility is excellent while 6% said it is waste of all. If a customer wishes to deposit money to another account then s/he has to withdraw the money and deposit it again. But through this facility any person can transfer funds immediately without any float, thus most of the people like to use the internet banking facility.

Apply for loans

Majority (51.3%) of the respondents believes that Internet banking is good while 20% consider this facility as not good and 14% indicated that this facility is excellent. Furthermore 8.2% claimed, apply for loans through online is waste of all. Through the internet banking facility any person can apply loans such as. personal loans, housing loans, buddhi loans, etc., .All the required documents could be collected via the internet banking

service, so it make the work very easy for all. Hence most of people perceived the service as good.

Cheque cancellation

Another facility offered using Internet banking is the cancellation of cheques 47.7% of the respondents stated that cheque clearance via internet banking is good followed by 29.3% of customers who think that this service is not good. 17.3% indicated that this service is waste of all while for 6% of the respondents believed that this service is excellent. Internet banking facility enables people to cancel the cheques and stop the cheque payments.

Chequebook request

It is understood that for 44.7%, which is the majority of the sample, chequebook request facility is good and for 24.7% this service is not good. There are some 23.3% who said that this facility is excellent and 7.3% said this is waste of all.If we want to request cheque books that we can request it through the internet banking with minimum cost.because we do not fill any applications or any documents.so most of people like to use this facility

E. Descriptive Statistics

Mean values were calculated for all the independent and dependent variables in order to understand to what extent the sample respondents are experiencing these factors. Findings are as below;

TABLE II

DESCRIPTIVE STATISTICS

Variables	Mean	Std. Deviation
Relative Advantage	6.16	1.29
Compatibility	5.60	1.19
Complexity	2.76	0.91
Trialability	5.86	1.24
Risk	5.78	.1.30
Adoption of Internet Banking	14.40	2.38

As the table above reflects, the highest mean value is achieved for the independent variable relative advantage which is 6.16. Since the value can be ranging from 2 (lower) to 8 (higher), the achieved mean score is high. A total of 35% of respondents indicated that Internet banking made easy to handle their banking transactions, 45.6% of respondents were in moderate level of satisfaction, whereas 19.4% disagreed with the statements. However, more than 50% of respondents indicated that Internet banking gives them greater control in managing their finances more efficiently. Thus, it can be said that sample respondents highly recognize and experience the relative advantage of Internet banking. This means majority of the sample agreed that Internet banking brings them advantages than they actually perceived.

Trialability achieved a mean score of 5.86 while risk achieved a mean score of 5.78, both values are in the rage of satisfaction. Therefore, it can be said that according to majority's view saving bank give a space for experimental and it ensures the data security (minimum risk). At least 16.8% of respondents indicated that they are encouraged by the bank to try the internet banking before the actual usage and bank give enough time to experiment it with enough time on a trial basis, while 83.2% of respondents were disagree with these statements. With regard to security nearly 30% of the respondents disagreed that transactions via Internet banking is as safe as go to the bank branches physically, while about 50% of the respondents were uncertain, where about 30% agreed that operating via Internet banking is as safe as visiting the bank branches physically.

Compatibility achieved a mean score of 5.60 which also a high value indicating that Internet banking is compatible. The majority of respondents (67.4%) indicated that using Internet banking to do their banking business fits into their life style; only 32.6% disagreed with the statements. The respondents indicated that Internet banking is more convenient than queuing in the bank, branches and it enable them to save time and travelling.

The lowest mean value is recorded for complexity which is 1.4 indicating that according to majority's view, Internet banking is not complex to use. The majority of respondents (60%) indicated that they disagree that Internet banking programme makes it easy to manage their finances, while 40% of respondents were uncertain, with regard to the complexity exist in Internet bank service.

The dependent variable of adoption of Internet banking achieved a mean value of 14.40. The value can be ranging from 5 (lower) to 20 (higher), the achieved mean score is high which is a moderate value explaining that sample respondents somewhat adoptive towards Internet banking. The majority of respondents (46.9%) indicated that they do not have a favorable attitude towards the use Internet banking service, 30.9% of respondents were uncertain, while 22.2% indicated that they highly satisfied with the use of Internet banking service at present and in the near future.

VI. CONCLUSION

The basic purpose of this research is to identify and determine the most important factors of customer adoption of Internet banking service in a saving bank in Sri Lanka. The study was carried out to understand the factors influence on customer adoption of internet banking of a savings bank in Sri Lanka. A survey research questionnaire has been adopted and contextualized to collect the data from the users of Internet banking of different banks located in Colombo city of Sri Lanka. The sample size consists of 300 respondents. Customers using internet banking experiencing various ease as well as difficulty and build their perception according to that. However the result of this study concluded relative advantage of the internet banking is an important influencing factor to adopt, since the technology made ease of life and activities. Over all the study proves that customers of the savings bank in Colombo region are adopting the internet banking and feel quite comfortable which processing their day to day business through the online banking facility.

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