



Internet Banking Acceptance And Value Propositions: Empirical Study of Nse 50 Banks E-Customers of Ahmedabad City

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ABSTRACT

The paper aims at knowing whether the e-customer uses internet banking services provided by their internet banks based on the value of the product expressed in rupees and to what is given up or sacrificed to obtain a product, the core benefit and basic utilities that drive the consumer's acceptance of Internet Banking based on quality, uniqueness, usability, reliability, and durability, customer's personal orientation on consumption and addresses personal matters such as materialism, perceived utility individuals acquire by consuming products or services recognized within their own social group(s) such as conspicuousness and prestige value. The researcher has performed the chi square tests to know whether there is statistically any significant association between the acceptance of internet banking and value propositions in the mind of the e-customers.

KEYWORDS : Internet Banking, NSE 50 Banks, Financial Value, Functional Value, Individual Value and Social Value

INTRODUCTION

The internet technology, a major driver of the global village phenomenon has shaped and continues to shape business models—from bricks and mortar to bricks and clicks or pure play. The internet offers strategic market opportunity once it can be tapped into. It offers 24/7 exchanges, real-time responsiveness, interactivity, an efficient collation of customer data and environmental scanning among others. "The potential of providing innovative services over the Web" according to Chaudhury and Kuilboer (2002), "is limited only by one's imagination". According to the study, it took other major media technologies decades to hit a fifty million user population but the internet took about 5 years. Internet use is estimated to double in every 100 days (Khan, 2007). Figures put internet use, in June 2010 in Asia, at 825,094,396 up from 114,304,000 in 2000—constituting 42% of the 56% of world population (Internet World Stats 2010). Indeed, the internet, together with other technological advancements, has ushered in what many analysts term as the New Economy— a global transformation of commerce. Since the internet took shape as a strategic business tool in the nineties, it has been contended in many quarters that it has unleashed a revolutionary era for businesses.

LITERATURE REVIEW

There has been an increase in the level of research on the adoption of Internet Banking over the years. Some amount of this research is also focused on the process by which adoption takes place or the aspect of the diffusion. Brown (1981), Roger (1995) and Jun and Cai (2001) looked into the key quality attributes of the internet banking products and services by analyzing the internet banking customers' views on their banking experience. The reason for the lack of response from consumers for not adopting the technological innovations was found by Zeithaml and Gilly (1987). According to them, consumers do not trust technology. The research done by them also states that larger financial institutions are able to afford to invest more in internet banking and provide customer tailored services, compared to the smaller banks. (Furst, Lang and Nolle, 2002). Venkatesh et. al (2003) stated that an individual believes that using the system will help the individual attain gains in the work which they perform. Not only that higher the extent of the convenience perceived for using the technology higher will be the value propositions and thereby more and more people would adopt internet banking.

Thus if financial value, functional value, individual value and social value propositions are taken care of then the people will positively accept the change and embrace the given technology otherwise they will resist to it. Considering the same the Antecedents Constructs, First order Latent Variables and Second order latent variable

is conceptualized below. The researcher has based his conceptual framework on the research included in Wiedmann, Hennigs, Siebels / Measuring Consumers'Luxury Value Perception: A Cross-Cultural Framework

Financial Value Proposition—The financial dimension addresses direct monetary aspects such as price, resale price, discount, investment, etc. It refers to the value of the product expressed in rupees and to what is given up or sacrificed to obtain a product (e.g., Ahtola 1984; Chapman 1986; Mazumdar 1986; Monroe and Krishnan 1985).

Functional Value Proposition – The functional dimension refers to the core benefit and basic utilities that drive the consumer's acceptance of Internet Banking based on quality, uniqueness, usability, reliability, and durability (Sheth et al. 1991).

Individual Value Proposition – The individual dimension focuses a customer's personal orientation on consumption and addresses personal matters such as materialism (e.g., Richins and Dawson 1992), hedonistic and self-identity value (e.g., Vigneron and Johnson 2004; Hirschman and Holbrook 1982).

Social Value Proposition – The use of internet banking service appears to have a strong social function. Therefore, the social dimension refers to the perceived utility individuals acquire by consuming products or services recognized within their own social group(s) such as conspicuousness and prestige value, which may significantly affect the evaluation and the propensity to purchase or consume. Vigneron and Johnson 1999, 2004; Bearden, and Etzel 1982; Brinberg and Plimpton 1986; Kim 1998).

FIGURE 1 THE CONCEPTUAL FRAMEWORK



RESEARCH OBJECTIVE

To know whether Acceptance of Internet Banking is dependent on Financial Value Proposition, Functional Value Proposition, Individual Value Proposition and Social Value Proposition or not.

RESEARCH METHODOLOGY

The researcher has considered Top 4 Banks among NSE 50 (S & P CNX Nifty) companies which have average market capitalization of 5 billion rupees or more during last six months. These banks are State Bank of India, Axis Bank, ICICI Bank Ltd. and HDFC Bank Ltd and the respondents are who use internet banking services of the above four banks for satisfying their banking needs. Their opinions are collected for knowing whether the acceptance of internet banking is dependent on financial, functional, individual and social values. The survey of 200 internet banking users across Ahmedabad city was carried out by the researcher on the basis of convenience sampling method. A self-administered questionnaire was devised by the researcher. The questionnaire covered the questions relating to antecedents constructs such as Price Value, Usability Value, Quality Value, Uniqueness Value, Self Identity Value, Hedonic Value, Materialistic Value, Conspicuousness Value and Prestige Value. The questions asked in the research are based on the 5 point Likert scale. The researcher makes an attempt to answer the hypothesis that there is an association between Acceptance of Internet Banking and Financial Value, Functional Value, Individual Value and Social Value Propositions of the e-customers. For this purpose chi square tests for knowing the association are performed by the researcher.

HYPOTHESIS TESTING THROUGH CHI SQUARE TESTS

The researcher has conducted the chi square tests to prove whether acceptance of internet banking is dependent on price value, functional value, individual value and social value. The chi square tests results and inferences are mentioned below.

1. Chi Square Test between Acceptance of Internet Banking and Price Value

Table 1			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	25.730 ^a	9	.002
Likelihood Ratio	28.215	9	.001
Linear-by-Linear Association	6.341	1	.012
N of Valid Cases	200		

The probability of chi-square test statistic (chi-square = 25.730) was $p = 0.002$, which is less than alpha level of significance of 0.05. This tells us that there is statistically significant association between Acceptance of Internet Banking and Price Value

2. Chi Square Test between Acceptance of Internet Banking and Usability Value

Table 2			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.074 ^a	9	.065
Likelihood Ratio	17.387	9	.043
Linear-by-Linear Association	.587	1	.444
N of Valid Cases	200		

The probability of chi-square test statistic (chi-square = 16.074) was $p = 0.065$, which is more than alpha level of significance of 0.05. This tells us that there is statistically no significant association between Acceptance of Internet Banking and Usability Value

3. Chi Square Test between Acceptance of Internet Banking and Quality Value

Table 3			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.317 ^a	12	.947
Likelihood Ratio	6.501	12	.889
Linear-by-Linear Association	.075	1	.785
N of Valid Cases	200		

The probability of chi-square test statistic (chi-square = 5.317) was $p = 0.947$, which is more than alpha level of significance of 0.05. This tells us that there is statistically no significant association between Acceptance of Internet Banking and Quality Value

4. Chi Square Test between Acceptance of Internet Banking and Uniqueness Value

Table 4			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.312 ^a	9	.708
Likelihood Ratio	6.362	9	.703
Linear-by-Linear Association	.066	1	.797
N of Valid Cases	200		

The probability of chi-square test statistic (chi-square = 6.312) was $p = 0.708$, which is more than alpha level of significance of 0.05. This tells us that there is statistically no significant association between Acceptance of Internet Banking and Uniqueness Value.

5. Chi Square Test between Acceptance of Internet Bankings and Self Identity Value

Table 5			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.853 ^a	9	.095
Likelihood Ratio	17.837	9	.037
Linear-by-Linear Association	3.567	1	.059
N of Valid Cases	200		

The probability of chi-square test statistic (chi-square = 14.853) was $p = 0.095$, which is more than alpha level of significance of 0.05. This tells us that there is statistically no significant association between Acceptance of Internet Banking and Self Identity Value

6. Chi Square Test between Acceptance of Internet Banking and Hedonic Value

Table 6			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.853 ^a	9	.095
Likelihood Ratio	17.837	9	.037
Linear-by-Linear Association	3.567	1	.059
N of Valid Cases	200		

The probability of chi-square test statistic (chi-square = 14.853) was $p = 0.095$, which is more than alpha level of significance of 0.05. This tells us that there is statistically no significant association between

Acceptance of Internet Banking and Hedonic Value

7. Chi Square Test between Acceptance of Internet Banking and Materialistic Value

Table 7			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.736 ^a	9	.372
Likelihood Ratio	10.121	9	.341
Linear-by-Linear Association	3.784	1	.052
N of Valid Cases	200		

The probability of chi-square test statistic (chi-square = 9.736) was p = 0.372, which is more than alpha level of significance of 0.05. This tells us that there is statistically no significant association between Acceptance of Internet Banking and Materialistic Value

8. Chi Square Test between Acceptance of Internet Bankings and Conspicuousness Value

Table 8			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.490 ^a	9	.187
Likelihood Ratio	12.906	9	.167
Linear-by-Linear Association	.270	1	.604
N of Valid Cases	200		

The probability of chi-square test statistic (chi-square = 12.490) was p = 0.187, which is more than alpha level of significance of 0.05. This tells us that there is statistically no significant association between Acceptance of Internet Banking and Conspicuousness Value

9. Chi Square Test between Acceptance of Internet Bankings and Prestige Value

Table 9			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.277 ^a	9	.150
Likelihood Ratio	14.271	9	.113
Linear-by-Linear Association	.921	1	.337
N of Valid Cases	200		

The probability of chi-square test statistic (chi-square = 13.277) was p = 0.150, which is more than alpha level of significance of 0.05. This tells us that there is statistically no significant association between Acceptance of Internet Banking and Prestige Value

FINDINGS

According to the conceptual framework developed while reviewing the literatures regarding internet banking, the researcher has identified that acceptance of internet banking happens when the customer is of the opinion that all the four values viz financial, functional, individual and social values are fulfilled. However, the survey results shows that there is statistically significant association between acceptance of internet banking and financial value to be fulfilled rather than the other values such as functional, individual and social values. This is proved from the chi square test conducted by the researcher. Thus this signifies that the price value is the important determinant of the acceptance of internet banking by the e-customer.

CONCLUSION

Thus it can be summed up that–The financial dimension which addresses direct monetary aspects such as price, resale price, discount, investment, etc. It refers to the value of the product expressed in rupees and to what is given up or sacrificed to obtain a product is of great importance for the people who use internet banking services. The people exhibit the price sensitive behaviour when they use the internet banking services provided by their internet banks. The other values such as functional value, individual values and social value play the secondary role when it comes to the acceptance of internet banking services provided by the internet banks.

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