

Internet Banking Acceptance in Ahmedabad City



Management

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ABSTRACT

This paper will give direction to the banks that are providing internet banking services to their customers. The study is carried out to show the importance banks confer on internet banking and how this will give an edge among such intense competitive scenario. The banks examined in the study are the branches of NSE 50 banks in Ahmedabad City, as these banks provide all the four different levels of internet banking services to their customers. The study is conducted through primary data collection where questionnaires were designed and distributed to customers of the NSE 50 banks in Ahmedabad city. The paper attempts to deduce the most salient internet banking criterias which have the greatest impact on behavioural intention and satisfaction relative to gender thereby indicating that they accept internet banking services provided by NSE 50 banks in Ahmedabad city.

INTRODUCTION

The Internet was developed in the late 1960's in California. It is basically a massive network that is publicly accessible from a computer via a modem over telephone lines. It is accessible by anyone and because of the geographic area it encompasses, it presents banks with an existing network where opportunities for operating and marketing their products abound. The Internet also provides banks with the ability to deliver products and services to consumers at a cost that is lower than any existing method of delivery. Internet banking is easy to use and is cost effective. The developing economies are expanding technology to bring it to the doorstep of even rural dwellers. The Internet banking is changing the banking industry and is having the major effects on banking relationships. Even the Morgan Stanley Dean Witter Internet research emphasized that Web is more important for retail financial services than for many other industries. Internet banking involves use of Internet for delivery of banking products & services. It falls into four main categories, from Level 1 - minimum functionality sites that offer only access to deposit account data - to Level 4 sites - highly sophisticated offerings enabling integrated sales of additional products and access to other financial services- such as investment and insurance.

LITERATURE REVIEW

Today people increasingly need banking services. People expect more and faster services with higher quality; so attracting new customers and retaining current ones requires an efficient and effective management at all aspects of banks. Hence it becomes important for the bank to know how the consumer will react while embracing the technology. 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 prospectiveness of the technology. If the individual gets the adequate support in terms of the proper infrastructure to use the technology and also has an easy access to the same will also make the technology prospective. According to UTAUT theory Venkatesh et al. (2003), the relationships between performance expectancy and behavioural intention would be stronger for men than for women, while the relationship of effort expectancy on behavioural intention would be salient to women rather than men. In the current paper, perceived ease of use and usefulness are two dimension of service quality that would have significant influence on customers' loyalty. In terms of the service quality perspective, considerable numbers of researchers have found that several types of behavioural intentions (such as loyalty perception)

were affected by the perception of service quality (Parasuraman et al., 1988., 1994, Liu et al., 2000, Liu et al., 2001). Accordingly, we can expect that men would have more intention to use Internet banking than women, because Internet banking is a way of performing financial activities, including making investments, maintain a good relationship with the banks, saving money and opening several banking accounts. This may increase men's performance and abilities to be competitive in the future.

Nowadays where everyone is inclined to use the technology available, their perception that using technology will help them get an enhanced status among the individuals in the society also has an impact of making the technology prospective. But after undergoing the literature review the researcher is of the viewpoint that the full acceptance of the technology can only be known if the perceptions of the users related to trust, loyalty, service quality, responsiveness, security and satisfaction are thoroughly examined. Thus it can be deduced that different parameters such as performance expectancy, effort expectancy, social influence, facilitating conditions, trust, loyalty, service quality, responsiveness, fulfillment, security and satisfaction remain as the main basis and lay strong foundation for validating the research effort. The conceptual parameters devised by the researcher for the study is an attempt to get the answers to the following questions.

Performance Expectancy: Do you agree that Internet Banking is a prompt solution for getting all the banking needs fulfilled without any obstacles and in a timely manner?

Effort Expectancy: Do you agree that Internet Banking helps the respondent to minimize their effort for fulfilling their diverse banking needs?

Social Influence: Do you agree that Internet Banking is used because it has the influence on the status of an individual in the society?

Facilitating Conditions: Do you agree that Internet Banking is used because the internet banking user has proper knowledge of internet banking and they have necessary resources to use internet banking?

Trust: Do you have the trust that your internet banking transactions are carried out in the safe manner?

Loyalty: Do you agree that you are comfortable in carrying out

the banking transactions through internet banking and will also continue to do same in the future?

Service Quality: Do you agree that you will continue to avail the different services if the internet bank provides qualitative services which suits your various banking needs?

Responsiveness: Do you agree that internet bank responds quickly to solve your grievances?

Fulfillment: Do you agree that you get proper support from your internet bank and thereby all your banking needs are easily fulfilled?

Security: Do you agree that your Internet banks have proper security mechanisms to protect the transactions of their customers?

Satisfaction: Do you agree that you are fully satisfied with the services received from your internet bank?

RESEARCH OBJECTIVE

The present study aims to determine the most salient internet banking criteria which have the greatest impact on behavioural intention and satisfaction relative to gender thereby indicating that they accept internet banking services provided by NSE 50 banks in Ahmedabad city.

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 the e-customers who use internet banking services for their daily banking transactions. Their opinions are collected for knowing the most salient internet banking criteria which have the greatest impact on behavioural intention and satisfaction relative to gender thereby indicating that they accept internet banking services provided by NSE 50 banks in Ahmedabad city and whether male e-customers or female e-customers frequently use Internet Banking services provided by NSE 50 banks in Ahmedabad city. The survey of 200 e-customers was carried out by the researcher on the basis of convenience sampling method. A self administered questionnaire was devised whereby the questionnaire is subdivided into four categories. The target questions focus on the independent variables such as behavioural intention, service quality aspects and customer satisfaction. The scaling used in this research is the 5-point Likert scale of 1-strongly disagree, 2-disagree, 3-slightly disagree, 4-agree, 5-strongly agree. All measures

TABLE 2
RESPONSES OF E-CUSTOMERS RATED AS PER LIKERT SCALE

Sr. No.	Statements	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)	% of Favourable Responses
1	Internet Banking is a prompt solution for getting all the banking needs fulfilled without any obstacles and in a timely manner	37	34	17	7	5	71
2	Internet Banking helps the respondent to minimize their effort for fulfilling their diverse banking needs	38	40	10	4	8	78
3	Internet Banking is used because it has the influence on the status of an individual in the society	21	35	30	10	4	56
4	Internet Banking is used because the internet banking user has proper knowledge of internet banking and they have necessary resources to use internet banking	26	38	26	8	2	64
5	Internet banking transactions are carried out in the safe manner	40	27	18	4	11	67
6	You are comfortable in carrying out the banking transactions through internet banking and will also continue to do same in the future	20	40	22	15	3	60

were adapted and modified from Vacantesh (2000) and Wang et al., (2003).The questions contained in the questionnaire were close ended questions.

RESEARCH ANALYSIS

It includes the sample characteristics analysed in the context of the demographic aspects, responses of the e-customers measured on the Likert Scale (1-strongly disagree, 2-disagree, 3-slightly disagree, 4-agree, 5-strongly agree). Moreover the researcher tries to prove the first objective with the help of descriptive statistics, i.e. mean score, giving the ranks to the score and performing t test to derive the outcome.

SAMPLE CHARACTERISTICS

The following table describes the sample characteristics of the present study.

TABLE 1
SAMPLE CHARACTERISTICS

Sr. No.	Demographic Parameter	Category	Number of E-Customers	% of E-customers
1	Gender	Male	135	67.5
		Female	65	32.5
		Total	200	100
2	Age Group	18- 30 years	118	59
		31-40 years	47	23.5
		41-50 years	17	8.5
		Above 50 years	18	9
		Total	200	100
3	Education	Graduate	80	40
		Post Graduate	60	30
		Professional Degree	28	14
		Others	32	16
		Total	200	100
4	Annual Income(Rs)	<100000	20	10
		100000-500000	100	50
		500000-1000000	60	30
		>1000000	20	10
		Total	200	100
5	Occupation	Service Class	117	58.5
		Business Class	49	24.5
		Retired	9	4.5
		Housewives	25	12.5
		Total	200	100

RESPONSES OF THE E-CUSTOMERS RATED ON LIKERT SCALE OF STRONGLY AGREE TO STRONGLY DISAGREE

The table no. 2 hereby describes the responses of the e-customers on the statements based on the likert scale.

7	You will continue to avail the different services if the internet bank provides qualitative services which suits your various banking needs	25	31	25	11	8	56
8	Internet bank responds quickly to solve your grievances	23	39	21	10	7	62
9	You get proper support from your internet bank and thereby all you're banking needs are easily fulfilled	21	38	30	7	4	59
10	Your Internet banks have proper security mechanisms to protect the transactions of their customers	25	30	36	4	5	55
11	You are fully satisfied with your internet banking services and you will increase the frequency of its use	22	40	28	6	4	62

STATISTICAL ANALYSIS

The objective of the researcher was to determine the most salient internet banking criterias which have the greatest impact on behavioural intention and satisfaction relative to gender thereby indicating that they want to avail internet banking services provided by NSE 50 banks in Ahmedabad city. For justifying the objective the researcher followed below mentioned steps.

Initially the researcher has validated the abovementioned objective on basis of the usage of descriptive statistic mean and ranking the criterias on the basis of mean score to ascertain the importance of criterias which indicates acceptance of internet banking.

Secondly the t-test is being performed by the researcher to ascertain the criterias indicating acceptance of internet banking, thereby ranking the importance of the criterias relative to the gender.

Lastly the researcher derives the Five Most / Least Important Criterias Instrumental for Acceptance of Internet Banking

RANKING THE IMPORTANCE OF CRITERIAS WHICH INDICATES ACCEPTANCE OF INTERNET BANKING

**TABLE 4
RANKING THE CRITERIAS ON BASIS OF T-TEST**

No.	Criterias	Male (n = 135)		Female (n = 65)		t-test	Sig. Level
		Mean	Rank	Mean	Rank		
1	Performance Expectancy	4.12	2	4.14	1	-0.865	0.387
2	Effort Expectancy	3.65	11	3.56	11	3.050	0.002*
3	Social Influence	4.14	1	4.00	3	4.355	0.000*
4	Facilitating Conditions	3.78	9	3.62	10	7.431	0.000*
5	Trust	3.93	7	3.92	7	0.425	0.671
6	Loyalty	3.98	6	3.93	6	1.924	0.055
7	Service Quality	3.91	8	3.87	8	2.077	0.038*
8	Responsiveness	4.10	3	3.94	5	5.998	0.000*
9	Fulfillment	3.74	10	3.64	9	5.773	0.000*
10	Security	4.04	4	4.07	2	-0.902	0.367
11	Satisfaction	4.02	5	3.99	4	1.293	0.196

Note: * Significant at p<0.05.

**TABLE 3
RANKING THE CRITERIAS ON BASIS OF MEAN SCORE**

No.	Criterias	Mean Score	Rank
1	Performance Expectancy	4.13	1
2	Effort Expectancy	3.63	11
3	Social Influence	4.09	2
4	Facilitating Conditions	3.73	10
5	Trust	3.92	7
6	Loyalty	3.99	5
7	Service Quality	3.90	8
8	Responsiveness	4.00	4
9	Fulfillment	3.79	9
10	Security	3.94	6
11	Satisfaction	4.08	3

RANKING THE IMPORTANCE OF CRITERIAS WHICH INDICATES ACCEPTANCE OF INTERNET BANKING RELATIVE TO GENDER

TABLE 5
FIVE MOST / LEAST IMPORTANT CRITERIAS

All Sample	Male	Female
The Five Most Important Criterias suggesting Acceptance of Internet Banking		
Performance Expectancy	Social Influence	Performance Expectancy
Social Influence	Performance Expectancy	Security
Satisfaction	Responsiveness	Social Influence
Responsiveness	Security	Satisfaction
Loyalty	Satisfaction	Responsiveness
The Five Least Important Criterias suggesting Acceptance of Internet Banking		
Effort Expectancy	Effort Expectancy	Effort Expectancy
Facilitating Conditions	Fulfillment	Facilitating Conditions
Fulfillment	Facilitating Conditions	Fulfillment
Service Quality	Service Quality	Service Quality
Trust	Trust	Trust

INFERENCE

The mean analysis presented in the table indicates the determinant criterias for the e customers to consider that they accept internet banking. The determinant criterias were ranked according to their importance as perceived by the potential e customers of Ahmedabad city covered under the study. The criterias like Performance expectancy, Social influence, Loyalty, Responsiveness and Satisfaction play the major role for the e customers to accept internet banking and in future more and more e customers would increase the usage of internet banking. Conversely, the criterias such as Effort Expectancy, Facilitating conditions, Trust, Service Quality, Fulfillment, and Security were not considered as crucial determinants for considering the acceptance of internet banking.

The results of the t test is used by the researcher to examine the statistical difference between the responses of the male and female e-customers with regard to the criterias through which leads to acceptance of internet banking. At 0.05 significance level, no significant difference was found between the male and female respondents, which also indicate that both the genders are likely to go by same criteria for accepting internet banking.

Table 4 reveals the five most and least important criterias for the e customers to whether to accept internet banking or not. In the top five most important criterias, the researcher finds that both male and female respondents consider the criterias of Performance Expectancy, Social influence, Responsiveness, Security and Satisfaction as major determinants through which the acceptance of internet banking can be highlighted. The major differences between male and female respondents perceptions as regards to acceptance of internet banking was that the male respondents gave more priority and weightage to the criterias such as Social Influence, Performance Expectancy and Responsiveness while involving themselves in internet banking transactions whereas the female respondents considered that Performance Expectancy, Security and Social Influence play a major role on the mind of the e customers to accept internet banking.

The top five least important criterias which would indicate that internet banking's acceptance were the same for both the genders. They considered that Effort Expectancy, Facilitating conditions, Trustworthiness, Service Quality and Fulfillment will not urge the e-customers to embrace internet banking with full intensity.

FINDINGS OF THE STUDY

Among the 200 e-customers surveyed, 67.5% are male.

59% from the 200 e-customers surveyed represent the age group

of 18-30 years.

Among the 200 e-customers surveyed, 40% e-customers are graduates.

50% from the 200 e-customers surveyed earn between Rs. 1,00,000 –Rs. 5,00,000 annually.

58.5% from the 200 e-customers surveyed are service class people.

Among the 200 e-customers surveyed, 71% were in favour that Internet Banking is a prompt solution for getting all the banking needs fulfilled without any obstacles and in a timely manner.

78% of the e-customers surveyed strongly felt that Internet Banking helps the respondent to minimize their effort for fulfilling their diverse banking needs.

However, only 55% of the e-customers surveyed were positive about the fact that Internet banks have proper security mechanisms to protect the transactions of their customers.

56% of the e-customers surveyed were of the opinion that qualitative services are provided by their internet banks.

Both Male and Female E-Customers consider Performance Expectancy, Social Influence, Satisfaction, Responsiveness and Loyalty as the five most important criterias suggesting Acceptance of Internet Banking.

Male E-customers consider Social Influence, Performance Expectancy, Responsiveness, Security and Satisfaction as the five most important criterias suggesting Acceptance of Internet Banking.

Female E-customers consider Performance Expectancy, Security, Social Influence, Satisfaction and Responsiveness as the five most important criterias suggesting Acceptance of Internet Banking.

Both Male and Female E-Customers consider Effort Expectancy, Facilitating Conditions, Fulfillment, Service Quality and Trust as the five least important criterias suggesting Acceptance of Internet Banking.

Male E-customers consider Effort Expectancy, Fulfillment, Facilitating Conditions, Service Quality and Trust as the five least

important criterias suggesting Acceptance of Internet Banking.

Female E-Customers consider Effort Expectancy, Facilitating Conditions, Fulfillment, Service Quality and Trust as the five least important criterias suggesting Acceptance of Internet Banking.

SUGGESTIONS

Out of the 200 e-customers surveyed, it was revealed that the banks providing internet banking services must improve their performance while delivering the services in terms of the criterias such as Effort Expectancy, Facilitating Conditions, Fulfillment, Service Quality and Trust so as to increase the number of e-customers at their banks.

Out of the 200 e-customers surveyed, 78% of the e-customers surveyed strongly felt that Internet Banking helps the respondent to minimize their effort for fulfilling their diverse banking needs. This means that the customer wants to carry out the banking transactions through internet banking. If the bank can hold upon the trust and provide qualitative services, both male and female customers who are currently using internet banking may become loyal customers for the longer time period.

Both Male and Female e-customers carry out the internet banking transactions. Hence if the criterias suggested by both males and females are considered by the banks before they provide the internet banking services to them, then definitely bank will be able to have longer association with them and in turn will lead to revenue maximization for the banks

CONCLUSION

This paper has provided the an understanding of 11 different criterias such as performance expectancy, effort expectancy, social influence, facilitating conditions, trust, loyalty, service quality, responsiveness, fulfillment, security and satisfaction on Internet Banking Acceptance. Since, the use of the Internet as a banking medium is still at a growing stage of the commercial development, it is important for the Internet banking service providers to be able to predict the extent to which using the internet as a distribution channel for banking services is perceived to be acceptable to their customers. The findings of the study have interesting managerial implications. Given the current success of major Internet Banks, it would appear to be the only matter of time till the Internet is considered by much larger proportion of the population as an appropriate distribution channel for banking services. To speed up the process, Internet banking service providers should develop various strategies based on criterias explored by this study.

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