

Factors affecting customer adoption of internet banking: A study of state owned banks in Anuradhapura city

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Introduction

The banking sector is one of the main sectors of the economy of any country. The Sri Lankan banking sector consists of licensed commercial banks, registered finance companies and licensed specialized banks. Banks act as financial intermediators at economic activities in national level as well as international level. Banks provide different types of services such as accepting deposits, granting of loans and advances, transfer of funds, collection of cheques, periodic payment, portfolio management, periodic collections, issue of drafts and letter of credits, locker facility, underwriting of shares to their customers, and are dealing in foreign exchange. Government, organizations or persons in a country want to have at least one kind of services from the above. Conventionally all these banking activities were carried out manually and customers had to visit the branches. This method consumed a lot of time as well as made cost to both customer and the bank. Further, customers faced more inconveniences such as working time, and security issues when transferring money. The rapid growth and diffusion of the Internet and the advancement of information and communication technologies (ICTs) have had an enormous effect on most organizations as well as on banking sector. With the development of ICT, changes are occurred in every aspect of the banking industry. Banks started to make available their services and products over the internet and this method is identified as internet banking. Internet banking is performed through a computer system or similar devices that can connect to the bank website via the internet. People can also use internet banking on their mobile phones using a Wi-Fi or 3G connection.

Presently, most of the banks of the country offer internet banking services to their customers. Although internet banking is popular in other countries, Sri Lankan bank customers are reluctant to use internet banking facilities (Jayasiri et al., 2016). Thus, customers are more resistance towards adopting such a technology even it has sufficient relative advantages. It was found that only less than 1 percent of bank customers, in general, use internet banking (Suraweera et al., 2011). Accordingly, this study aims to explore the factors which make influences on customer adoption of internet banking services in Sri Lanka paying attention to

Anuradhapura city area. Through the study findings, banks can address to the issues and able to promote their internet banking among their customer. On the other hand, customers could entertain the advantages of internet banking without hesitations.

Methodology

The objective of the study was to identify the influences on customer adoption of internet banking services provided by state banks in Anuradhapura city area. Through the literature review (Safeena et al., 2013; Tan & Teo, 2000), it was recognized that attitudes, subjective norms and perceived behavioral control make influences on customer adoption of internet banking; then said factors were considered as independent variables of the study while adoption of internet banking was treated as dependent variable. Thus, theoretical foundation for the study was the theory of planed behavior (TPB) which predicts deliberate behavior, because behavior can be deliberative and planned (Safeena et al., 2013). According to Opatha (2003), studies that engage in explanatory or hypotheses testing usually establish certain relationships between variables of differences among groups on a variable or variables. This study establish the relationship between the factors affecting for the adoption of internet banking. Accordingly, following hypotheses were developed.

- H₁** – *There is a significant relationship between customer attitudes and adoption of internet banking services provided by state banks in Anuradhapura city area.*
- H₂** – *There is a significant relationship between subjective norms of customers and adoption of internet banking services provided by state banks in Anuradhapura city area.*
- H₃** – *There is a significant relationship between perceived behavioral controls of customers and adoption of internet banking services provided by state banks in Anuradhapura city area.*

The population of this study is the customers of state banks in Anuradhapura city area. Three state banks, namely Bank of Ceylon, People's Bank and National Savings Bank, were identified for the survey. Following convenience sampling method, 100 bank customers were selected by visiting above noted banks. A structured questionnaire was administered to collect primary data. The data were fed to SPSS worksheet and examined the reliability by performing Cronbach Alpha test. All the Alpha values were above the cut off value of 0.7 (Attitude = 0.757, Subjective norms = 0.748, behavioral control =0.742 and adoption of internet banking = 0.741). Face validity was checked by an expert in the relevant field. Correlation analysis was executed to determine the relationships between

identified factors and the dependent variable. Multiple regression analysis was carried out to check the overall impact of the factors towards the dependent variable.

Results and discussion

The results of the correlation analysis (Table 1) revealed that three hypotheses of H₁, H₂ and H₃ are supported. Correlation coefficient values indicate that customer attitudes, subjective norms and perceived behavioral control have strong positive relationships with the adoption of internet banking services of state banks in Anuradhapura city area.

Table 1 Results of the correlation analysis

	Adoption of internet banking	P value
Customer attitudes	0.429	.000
Subjective norms	0.431	.000
Perceived behavioral control	0.491	.000

Correlation is significant at the 0.01 level (2-tailed)

Regression analysis (Table 2) discloses that predictor variables of attitudes, subjective norms, and perceived behavioral control have ability to explain about 30 percent variation in adoption of internet banking as adjusted R Square value is 0.298.). Further, results of the regression analysis justify the used model in the study. Perceived behavioral control is the most significant factor which makes influences on adoption of internet banking.

Table 2 Results of the multiple regression analysis

Adj.R ² = 0.298		F value= 15.038		Sig. F =0.000		
Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	.667	.558			1.195	.235
Attitudes	.356	.172	.210		2.062	.042
Subjective Norms	.227	.090	.242		2.516	.014
Perceived Behavioral Control	.326	.141	.255		2.305	.023

The study found that attitudes make a significant influence on adoption of internet banking. This is consistent with the findings of Tan and Teo (2000). Attitudes are a function of beliefs which affect individual behavior. “Man’s social actions-whether the actions involve religious behavior, ways of earning and living, political activity or buying and selling goods are directed by his or her attitudes”. Thus, it is not surprising that attitudinal factors have a significant influence on the adoption of internet banking.

Results of this study revealed that subjective norms have a significant influence on adoption of internet banking. Tan and Teo (2000) found subjective norms to be important for affecting adoption in the early stages of implementing the innovation when users have less direct experience from which to develop attitudes towards such innovations. Furthermore, for a consumer-oriented service, it is likely that consumer relevant groups such as family members, friends, colleagues or peers will influence the adoption (Tan & Teo, 2000). Chen (2014) found that subjective norms have a significant influence on the adoption of internet banking. Baragani (2007) also found a positive significant relationship between subjective norms and intention to use internet banking services. However, the results of the study of Shih and Fang (2004) show that subjective norm is not significant on the adoption of internet banking. They indicated reasons for such a situation. The reasons are most of their respondents had at least one year's experience with the internet and information about the internet is readily available from the banks or bank web sites. This makes the potential adopters less reliant on the information provided by their relevant peers or family groups. Another possible reason is that since internet banking in Singapore is still in its early stages of implementation, respondents may feel that their referent groups are unlikely to know much about such services. Hence, their influence is not significant in affecting the internet user's adoption intentions (Tan & Teo, 2000).

Perceived behavioral control also has a significant influence on adoption of internet banking. This is consistent with the findings of a study of Tan and Teo (2000) and they indicated that an individual with a confident command of computer skills and familiarity with the internet is more inclined to adopt internet banking. Shih and Fang (2004) have also proven same relationships in their studies. The results of the study of Chen (2014) indicated that self-efficacy and facilitating condition have a significant influence on the perceived behavioral control. In other words, the more confident customers are about their own ability, and the more confidence in the facilitating condition available to support their use of internet banking, are significantly influence on the adoption of internet banking.

Conclusion

The aim of this study was to investigate the factors influencing for the adoption of internet banking services of state banks in Anuradhapura city area. Thus, attitude, subjective norms and perceived behavioral control were taken into considerations using Theory of Planned Behavior model. The results show that adoption of internet banking services can be predicted by attitudinal, subjective norms and perceived behavioral control factors of the customer. Among them,

perceived behavioral control of customers has a greater influence on the adoption of internet banking services of state banks in Anuradhapura city area. Realizing the main predictors for the adoption of internet banking services is very vital for banks in Anuradhapura city to make their strategies to promote internet banking among customers. Further, future studies should focus the other factors that may have influence over customer adoption of internet banking.

Keywords: *Anuradhapura city, customer adoption, internet banking, state banks, TPB.*

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