
Conceptual Framework: Factors Affecting for usage of Online Banking in Sri Lanka

J.A Prasansha Kumari

Senior Lecturer, Department of Economics, University of Kelaniya, Sri Lanka

ABSTRACT

Online banking has identified as one of the most significant e-commerce applications over the last few decades. However the usage level is less than its expectation in Sri Lanka. In this paper going to identify the factor that affecting to usage level of online banking. TAM and TPR model used to develop the conceptual framework for this study. Perceived use of ease and perceived usefulness have identified as motivation factors to usage of online banking while security risk, financial risk, time risk, social risk and performance risk were identified as the demotivation factors to adoption of online banking facilities.

INTRODUCTION

Over the past two decades, information technology has rapidly growth in the many industries. Banking industry has identified as a one of main influence sector by IT. Banks perform their targets more efficiency while provide new online services by Information Technology. (Jayasiri, N. K. et al). These types of new technology based banking services called as “e- banking “(internet banking, or online banking) (K.Hosein et all). Online banking has identified as a significant services which provided via electronic payment system, it is allowed banking services to their customers without going to bank branches and it has provided competitive advantage such as reducing bank operation cost, retraining the bank customers, growing banking services and convenience to users through using services at any places and any time of the day (A.A Hussein et al)

Online banking services starting from the early 1980 over the electronic media such as terminal, keyboard and TV. Main four banks in New York started to provide online banking services using the videotext system in 1981 (Cronin, Mary J, 1997). Commercial internet connectivity has introduce to Sri Lanka in 1995 and it was the first time for introducing internet among Asian country (Jayasiri, N. K. et al). Hereafter, banking sector adopted internet through providing online banking services since 1999. Balance inquiry, Information on Locate ATMs and branches, Fund transfers between own and third-party accounts, Information on account history, Information on Locate ATMs and branches, Credit card and utility bill payments, Cheque status inquiry, cheque book request, change PIN/password, Alerts on account activity and Mobile recharging be identified as the most common online banking features provided by local banking sector,

Banking industry in Sri Lanka plays a vital role in financial sector and many bank has introduced online banking services to their customers (Jayasiri, N. K. et al). Banks spend considerable amount of cost to introduce and maintain the online banking services. However according to previous research (suraweera,2011) and observations, customers were more resistance toward adopting such technology even it has more sufficient relative advantages. Although several literature have focused on the factors that impact on the adoption of online banking for the past decade (Rasheed & Latif, 2011, Shih 2004, Davis, Bagozzi and Warshaw

(1989) and Mathieson (1991, weerasekara,2011), Many researchers have identify the key factors of usage in online banking, perceived usefulness (PU), perceived ease of use (PEOU), (Davis, Bagozzi and Warshaw (1989) and Mathieson (1991)) perceived benefits’, perceived risk (Shih 2004) , perceived website features(Shih and Fang (2006). perceived service quality((Rasheed & Latif, 2011) In this research intend to intends to identify how This proposed research model also intends to identify how demographic factors impact on online banking services in Sri Lanka.

PROBLEM STATEMENT

According to the literature on usage of online banking, indicating that customer satisfaction is still low for online banking applications (Hussein A.A, 2016). Sri Lankan commercial banking sector steadily developing online banking services by provide wide range of product to their customer (Jayasiri N.K et al,2011) Banking sector competitively introducing different online services by spending high amount of their annually budgets. However, costumers hesitate to use online banking while provide relative advantages (economic profitability, social prestige, and savings in time and effort, immediacy of the reward or as decrease of discomfort (Roger , 1995) . Usage of online banking services is very low percentage even 18 years passed it has introduced. Many researches focused to analyses the factors affected to usage of online banking and most of them utilized TAM model and (TPB) model. Perceived benefits’ and ‘perceived risks’ was the most common factors to impact on usage of online banking.

Objectives

Base on the past literature and problem statement research objectives for this study are as follows:

General Objective

- 1 To identify the factors affecting for usage of online banking among selected customers in commercial banks in Sri Lanka.

Specific Objectives

- 2 To develop a proposed a model of online banking for the level of usage by evaluating the integration of TAM and TAB
- 3 To examine the moderated effect of the five demographic characteristics on the level of usage of online banking.

Research Question

According to the previous research on factors affecting on usage of online banking, perceived usefulness (PU), perceived ease of use (PEOU), (Davis, Bagozzi and Warshaw (1989) and Mathieson (1991)) Perceived benefits, perceived risks, (Shih 2004) Perceived Web Site Features (Shih and Fang (2006), demographic characteristics (Jayasiri, N. K. et al 2015) were the most common factors for adoption of online banking services. In this research going to be analyzed what are the factors affect in to the customer adoption of online banking in Sri Lankan context. Base on the problem statement research question for the study is follows

What are the factors that affect in to the less usage of online banking among bank customers in Sri Lanka?

Study Design

According to Onwumere (2009) research design is “a kind of blue print that guides the researcher in his or her investigation and analysis”. Ibenta (2012), define research designs a compass directing the researcher on the route to take. It can be divided in to three forms of study design as *survey*, *experiment* and *ex post facto* design. This research purpose is analytical by using hypothesis testing since it going to identify factors on usage of online banking and it has done as a quantitative survey research using questioner.

The target population all online banking users in commercial banks in Sri Lanka. In order to collect information of online banking users in commercial banks, convenience sampling methods will be used from non-probability sampling method. From table N value 384 sample size should be taken from table N value, not responses, incomplete responses and missing values delete, resulting in an expected response rate is 80%. Final survey sample size will be yielded 650 bank customers from commercial banks in Sri Lanka.

LITERATURE REVIEW

Online banking provides banks with a competitive advantage, by improving the quality of customer services and reducing the operational costs. During the last decade many banks dramatically offered the online banking services to their customers. In 1995, only one bank offered internet banking

services in the world, by the end of 2002 this number rapidly increased to 6,000 banks (Hatice Jenkins, H, 2016). Banks spend considerable amount of cost to introduce and maintain the online banking services. However according to previous research (suraweera, 2011) and observations, customers were more resistance toward adopting online banking services even it has more sufficient relative advantages. In recent past, a large number of research studies have been conducted to identify the factors affecting for customer adoption and attitudes towards usage of online banking globally. Most of these stated perceived benefits and ‘perceived risks’ was the most common factors to impact on usage of online banking online banking services. Internet banking acceptance has gained special attention in academic studies during recent past years.

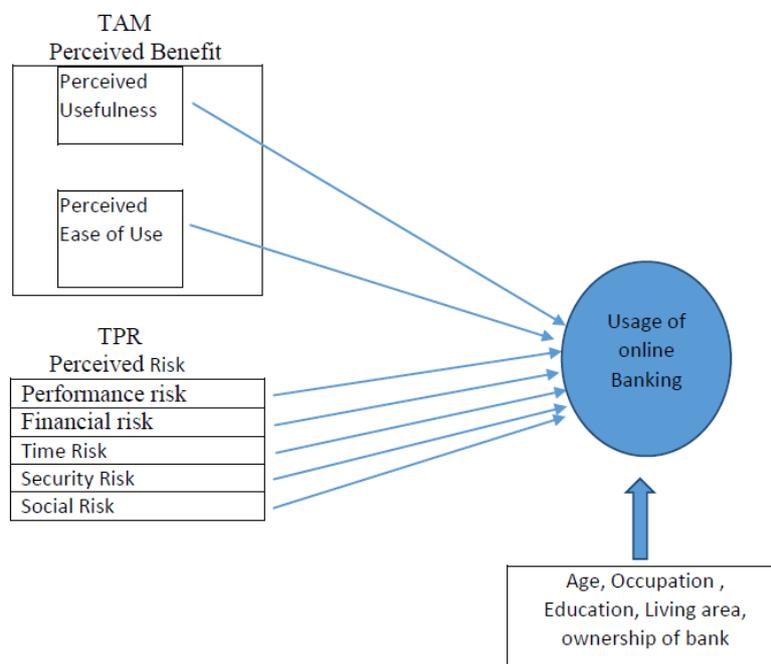
Technology Acceptance Model (TAM) is a well-established model for describing the advantages of usage of online banking which was proposed by Davis 1989. TAM Model describe perceived ease of use and perceived useful increase adoption behavior. Many academic studies on online banking have been used the TAM (Lee, 2009, Shih, 2004, Sukkar & Hassan, 2005). Perceived usefulness was defined by Fred Davis as "the degree to which a person believes that using a particular system would enhance his or her job performance". Perceived ease of use is a person’s salient belief that using the technology will be free of effort (Taylor and Todd, 1995).

Theory of Perceived Risks (TPR) described the adverse effect on intention to use online banking. Six types of perceived risk have been identified: financial, performance, social, physical, security and time risk (Jacoby and Kaplan, 1972; Kaplan et al., 1974; Roselius, 1971). Security risk is defined as “a potential loss due to fraud or a hacker compromising the security of an online bank User” (Reavley, 2005). Financial risk is defined as the potential for monetary loss due to transaction error or bank account misuse. Kuisma et al. (2007). Social risk refers to the possibility that using online banking may result in disapproval of one’s friends/family/work group (lee, 2009). Time risk may refer to the loss of the time and inconvenience incurred due to the delays of receiving the payment or the difficulty of navigation (Forsythe and Shi, 2003). Performance risks refers to losses incurred by deficiencies or malfunctions of online banking websites (Kuisma et al., 2007).

CONCEPTUAL FRAMEWORK

Technology Acceptance Model (TAM) and Theory of Perceived Risks (TPR) are used to develop conceptual framework. These well-established TAM model is used to develop two deferent variables for identify the adoption of Internet banking system’ which were perceived usefulness and perceived ease of use. Theory of Perceived Risks (TPR) model to propose a theoretical model adversely affected for adoption of online banking by the security risk, financial risk , time risk , social risk and performance risk.

Conceptual Framework



CONCLUSION

This paper aims to develop conceptual framework integrate with TAM and TPR model to identify customers adopting online banking system. According to previous research, many researchers have used TAM and TPR model to analyses the level of usage in online banking services.(Perceived Benefits) advantages of online banking is increase the usage level. There are direct and indirect advantages. Perceived risk have identify as the most important factor to decrease the usage level of online banking while security and financial risk adversely affected for usage level of online banking

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AUTHOR’S BIOGRAPHY



Name: J. A Prasansha Kumari

Position: Senior Lecturer

Institutes: Department of Economics, University of Kelaniya

Special field of interesting: Micro Finance, Monetary Economics