CUSTOMER ATTITUDE TOWARDS ONLINE BANKING - THE IMPACT OF PERCEIVED RISK, TRUST, SELF-EFFICACY AND SOCIAL INFLUENCE

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Abstract

The services industry is rapidly changing with technology. With the advent of internet, the banking sector is undergoing revolutionary changes. Online banking continues to have a profound impact on its growth prospects. The current research proposed a conceptual model and tested the relationships between perceived risk, self-efficacy, social influence, trust, perceived ease of use, usefulness and customer attitude towards online banking services. For this, 165 responses were collected using five point Likert scalewhere1codedasstronglyagree to 5 as strongly disagree. Convenience sampling technique was adopted for data collection. The data obtained were analysed using exploratory factor analysis and multiple regression analysis with the support of SPSS software. The results of the study revealed that perceived risk has a strong negative relationship attitude, whereas trust and self-efficacy have a strong positive impact on attitude. And social influence has a moderate influence on attitude.

Key words: Perceived risk, trust, self-efficacy, social influence, attitude, online banking

Introduction

The progress of technological innovations have had a huge impact on the modern era of banking sector. The traditional distribution of banking industry was restricted to physical branches that have high fixed cost. The continual development of information technology not only enables banks to reduce their unit cost but also provides them the required efficiency for global competition. Since 1980s, modern banking has achieved the desired level of service quality by using technology enhanced systems from Automated Teller Machine (ATM) to modern 24/7 e-banking (Liao & Cheung, 2002).

Nowadays, the advancement of internet has provided an opportunity for banking institution in introducing new financial innovations. One of the emerging financial innovations introduced by banking institution is internet banking (Jun &Cai, 2001). However, despite the fact that internet banking provides many advantages there are still a many of customers who does not use such services (Cheng, Liu, Qian, & Song, 2008); i.e., that internet banking acceptance is faced with problems. Robinson (2000). The success of internet banking is determined not only by banks or government support, but also by customers' acceptance of it as customer adoption intention is the key factor affecting the online banking sector.

Review of literature and hypothesis development Perceived risk

Perceived risk is defined as the level of uncertainty perceived by the end users in a specific purchase situation (Cox & Rich, 1964). In the context of internet banking, perceived risk is the uncertainty a potential adopter faces when he uses it (Cheung, 2001). Perceived risk has been extensively studied and authors indicated that it is a key determinant of consumers' adoption of Internet banking (Çelik, 2008; Safeena et al., 2011). It has multiple dimensions.

It is however, measured in six different dimensions: financial, time, privacy, social, security and performance (Akturan and Tezcan, 2012). Aldas-Manzano et.al. (2011) measured perceived risk in two dimensions i.e. privacy and security. Perceived risk is negatively related to ecommerce usage (Crespo & delBosque, 2010; Herrero & San Martín, 2012). Hence, it is hypothesized that,

H1: Perceived risk is negatively related to adoption of online banking

Trust

Trust is a key factor in ecommerce. In the context of online banking, trust is defined as the assured confidence a customer has in service provider's ability to deliver reliable services. In online banking environment, customer attach greater importance to trust than offline banking (Ratnasingham, 1998). Lack of trust is a major barrier in online banking transactions (Liu,Jack, June and Chun; 2004). Majority studies showed that trust has a significant positive influence on customer adoption of online banking (Alsajjan & Dennis 2009; Karjaluoto et al. 2002; Yousafzai, Pallister & Foxall 2010). From this, it hypothesized that,

H2: Trust is positively related to customer adoption of online banking.

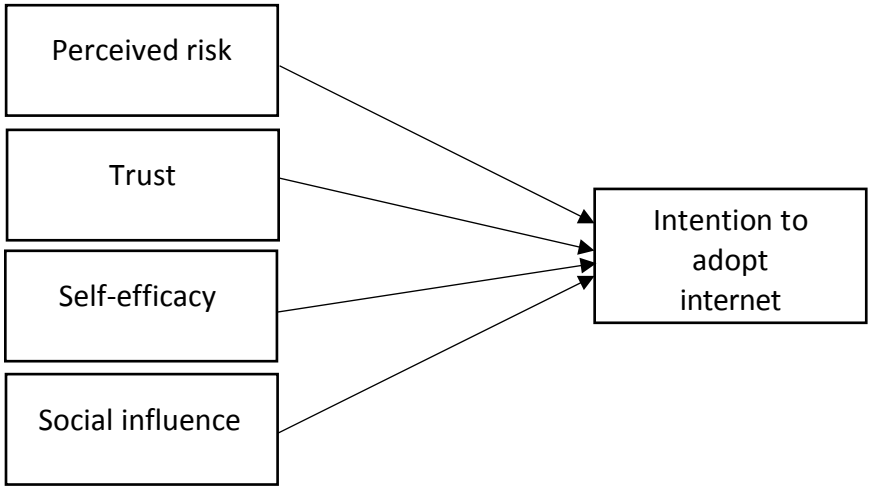
Self-efficacy:

Self-efficacy is defined as a person's beliefs in his/her ability to perform certain actions (Bandura, 1977, 1982). In online banking context, it is the individual's belief about his/her ability to use online banking systems on his/her own. Earlier research indicated that self- efficacy is an important influencing factor in the adoption of online banking (Guriting and Ndubisi, 2006; Kesharwani and Tripathy, 2012). The stronger a person's self-efficacy the more likely an individual uses a certain technology (Gerrard and Cunningham, 2003; Lassar et al., 2005; Yi and Hwang, 2003). Thus, it can be hypothesized that, H3: Self-efficacy has a positive effect on intention to adopt online banking.

Social influence

Social influence is defined as 'the persons' perception that most people such as friends, family, colleagues, peers and social group, who are important to him think he should or should not use the Internet banking services'. Previous research shows that social influence has mixed outcome. Lewis*etal.,* (2003) did not find any impact of social influence on adoption intention. It has a positive influence on the adoption of a new technology (Sudeep, 2007; Venkatesh and Davis, 2000; Venkatesh et. al., 2003). Therefore, we can hypothesis that, H4: social influence has a positive influence on intention to adopt online banking.

Conceptual framework:



Objective of the study

The research focused to study the factors affecting the adoption of online banking.

Research methodology

Survey based research was adopted for the study. Convenience sampling method was adoption for data collection. Data were collected using a structured questionnaire with a five point Likert scale where 1coded as strongly agree to 5 as strongly disagree. Questionnaires were distributed both online and offline. From a sample of 250 respondents, a final sample size 165 was arrived at. Exploratory factor analysis and multiple regression analysis were used for data analysis. SPSS version 21.0 version was used for data analysis.

Data analysis

Demographic profile of the respondents are as follows:

Variable	Frequency	Percentage (%)
Age Group:		
16-24	38	23.0
25-35	85	51.5
36-45	16	9.7
46-55	15	9.1
Above 50	11	6.7
Gender:		
Male	88	53.3
Female	77	46.7
Marital Status:		
Married	61	37.0
Unmarried	104	63.0
Education:		
Xth	24	14.5
Intermediate	21	12.7
UG	66	40.0
PG	35	21.2
PhD	6	3.6
Other	13	7.9

Family Income:		
Below 10,000	38	23.0
10,001-20,000	34	20.6
20,001-30,000	31	18.8
30,001-40,000	26	15.8
40,001-50,000	12	7.3
Above 50,000	24	14.5
Occupation:		
Student	81	49.1
Private Employee	32	19.4
Government Employee	14	8.5
Housewife	20	12.1
Business	11	6.7
Retired	7	4.2
Total	**165**	**100%**

Reliability Statistics

Cronbach's Alpha	N of Items
.744	18

From the above table it found that the reliability is 0.744 which above the suggested value (Hair et. al.,2010).

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.702
Bartlett's Test of Sphericity	Approx. Chi-Square	652.361
	df	153
	Sig.	.000

KMO value of the study is 0.702 which is more than the recommended value (Hairet.al.,2010) and Bartlett's Test of Sphericity value is significant, which shows that the data is fit to perform exploratory factor analysis.

Rotated Component Matrix[a]

	Component				
	1	2	3	4	5
AT4	.766				
AT1	.643				
AT2	.637				
TR3					.628
AT3	.546				
TR1					.544
PR1		.781			
PR4		.736			
PR3		.537			
PR2		.506			
SE1				.701	
SI1			.687		
TR2					.636
SE3				.709	
TR4					.558
SI2			.504		
SE2				.835	
SI3			.637		

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6iterations.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std.Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.548[a]	.301	.283	.55893	.301	16.660	4	155	.000	1.774

a. Predictors: (Constant), TR, PR, SE,SI

b. Dependent Variable:AT

From the above table, it is noticed that R square value is 0.301. Durbin-Watson value is close to 2.0.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.818	4	5.205	16.660	.000[b]
	Residual	48.422	155	.312		
	Total	69.240	159			

a. Dependent Variable:AT

b. Predictors: (Constant), TR, PR, SE,SI

From the above the table, ANOVA value is significant i.e. less than 0.05. Hence, the model is accepted.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.925	.232		3.992	.000	.467	1.382
	PR	-.132	.063	-.153	-2.102	.037	-.255	-.008
	SE	-.024	.087	-.021	-.276	.783	-.196	.148
	SI	.210	.081	.208	2.597	.010	.050	.370
	TR	.456	.079	.430	5.740	.000	.299	.613

a. Dependent Variable: AT

Hypothesis results

Hypothesis	**Result**
H1	Not accepted
H2	Accepted
H3	Accepted
H4	Accepted

Limitations and future research

The study was conducted in a small geographical area with a smaller sample area; further studies could be focused with a large sample size. The study is based on quantitative data with a survey-based questionnaire; however, future studies may be performed with qualitative data.

Conclusion

The current paper studies the various factors affecting customer adoption of online banking. The findings of the study revealed that social influence and trust have a strong impact on customer adoption of online banking whereas perceived risk is negatively influences the adoption. Customer self-efficacy has no impact on the online banking adoption levels of the customers.

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