

Investigating the Factors Influence Adoption of Internet Banking in Chennai: Adopters Perspective

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Abstract

The remarkable boom in the usage of the internet has made all banking institutions to make use of the internet for serving their customers retain and benefits, banks delivering all financial services through an online platform through Internet Banking. The track to embrace new technology to gain an advantage in the market gives the bank a new shape called the online Bank. The increased internet usage has made banks influence over the internet to gain a competitive advantage in the sector. This paper focus on the factors that influence the adoption of internet banking by customer". In this study, descriptive research is used. The study is conducted to obtain data on the adoption of internet banking in Chennai. The study is conducted in the Chennai region. A sample size of 100 was selected using convenience sampling. The study reveals that perceived usefulness and perceived ease of use are the key factors to influence customer adoption of Internet Banking.

Keywords: Internet banking, Perceived usefulness, Perceived ease of use, Effectiveness and Customer adoption.

Introduction

Nowadays, we can access many banking services online. The banking industry in the world level has been undergone varied transformation within recent decades. The electronic era created its impact on industry additionally. The outstanding developments in technology and, therefore, the aggressive infusion of data technology had brought during a paradigm shift in banking operations. This has prompted the banks to embrace technology to fulfill increasing client expectations and face powerful competition. Nowadays, each personal and public sector bank area unit delivering most of its services through electronic networks to its customers. The prepared adoption of E-banking services by customers can modify banks to appreciate returns on their investment, whereas providing them with a competitive advantage. But the speedy adoption of E-banking services continues to be in question. Although this small analysis has been done to analyze the determinants of e-banking adoption and use in Chennai, Tamilnadu, India.

IT and globalization have forced the latest banking system to embrace the fast-growing innovations and change the delivery channels of financial services provided by them. The banking industry and its processes today are being greatly influenced by Globalization, threatening pressure, and Information technology. The advent of Internet Banking has completely changed the way we do banking in all main banking areas viz. distribution, funds transfer, payment, and trading. The first section of this study demonstrates the guideline as to what to expect

from the paper. The second section depicts a literature review. Further, the third section contains the findings and analysis, and the last section asserts the implications.

Internet Banking

All the financial and banking services delivered by banking institutions using the internet platform are termed as Internet Banking. Some of these financial services include bills payment, savings, retrieval of account statements, online shopping, credit facilities, etc. Banks these days also offer their cutting-edge products and services via online banking. A digital device like a computer is used to connect the customer (from anywhere and at any time) to the bank via the internet. Today, internet banking is also available on mobile phones in the form of banking apps that works using a sound Wi-Fi or 4G data connections 24*7 Services to all customers.

Review of Literature

Perceived Usefulness: (Davis 1989) PU is defined as the degree to which a person believes that using a particular system would enhance his or her job performance.

Perceived Ease of Use: (Davis 1989) defines Perceived ease of use as the degree to which a person believes that using the system will be free of mental effort.

Security: Though a variety of services are offered by the banks to its customers, customers still have a threat of risk with Internet Banking. They have a feeling that e-banking will make them suffer losses, and hence there are many customers who are still hesitant to use Internet Banking (**Littler and Melanthiou 2006, Natarajan Balasubramaniam and Manickavasagam 2010**).

Internet Experience: it is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. The online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking, which was the traditional way customers accessed banking services.

Attitude: The term attitude refers to positive or negative feelings directed at some objects, issues, or behavior.

Social Influence: It's defined as the change in an individual's thoughts, feelings, attitudes or behaviors that result from interaction with an individual or a group, Social influence, however, is the process by which individuals make real changes to their feelings and behavior as are the result of interaction with others who are perceived to be similar desirable or expert. (Frech and Raven 1959)

Customer Adoption: Banks offering Internet Banking services through its websites will gain profits related to the sites. In the current trend, banks will have to adopt to the constantly changing environment in updating to the latest technology. Customer adoption is the process of determining whether or not to adopt an innovation. It is necessary that banks discover the finest ways to plan, handle, and encourage new technologies to have the finest possibility of customer acceptance.

Objectives of the Study

- To explore the factors which the customers consider while adopting internet banking.
- To examine the customers' advantages of adopting internet banking.

Methodology

Research design is the specification of the method and procedure for acquiring the information needed to solve the problem. A research design is a plan that specifies the objectives of the study, a method to be adopted in data collection, tools in data analysis to be framed. "A research design is an arrangement of condition for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure." In this study, descriptive research is used. Descriptive is carried out for the purpose of collecting descriptive information. The study is conducted to obtain data on the adoption of the internet banking system in Chennai. The study is conducted in the Chennai region. A sample size of 100 was selected using convenience sampling. The draft questionnaire will be developed, keeping in view the specific objective of the study and develop it later by interviewing on a

pilot basis to prepare the final questionnaire.

internet experience, attitude, customer adoption, and effectiveness is examined using Pearson's Correlation. The results are summarized in the following table.

Correlation Analysis

The correlation between perceived usefulness, perceived ease of use, intention to use, security,

Table 1: Correlation analysis

Factors	Perceives usefulness	Perceived ease of use	Trust & Security	Social Influence	Attitude	Internet experience	Effectiveness	Customer Adoption
Perceives usefulness	1	0.497**	0.420**	0.424**	0.340**	0.406**	0.420**	0.424**
Perceived ease of use	-	1	0.389**	0.435**	0.403**	0.422**	0.403**	0.403**
Trust & Security	-	-	1	0.445**	0.347**	0.425**	0.420**	0.424**
Social Influence	-	-	-	1	0.386**	0.394**	0.347**	0.425**
Attitude	-	-	-	-	1	0.360**	0.420**	0.424**
Internet Experience	-	-	-	-	-	1	0.430**	0.420**
Effectiveness	-	-	-	-	-	-	1	0.425**
Customer Adoption	-	-	-	-	-	-	-	1

The correlation analysis reveals that there is a significantly high positive correlation between all the variables. Perceived usefulness has a high correlation ($r = 0.497, p < 0.01$) with perceived ease of use. When perceived usefulness increases, perceived ease of use also increases. All the variables have a high positive correlation with the adoption of internet banking. It can be inferred that customers who enjoy good internet experience develop a favorable attitude towards adopting internet banking and perceive adopting internet banking as effective and gradually make themselves to the adoption of internet banking.

Findings & Suggestions

The government should take initiative steps and carry out different power activities for banks regarding internet banking operation and offer incentives for banks to spend meticulously on ICT and the use of internet banking. Each bank should strengthen its ICT department by providing training to IT personnel and procure required hardware and software. Create a separate divisions in each division for rendering ICT related operational activities under the supervision of the ICT department. Train all staff

in basic ICT related matters in phases.

Conclusion

Internet Banking provides an opportunity for the success of the banking sector. Banks will have to focus on the advertising of internet banking. The employees of the bank should emphasize creating awareness among the customers about internet banking availability. Though E-banking has made banking effortless and trouble-free, there are a variety of factors that still affect the customer adoption of internet banking. The study reveals that effectiveness, Perceived usefulness, internet experience, attitude, and social influence customer adoption. The bank has to concentrate to make the old generation aware of these services and encourage them to use the internet banking. Many research activities are undertaken by the government and banking Sector nowadays to re-defined and re-engineered Information Technology. Surely, the future of banking will offer more sophisticated services to customers with continuous product and process innovations.

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