

Extended Abstract

International Symposium of Sabaragamuwa University of Sri Lanka (ICSUSL) - 2017 Analysis of Usage of Internet Banking Facilities in Sri Lanka

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1. Abstract

The existence of information technology (IT) has stepped many industries. One of the main industries which have been greatly impacted by information technology is the banking industry. Internet banking is the trend of the present future. It provides enormous benefits to consumers in terms of ease and cost of transactions, either through Internet, telephone or other electronic devices. Internet Banking has become one of the most essential technological stuffs in the financial industry. Internet banking as the provision of financial services and markets, use electronic communication and computation. In practice, Internet banking includes internet payment also called e-payment, internet trading, and internet-banking. Sri Lankans are now enjoying Internet banking facilities via internet, where it was first introduced in Sri Lanka in March 1999. In the banks in some parts of Sri Lanka, customers are still in their inception. For instance, banking users in Eastern province are less adopted to internet banking compared to the banking users in western province. Sri Lankan banks are trying to popularize the concept of Internet banking among their customers. Compared to some developed and developing countries, the usage of Internet to involve in banking activities is at an initial stage in Sri Lanka and it is mainly restricted to checking bank balances. This analytical research tries to analyze the pattern using internet banking and the factors affecting customers to use internet banking in Sri Lanka. This research has found that internet banking is in its infant stage in Sri Lanka, and it experiences a dramatic growth after 2010.

Keywords:Banking, E-banking, Internet Banking, Online banking

2. Introduction and research problem/issue

Internet Banking is defined as the provision of new and traditional banking products and services to customers through electronic, interactive communication channels via internet. Banking customers use

internet banking services using an intelligent electronic device, such as a personal computer (PC), personal digital assistant (PDA), automated teller machine (ATM etc. As internet banking in Sri Lanka is about less than two decades matured, it is necessary to analyze the usage and impact

of internet banking across Sri Lanka. Thus, this research study attempts to analyze the impact of internet banking in traditional banking pattern in Sri Lanka.

Research Problem

Analysis of the usage of Internet Banking among banking customers in Sri Lanka

Research Questions

The research problem area is broken down into sub areas as follows:

- What is the current level of usage of e-banking services among selected customers in Sri Lanka?
- What factors encourage the use of e-banking services among banking customers in Sri Lanka?
- What are the factors affecting positively and negatively the use of e-banking services among the banking customers in Sri Lanka?

Research Objectives

The overall objective of this research is to analyze the usage of internet banking facilities in Sri Lanka. Indeed, this research is to be further carried to find out the ways of utilizing the internet facilities to its maximum with 0% of risk.

3. Research Methodology

In this study, data were gathered from primary as well as secondary data sources. Primary data were collected through online and manual questionnaire. Mainly the online questionnaire method is used because the internet is the most suitable and very fast medium in which one can reach the favored responses in a short period. The reason to conduct online survey is that internet users were assumed to be familiar with internet

banking. Even a printed survey also had been received from 123 respondents. Meanwhile this research conducted two interviews with the top-level management employees from banking sector. The secondary data was collected through the former survey relevant to this study. Data analysis was done both manually and through computer software Minitab 14 and MS Excel 2013.

4. Results and findings

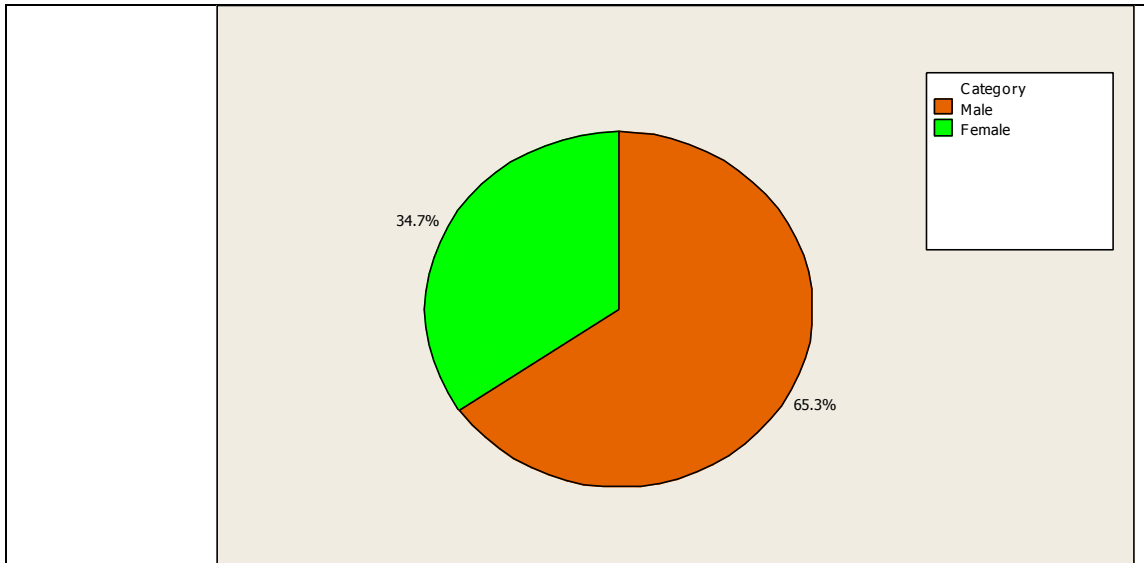


Figure 1: Pie chart for percentage of Respondents according to their Gender

This study found out that 196 males and 104 females are using Internet banking services of mentioned banks. The males are having more knowledge about the transactions and having more knowledge about the services provided by the banks. Only the working ladies have knowledge about the services or the female have the knowledge but not of the all the services provided by the banks. Therefore, we considered only those persons who

have knowledge about all services of Internet banking provided by the banks.

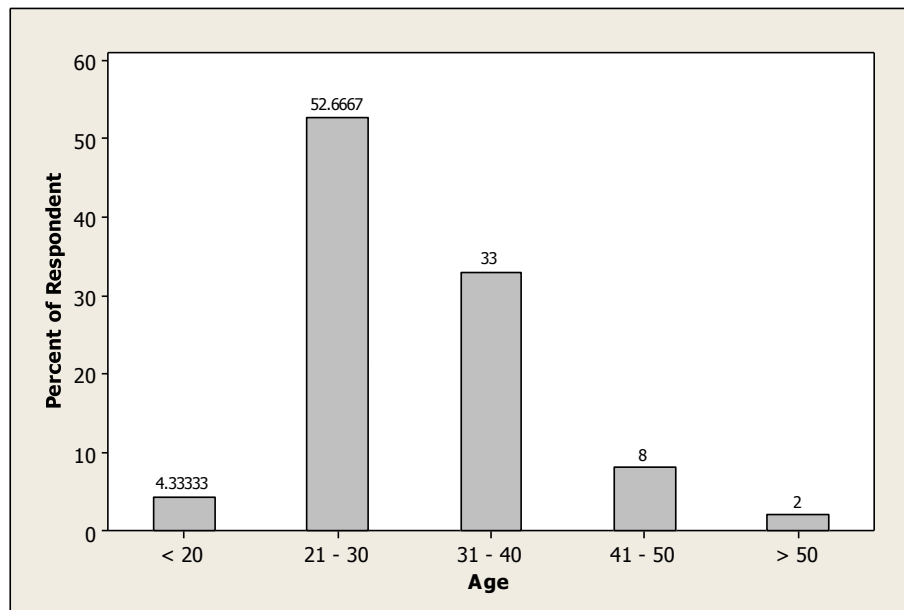


Figure 2: Bar chart for percentage of Respondents based on their Age groups

Most of the respondents under the age of 21-30 are using Internet banking services; nearly about 158 respondents are using these services because respondents under this age group have more knowledge about the services of internet banking.

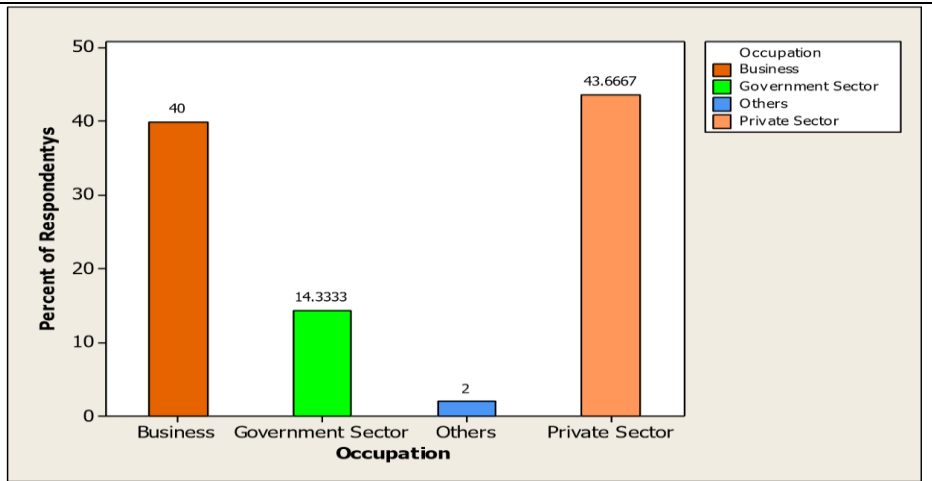


Figure 3: Bar cart for percentage of Respondents in terms of their Occupation

Most of respondents from private sector and Business are using Internet banking services; about 131 (males)???? and 120 (females) ????? respondents are using Internet banking services. Since the benefits which are having while using these services are more benefited by the business men and people from private sector so they are availing these services more than the other respondents.

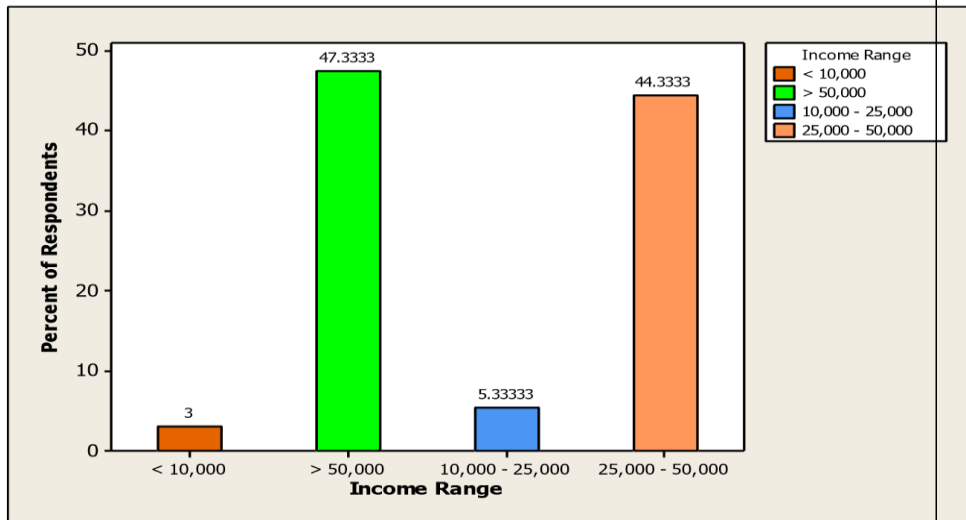


Figure 4: Graph of percentage of Respondents in terms of their Income ranges

Most of the respondents who are using this facility having income more than 50,000. And there is no at all a huge difference between the respondents who are having income between 25,000-50,000. Nearly 216 respondents are using internet banking among the considered population of 300 respondents. Even though the internet banking was started in 1999 in Sri Lanka, most of the respondents started to use internet banking from the year of 2009 and it is high in 2015.

Most of the respondents (more than 200 people among the population of 300) are using internet banking because of the facilities such as, time saving, convenience, 24 hours' access to the account and easy fund transaction provided by the banks. Almost 99% (297) of the respondents are thinking that the internet is extremely essential in this present scenario and 47% (141) respondents out of the selected population are very satisfied with this internet banking facilities.

Based on this study, people always prefer the good services as a highlighted component when choosing the internet banking. The overall percentage of people having complete knowledge about internet banking services provided by the bank while opening an account in it is 72% and the percentage of people have no awareness of internet banking services provided by the bank is 28%. It can reasonably, be concluded that nearly 72% of the population is having awareness about internet banking services.

Among those aware (which account for 300 in number) about 216 persons use internet banking services, which is 72% of total population studied.

Internet banking constitutes services provided in terms of Internet Banking /ATMs, Debit Card/ Credit Card, Mobile Banking, Over the Phone Banking, etc., of which the first four have been covered. Amongst these Internet Banking /ATMs scores the largest used service status (84%) Close on the heels is Debit Card (83%), Mobile Banking (60%), while the over the phone banking lags behind by scoring the least i.e., 12.67%.

To analyse the data more precisely altogether three hypothesis were checked. Their null hypothesis were considered to be,

- i. H_0 : Internet banking has no significant difference between other banking services
- ii. H_0 : There is no significant difference between the Occupation and the importance of internet banking usage.
- iii. H_0 : There is no significant difference between the facilities provided offered for internet banking service and the customer gender.

Chi-squared test was used to analyze these three hypotheses in Minitab 16 and the obtained calculated values for each hypothesis are 9.23, 26.11 and 32.41 respectively. The chi-squared table values for these hypothesis are 3.841, 7.82 and 9.49 respectively. Since three calculated values are greater than corresponding table values the null hypotheses were accepted. Thus this research finds out that internet banking has significant difference between other banking services, there is a significant difference between the importance of customer's usage of internet banking service towards their occupation and there is a significant difference between the facilities provided offered for internet banking service and the customer gender.

Discussion / Recommendation

It can be noticed that the time is changing and people are accepting technology. And there is still a lot of perceptual blocking which hampers the growth. It's the normal tendency of a human not to have changes work on the old track, that's also one of the reason for the slow acceptance of internet banking accounts.

- Banks should obey the CBSL (Central Bank of Sri Lanka) norms and provide facilities as per the norms, which are not being followed by the banks. At the same time, customers must be given the prompt services and the bank officer should not have any fear on mind to provide the facilities as per CBSL norms.
- Internet banking facility must be made available in all branches of the Banks.
- Each section of the Banks should be computerized even in rural areas also.
- Personalized banking should be given a trust as more and more banks are achieving in usual services.
- Covering up the towns in rural areas with ATMs so that the people in those areas can also avail better services.
- Prompt dealing with permanent customers and speedy transactions without harassing the customers.
- Fair dealing with the customers. More contributions from the employees of the bank. The staffs should be co-operative, friendly and must be capable of understanding the problems of the customers.
- Give proper training to customers for using internet banking
- Create a trust in mind of customers towards security of their accounts
- Provide a platform from where the customers can access different accounts at single time without extra charge.

5. Conclusions, implications and significance

The findings of this study show that despite of many advantages of Internet banking. People still consider it as an alternative for analyzing their bank records. Although every bank today provides the facility of online banking but most of people use it only once a month. This reason is that in case of internet banking interpersonal interaction with customers is seldom possible. The main factors which persuade people to use online banking are comfort & convenience and the facility which attracts them most is quality & quantity of information. Therefore, the implementation of quality initiatives should

begin with defining customer's need, preferences and their related quality dimensions. There is still a lot needed for the banking system to make reforms and train their customers for using the internet banking. In future, the availability of technology to ensure safety and privacy of e-transactions and the CBSL (Central Bank of Sri Lanka) guide lines on various aspects of internet banking will definitely help in rapid growth of internet banking in Sri Lanka.

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