

THE INFLUENCE OF PERCEIVED EASE OF USE AND CUSTOMER'S TRUST IN THE ADOPTION OF E BANKING

Preethi Sheshadri ¹, S. Sheela Rani ²

¹Research Scholar, Sathyabama University, Chennai, Tamilnadu,

² MEASI Institute of Management, Chennai, Tamilnadu, sheelsun@hotmail.com

Email: preeths_lucy12@yahoo.co.in, sheelsun@hotmail.com

Abstract

Service Industries have seen an unbelievable development with the practice of Information Technology (IT) generally referring to computers and peripheral equipments in the recent past. Banking industry measured that the future evolution of the financial services industry, is leaning by the latest improvement in the Information Technology. Modern business thinking, joined with technology is swiftly changing the way personal financial are designed and delivered. This study discusses the influence of perceived ease of use and customer's trust in the adoption of e banking. The study also discusses the relationship between these variables. The survey was conducted among 346 e banking users and the results revealed that years of association with their bank does not influence the perceived ease of use and customer's trust, but has an influence on customer adoption. Correlation analysis reveals a significant positive correlation between perceived ease of use and customer adoption, Customers' trust and customer adoption.

Keywords: e banking, perceived ease of use, customer's trust and customer adoption.

I. INTRODUCTION

Service Industries have seen an unbelievable development with the practice of Information Technology (IT) generally referring to computers and peripheral equipments in the recent past. Banking industry measured that the future evolution of the financial services industry, is leaning by the latest improvement in the Information Technology. Modern business thinking, joined with technology is swiftly changing the way personal financial are designed and delivered. Banking is Information challenging business and information technology (IT) plays a key role in it. The growing competitive situations in the financial services market have forced to broaden and activate other delivery channels. The latest delivery channel to be set off is the electronic banking. The use of technology in the delivery of banking services is becoming well-known as it is being engaged to cut down costs and eliminate uncertainties (Mathew Joseph, Cindy McClure, Beatriz Joseph, 1999).

loan application, and loan payment; fund transfer to third parties via emails or internet connections regardless of where the client is situated is included in e banking. Services through which a bank customer can ask for information and carry out most retail banking services via computer, or mobile phone is referred to as e – banking. (Daniel 1999; Molls 1998; Sathye 1999). Burr (1996) represent e-banking as an electronic association between the bank and customer in order to systematize, administer and control financial transactions. The various ways, which includes PC banking, online banking, Internet banking, telephone banking or mobile banking in which customer can contact their banks without having to be actually present at the bank branch is referred as e banking Leow, Hock Bee (1999). Therefore, e banking includes all these ways of banking business electronically. The banking has observed a major transformation with the formation of e-Banking. e-Banking is a web based service, which facilitates the customer of the banks to make use of the bank's services through web.

II. REVIEW OF LITERATURE

2.1 e banking

e – banking is the most current delivery channel of banking services which is used for both business-to-business (B2B) and business-to-customer (B2C) dealings. In realistic sense, activities like bill payments, funds transfer between accounts,

2.2 Perceive ease of use

Davis et al., 1989; Mathieson, 1991; Gefen and Straub, 2000; Gahtani, 2001 have discussed that perceived ease of use is the extent to which a person believe as true that using an accurate method would be at no cost to that individual. Rogers, (1983) stated that perceived ease of use is the extent to which consumers perceive a new product or service as

better than its alternatives. The degree to which a new idea is easy to use or understand is measured as perceived ease of use (Zeithaml et al. 2002).

2.2 Customer's Trust

Channels and the target firm are the two main substances to be believed or trusted in internet oriented transactions. With reference to e banking, the e banking channel and the banks that provide these e banking services are the two main substances to be trusted (Stewart, 1999). The actions or the performance behavior, customer's adoption will be inclined by the user's trust in these two substances.

A basic difference in trust and trusting behavior in connection with the risk is found by Mayer et al (1995) in his study. The study revealed that willingness to assume risk is trust and actually assuming risk is the trusting behavior.

Customer's Trust or belief in e banking is caused by two important factors which include customer's perception on security and customer's perception on privacy. The major barrier to electronic commerce is been caused by the non existence of privacy and security (Adam et al. 1999).

III. RESEARCH FRAMEWORKS

The objective of this research is to study whether years of association with the bank has an influence on Perceived ease of use and trust in e banking. The study also aims to find out whether there is any relationship between perceived ease of use and adoption of e banking and relationship between customer's trust and adoption of e banking. The data was collected among respondents who have hands on experience on e banking form Chennai city.

3.1 Sample

This study aims to find out respondents' internet experience in the usage of internet banking services and the respondents' intention to use internet banking services based on the age and educational qualification of the respondents. Primary data was collected from potential internet banking users in Chennai city. Primary data was collected from potential e banking users. The survey yielded 346 usable responses among the responses 68.8% were males and 31.2% were females. The demographic profile showed that users are relatively young and generally well educated. The reliability of all instruments was assessed by the Cronbach alpha reliability coefficient. The coefficient alphas (Cronbach alphas) for Customer's trust was 0.857, and for perceived ease

of use was 0.924 which revealed an acceptable level of reliability ($\alpha > 0.70$).

3.2 Profile of the respondents

41.9% of the respondents were in the age group of 41-60 years of age. Most (52.3%) of the respondents belong to 21-40 age group. only 5.8% of the respondents were above 60 years. 39.3% of the respondents were post graduates, followed by Professionals (32.1%) and 28.6% of the respondents were graduates. Majority (90.5) of the respondents were working with private organisations. 3.5% of the respondents were doing their own business, 1.7% of the respondents with government sector and 4.3% of the respondents were unemployed.

3.3 Measures

3.3.1 Perceived ease of use scale

Tan & Teo (2000) in order to measure the perceived ease of use of e banking developed a five item scale. Respondents were asked to state the extent to which they agreed with the statements regarding their perceived ease of use using a five-point Likert scale which ranged from 5 = 'strongly agree' to 1 = 'strongly disagree'.

3.3.2 Customer's Trust Scale

In order to measure the customer's trust in using e banking a five item scale developed by Schneider 1998 was used for the study. A five point Likert scale which ranged from 5 = 'strongly agree' to 1 = 'strongly disagree' to measure the customer's trust was rated by the respondents.

3.4 Hypotheses for the Study

- Years of association with their bank do not cause significant variation in the perception of the respondents on perceived ease of use for e banking usage.
- Years of association with their bank do not cause significant variation in the perception of the respondents on Customer's trust for e banking usage.
- Years of association with their bank do not cause significant variation in the customer adoption of e banking.
- There will be no significant correlation between Perceived ease of use and customer adoption of e banking.
- There will be no significant correlation between customer's trust and customer adoption of e banking.

3.5 Tools Used For Analysis

To find out the significant difference in the perceived ease of use, customer's trust and customer's adoption based on years of association, Analysis of Variance was used. Pearson's Correlation was used to find out the relationship between perceived ease of use and customer adoption, customer's trust and customer adoption.

IV. RESULTS

Table 1 Influence of years of association on perceive ease of use

	Years of association				F-value	p value
	<2	2.1-4	4.1-6	>6		
Perceived ease of use	23.50	24.41	24.42	24.65	0.645	0.587

Source: Primary Data

The ANOVA table reveals that there is no significant difference in the perceived ease of use in using e baking between the respondents based on the years of association with their bank. We can infer that years of association with the bank age does not significantly influence perceived ease of use in using e banking services.

Table 2 Influence of years of association on customer's Trust

	Age groups				F-value	p value
	<2	2.1-4	4.1-6	>6		
Customer's Trust	16.83	17.02	17.26	17.32	0.310	0.818

Source: Primary Data

The ANOVA table reveals that there is no significant difference in the Customer's trust in using e baking between the respondents based on the years of association with their bank. We can infer that years of association with the bank age does not significantly influence customer's Trust in using e banking services.

Table 3 Influence of Educational Qualification on Intention to use

	Years of association				F-value	p value
	<2	2.1-4	4.1-6	>6		
Customer adoption	11.33 ¹	12.25 ²	11.74 ¹	11.75 ¹	2.222	0.045*

Source: Primary Data Note * denotes significance at 5 per cent level

The ANOVA table reveals that there is significant difference in the customer's adoption of e banking (at 5 per cent level of significance) between the respondents based on years of association. We can infer that years of association with their

bank significantly influence the customer adoption of e banking.

The Duncan post-hoc analysis shows that the customer adoption of e banking of the respondents belonging to less than 2.1 – 4 years of association was higher and significantly different from the other groups. The lowest mean value (11.33) in the < 2 years of association with the bank group signifies that the customer adoption of e banking is the lowest in this group.

Table 4 Correlation between Perceived ease of use and Customer adoption, Customer's Trust and Customer adoption

	Mean	SD	Perceived ease of use	Customer's Trust	Customer adoption
Perceived ease of use	24.48	3.42	1	.105	.484**
Customer's Trust	17.21	2.73	.105	1	.296**
Customer adoption	11.82	1.69	0.484**	.296**	1

Note: ** Correlation is significant at 0.01 level (2-tailed)

The correlation analysis reveals that there is a significant positive correlation between perceived ease of use and customer adoption (r = .484, p<0.01) and Customer's trust and customer adoption (r = 0.296 p<0.01). We can infer that when perceived ease of use increases, customer adoption of e banking increases. We can also conclude that when customer's trust towards e banking increases, the level of customer adoption in using e banking increases. There is no significant correlation between perceived ease of use and customer's trust in using e banking.

V. DISCUSSIONS

Most of the respondents have used almost all the e banking services provided by their banks. There is no significant difference in the perceived ease of use in using e baking between the respondents based on the years of association with their bank. We can infer that years of association with the bank age does not significantly influence perceived ease of use in using e banking services. The perceived ease of use of the respondents does not depend on the years with which they are associated with the bank in using these services. Years of association with their bank does not significantly influence the customer's trust in using e banking services. Trust is not based on the years of association with

their bank but the faith or the hope the banks provide to their customers.

There is a significant difference in the years of association with their bank and the customer adoption of e banking. Customers who have less association (less than 2 years) have a difference in adopting these e banking services. Customers who have a longer duration of association will have a better relationship and experience with the banks.

There is a positive correlation between perceived ease of use and customer adoption. If the respondents feel that the perceived ease of use increases, it increases their level of adoption of e banking. With an increase in the perceived ease of use, the respondents' share a positive attitude in the usage of e banking. Discussing on the trust aspects, there is positive relationship between customer's Trust and customer's adoption of e banking. When the respondents have a positive attitude towards trust in their banks, it increases customer adoption. There is no significant relationship between perceived ease of use and customers' trust. Banks can create more awareness campaigns on their services offered to their customers. With the increase in the awareness created by banks there will be more adoption of these services.

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