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Perceptions and Intentions of Youth towards Innovative Banking Adoption

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ABSTRACT

The banking habit among youth is one of the most important technology influences in 21st century. The current study was titled “The Impact of Technology among Youths on Banking Habits”. Internet Banking (IB) is a method of banking that allows a customer to perform banking transactions through a bank’s website hosted in the internet. The objectives of the study were to find out the association between type of banks, factors influencing the banking habits and level of customer satisfaction among the Youths. The result of the study shows that majority of the respondents are influenced by perceived usefulness and ease of use of services provided by the bank at anytime and anywhere. There is no association between type of banks and factors influencing the banking habits and level of customer satisfaction.

KEYWORDS: Technology Influence, Internet Banking, perceived usefulness and Youth and banks

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INTRODUCTION

The banking system in India played a critical role in growth and development of the economy and it has been stable without any major crisis since independence. It is relatively transparent in its operations and follows the internationally accepted best practices of disclosure, asset classification and provisioning norms. During the past three decades India's banking system has several outstanding achievements to its credit. The most important one is its extensive reach. It is no longer confined to metropolitans or cosmopolitans in India, but reached even to the remote corners of the country. This is one of the main agents of India's growth process.

The pace of change in banking sector is getting faster day by day. The most important change is the introduction of modern technology in banking sector. In order to make this change sustainable and contribute to the growth process of the nation, we have to understand the perception of people towards this change. The driving force behind the use of technology in banking relates to the ever increasing expectations of the customers. Technology has resulted in the computerization of the bank branches and has given rise to electronic banking channels like ATMs, internet banking, mobile banking telephone banking, debit cards, credit cards etc.

OBJECTIVES

1. To study the role of technology in encouraging the banking habits among youth
2. To find out the level of awareness among youth regarding various e banking delivery channels such as ATMs, credit card, internet banking, mobile banking and the variability of awareness according to the type of bank, age, occupations and income
3. To assess the problems faced by the users of e-banking delivery channels

LITERATURE REVIEW

Technology advancement has brought about various changes in the way in which banking products and services are delivered to the customers by the banks. The literature on innovation adoption showed that there are several theories which explain the factors influencing the adoption of new technologies. Important among them are; Shanmugan et al (2015) the purpose, of this paper was to investigate customer perception of internet banking in the U.K with the goal of providing a comprehensive understanding of customers' perceptions of internet banking. Today mobile banking applications are evolving as a new retail channel for banks. Mobile banking is a focal point of growth strategies for both the banking and mobile carrier industries (Goswami and Raghavendran, 2009). Banks, through mobile banking applications, provide a combination of payments, banking, real-time two-way data transmission, and ubiquitous access to financial information and services (Jacob,

2007). It is now taken for granted that the mobile phone as a channel for service consumption offers enormous potential in banking (Laukkanen and Lauronen, 2005). Previous studies indicate the factors contributing to the adoption of mobile banking include convenience, access to the service regardless of time and place, privacy and savings in time and effort (Laukkanen, 2007). Therefore, consumers assume and expect that through a phone they can readily attain fast, convenient and compatible service on demand. However, despite its advantages, the use of mobile banking has not spread in fact as was expected (Kim et al., 2009; Laukkanen, 2007; Laforet and Li, 2005). The internet is still the leading channel in electronic banking. Cortinas et al. (2010) found that despite using different channels to do their banking, customers tend to use one channel. This result is in tune with the respondents' opinion on the perceived 'gap' with the bank because of the introduction of technology, and on the necessity of human contact with the clients by the banks. This throws up a challenge to banks. Technology alone cannot give a sustainable competitive advantage for the banks. When all banks introduce IT, it will lose its position as a differentiator. Beyond a point, IT along with 'personal touch' will be necessary for the banks to retain existing clients and to attract new ones. Banks have to incorporate this in their operational strategy.

RESEARCH GAP

A review of literature revealed that it is very essential to know whether there is a gap between adopters and non-adopters of e-banking delivery channels. The study is more relevant as it makes an in depth examination of the demographic characteristics of the adopters and non-adopters of e-banking delivery channels. Further, it also reveals the perceptual difference between these two groups.

HYPOTHESES

Based on the objective, the following hypotheses were formulated and tested.

Ho₁: There is no association between type of banks and factors influencing the banking habits.

Ho₂: There is no association between type of banks and level of customer satisfaction.

MATERIALS AND METHOD

Population for the study comprises of the youth. The study is mainly based on the primary data collected from 100 respondents using convenient sampling method. Data was collected using a structured questionnaire.

SAMPLE PROFILE

Out of 100 respondents, 59 per cent were male. About 59 per cent of the respondents were between 21-24 years of age. Majority of the respondents were self-employed having monthly income below 25000.

ANALYSIS AND FINDINGS

Table 1 - Hypothesis Testing ANOVA test on banks and factors influencing the banking habits.

Variables	X ²	Inference
Fast and wide range of service	3.915	Accepted
Quality of banking	18.617	Rejected
Better control	12.846	Accepted
Simple and easy procedure to do transaction	4.443	Accepted
User friendly software and website	8.296	Accepted
Easy for self-learning	5.62	Accepted
Confidentiality	4.748	Accepted
Precautions against network damage	5.492	Accepted
Timely information	9.350	Accepted

Chi-square is a statistical test commonly used to compare observed data with data we would expect to obtain according to specific hypothesis.

As the P value is greater than 0.05, we accept the null hypothesis in all the cases expect for one. Therefore we can conclude that there is no association between the type of bank and the factors influencing banking habits expect in the case of quality of banking. Quality of services offered by the banks are significantly different according to bank customers (Table 1).

Table 2 - ANOVA test on banks and level of customer Satisfaction

Variables	F	Sig.	
Level of customer satisfaction	1.823	0.167	Accepted
Timely publication	1.636	0.200	Accepted
Proper functioning	2.927	0.058	Accepted
User friendliness	.233	0.793	Accepted
Up to date	2.342	0.102	Accepted
Efficiency and effectiveness of bank	2.154	0.583	Accepted
Availability of services	1.007	0.122	Accepted
Speed and way of solving problem	0.530	0.369	Accepted
Non recurrence	2.174	0.119	Accepted
Service and other operating charge	0.826	0.441	Accepted
Supporting factors	0.163	0.850	Accepted
Simple and easy	0.003	0.997	Accepted

Hypothesis is tested to find out whether there is no association between type of banks and factors influencing the banking habits and level of customer satisfaction.

Hypothesis is tested with ANOVA (analysis of variance)

Table 3 - Mean score analysis of banking habits and level of customer satisfaction

		N	Mean	Std. Deviation
Level of customer satisfaction	SBT	30	4.00	1.017
	SBI	30	4.23	.817
	Federal Bank	40	4.40	.778
	Total	100	4.23	.817
Timely publication	SBT	30	3.53	1.074
	SBI	30	3.93	.640
	Federal Bank	40	3.83	.903
	Total	100	3.77	.897
Proper functioning	SBT	30	3.47	.973
	SBI	30	4.00	.830
	Federal Bank	40	3.95	1.037
	Total	100	3.82	.978
User friendliness	SBT	30	3.40	1.037
	SBI	30	3.53	1.167
	Federal Bank	40	3.35	1.167
	Total	100	3.42	1.121
Availability of service	SBT	30	3.47	1.120
	SBI	30	4.07	1.042
	Federal Bank	40	3.55	.950
	Total	100	3.68	1.043
Efficiency and effectiveness	SBT	30	3.77	1.223
	SBI	30	3.93	1.015
	Federal Bank	40	3.40	1.081
	Total	100	3.67	1.120
Up to date	SBT	30	3.63	1.033
	SBI	30	3.73	1.081
	Federal Bank	40	3.20	1.181
	Total	100	3.49	1.124
Speed and way of solving problem	SBT	30	3.40	1.248
	SBI	30	3.63	1.299
	Federal Bank	40	3.70	1.181
	Total	100	3.59	1.232
Non recurrence	SBT	30	3.68	1.117
	SBI	30	3.39	1.251
	Federal Bank	40	2.93	1.023
	Total	100	3.00	1.136
Service and other operating charge	SBT	30	2.93	1.285
	SBI	30	3.00	1.050
	Federal Bank	40	3.28	1.219
	Total	100	3.09	1.190
Supporting factors	SBT	30	3.37	1.159
	SBI	30	3.53	1.008
	Federal Bank	40	3.54	1.197
	Total	100	3.45	1.123
Simple and easy	SBT	30	3.53	1.042
	SBI	30	3.53	1.167
	Federal Bank	40	3.55	1.197
	Total	100	3.54	1.132

Source: primary data

Analysis of variance is a collection of statistical models used to analyse the differences among group mean and their associated procedures developed by statistical and evolutionary biologist Ronald Fisher. In the ANOVA setting, the observed variance in a particular variable is partitioned into components attributable to different source of variance. In its simplest form, ANOVA provided a statistical test of whether or not the mean of several groups are equal, and therefore generalises the t-test to more than two groups. ANOVA are useful for comparing three or more means for statistical significance.

As the P value is greater than 0.05 the study accepts the null hypothesis in all the cases except for one. Thus we can conclude that there is no association between the type of bank and the level of customer satisfaction.

FINDINGS

Based on the hypothesis the major findings are,

Demographic Profile

- Based on the analysis of the demographic profile, it is found that most of the respondents are male.
- The monthly income of majority of the respondents are below Rs. 25,000 and the most preferred is Federal Bank.

Factors influencing the banking habits

- The findings shows that majority of respondents are significantly influenced by perceived usefulness and ease of use of the services provided by the bank at anytime and anywhere.
- Privacy, security and reliability, demonstrability and efficiency, simple and easy procedures to do transaction, user friendly software and website, competency of employees, timely information and problem solved by banks are the important aspects the quality of banking.
- The above factors are influential in determining the banking habits of youth today.

Level of awareness of various banking Delivery Channels

- Key findings related to the awareness of electronic bank delivery channels clearly indicate that all customers are well aware that their respective banks provide the facility of ATMs, different types of transactions done through ATMs and the mechanism of using ATMs.
- As far as internet banking is concerned, majority of the customers are aware that their banks provide the facility of internet banking, but regarding undertaking internet banking transactions, their level of awareness is low.

- In the case of availability of mobile banking and transactions done through this medium, majority of the respondents have limited awareness. Most of the respondents are aware of the availability of debit and credit cards.
- Regarding credit cards, most of the users frequently experience high interest rates, hidden charges and charges on late payments which leads to low level of satisfaction related to credit cards.

Problems faced by customers

- With regard to ATMs, most of the users rarely face any problem while using ATMs. Some users occasionally face problems of waiting in long queues at ATMs. Some others occasionally insert ATM cards incorrectly.
- Users occasionally faces problems of internet and mobile banking being too slow, charges on various internet banking transactions are not known and feel fear of lack of security and confidentiality in transactions and disruption of network.
- It was found that users rarely face the problem of not getting up-to date information and they do not have any problems with internet transaction.

CONCLUSION

It can be concluded that technology has greatly influenced the bank customers, encouraging them to conduct banking in an innovative manner. They have very good awareness regarding ATMs and credit card whereas it is rather low in the case of internet and mobile banking. Usage of ATMs was highest followed by internet banking, credit card and mobile banking.

The study identified four perceptual factors such as perceived usefulness, privacy, security, reliability and accessibility which influences the adoption of ATMs wherein convenience, speed of operations and accessibility are positively associated with the adoption of ATMs whereas perceived risk has negative influence.

SUGGESTIONS

Based on the above findings related to e-banking awareness, adoption and experience, the following suggestions are made for further improvements in in e-banking.

- The banks have to initiate steps to educate the customers about new banking services/products, ATMs, online banking, mobile banking etc. the banks may have to conduct different programs like customers day, meets and campaigns in which they can directly interact with their customers and educate them about their new products.

- Banks should take prompt and timely actions to ensure the smooth functioning of ATMs. Customers should be relieved of their apprehensions and should be made to feel comfortable while using ATMs.
- Even though most of the ATMs provide the service of accepting deposits, many users do not avail of this services as they have security apprehensions. Confidence building steps are to be taken from the side of the banks.
- For better adoption of internet banking, it is necessary that the banks offering such services make the customers aware about it and convince the customers about how it adds value to their banking needs.
- Both users and non-users experience higher risk in using internet banking. Banks should impart more information and provide better education on various security and privacy measures adopted by them to the customers. Proper implementation of security measures will be of utmost importance for banks to remain in business.
- Banks should ensure safety and confidentiality while delivering services through internet banking. By customer's education, banks can remove misconceptions that non users have with regard to internet banking. So the challenges to all bankers will be to expand the internet banking user base and increase the range of service to the customers.

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