

Factors that Influence the Adoption of Online Banking Services in Sukkur

Author's Details

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The purpose of this research paper is to determine those factors that influence the adoption of online banking services in Sukkur. Data were collected from 200 respondent using online banking practices in Hyderabad Sindh-Pakistan by using simple random technique. A structural Questionnaire was developed for the reliability and validity of data. In this study data of independent variable and dependent variable were collect from the customers of different banks of Sukkur.

The questionnaire has been used to collect the information for respondents, For measurement, we will quantify the respondent's response with the help of likert 5 point scale. Ranging from (1 = strongly disagree, 5 = strongly agree). It was revealed that the model tested clearly that use of online banking is influenced by channel convenience, perceived risk, security perception, prior internet knowledge and information on online banking. The results also determine that demographic factors also impact significantly on online banking. Finally, this paper suggests that an understanding the factors affecting intention to use internet banking is very important to the practitioners who plan and promote new forms of banking in the current competitive market

Introduction. E-commerce and internet banking is nowadays prioritized by many financial institutions. Internet banking and e-commerce is also known as providing new services and products in banking sector. By the help of internet banking and e-commerce small banks can creates opportunities to compete same as larger banks are doing. Customers who want more quality products and services in innovative way can avail these services quickly. According to **Kayode (2008)** said that customers can also access different banking services such as transfer of funds from one account to another, also do transactions of different banks customers and check their accounts balance through internet banking and e-commerce. In today modern era, every customer has computer access at their homes and they can easily browse information related with transaction Technology is playing very important role in the competitive era of financial industry. The recent developments in the technology have created totally new service concept and service environment. Technology has changed the nature of buying and selling of services. One of the

fundamental changes in the banking industry has been the movement of consumer from traditional to e-banking such as internet, telephone and mobile phones in private banking.

Mostly in the Pakistan ATM and online banking debit and credit cards have the greater then 2000. the annual report of 2005 State bank of Pakistan describe the ATM facility provide by domestic banks and the credit card facility provide by foreign banks like Stander charter and Citi banks control on credit card facility in Pakistan and overall 95% of total amount of transitions.

In Pakistan online banks system adopted little bit late compared to other countries, but they try to do competition with them. Now days Debit and Credit card facility frequently are using by the account holders. Presently 28 commercial banks providing online banking facility in Pakistan 74% of Pakistani banks are operating online banking services. As already discuss MCB took creativity introduce ATM and credit card facility according to report of SBP 2011 currently 4,737 ATM machines are working in Pakistan. In Pakistan Allied banks Limited has 573 ATMs. Allied bank is largest bank in online banking system establish 800 online branches in Pakistan. Mostly commercial banks of Pakistan are offering computerized banking services to their customer and all linked with each other order to operating ATMs.

Online banking systems reduce the cost of operations like physical appearance of banks and workers mostly in the Pakistan e banking creativities and utilize the technology benefits and produce other many benefits in the banking system Pakistan has been among the late inter in the online banking. First ATM was start in 1999 and in 2000 internet banking was introduce (Ahmed,2006).

Financial institutions of Pakistan will also have to increase suitable protection to deal with the operational risks. 90% of the banks in urban areas using computerized system by 2006. different banks offering different facility like fund transfer in the other banks. Some bans also provide mobile banking facility in which

we can transfer utility bills can do payment through mobile phone.

According to **Byers, R.E and Lederer, P.L. 2001**, that e-business literature has studied the occurrence of the online banking from various angles. Some research has explored the progression and adoption of online banking, while others define the challenges and benefits to be enlarged form online banking services which are concerned for organization. From the last two decades banking sector has chosen the new type of medium to provide the services based on information technology with the help of internet for the sake of customer preferences and needs, competition has been increased from non-banks, changes in social trends and demographics, and deregulation from government for financial service sector.

According to **Shah.Mand Clarke.S.(2009)** the adoption of new IT application is largely influenced by the some of the factors such as overall organizational attitude and culture as well infrastructure and technical elements.

RESEARCH METHODOLOGY

Reliability

Table: .1

Reliability Statistics	
Cronbach's Alpha	N of Items
.899	20

Interpretation:

This table shows the .899 Cronbach's Alpha, which is more than the required standard reliability of .660 that means the instrument of this research is quite reliabl 2 Frequencies

4.3 Crosstabulation

Data were collected from 200 respondent using online banking practices in Hyderabad Sindh-Pakistan by using simple random technique. A structural Questionnaire was developed for the reliability and validity of data. In this study data of independent variable and dependent variable were collect from the customers of different banks of Sukkur.

The questionnaire has been used to collect the information for respondents, For measurement, we will quantify the respondent's response with the help of likert 5 point scale. Ranging from (1 = strongly disagree, 5 = strongly agree)

DATA ANALYSIS

In the administration of survey, participants' demographics data were collected along with Adoption of online banking and Channel Convenience, Information on online banking, Perceived Risk, Prior internet Knowledge, Security Perception factors data. The motive of collection of these demographic data was to knowing the general information about the customers of Banks. Those demographics data consisted of participants' age, gender, education and occupation, further analysis consist of reliability, comparison of co-relation of various variables and regression.

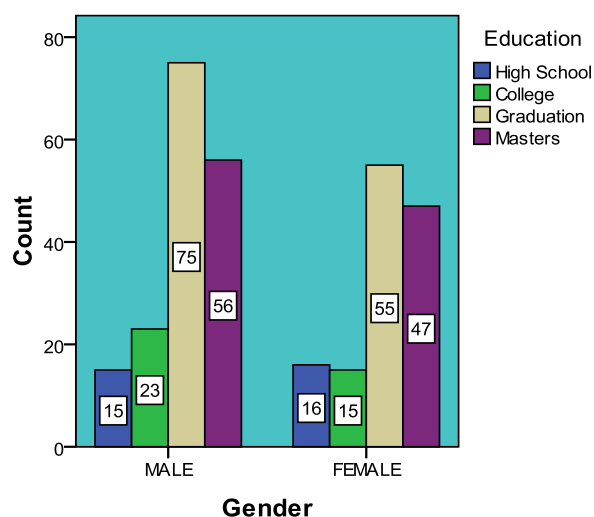
Table: 4.3.1**Gender * Education Cross tabulation**

Count

		Education				Total
		High School	College	Graduation	Masters	
Gender	MALE	15	23	75	56	169
	FEMALE	16	15	55	47	133
Total		31	38	130	103	302

Graph 4.3.1**Interpretation:**

The graph no: 4.3.1 shows that there were actually 302 respondents in which the female respondents were 16 in school, 15 from college, 55 from graduation and 47 masters, while the male respondents there were 75 from graduation.

high
from**Table: 4.3.2****Gender * Age Cross tabulation**

		Age				Total
		15-20	21-25	26-30	31-35	
Gender	MALE	25	46	70	28	169
	FEMALE	20	59	42	12	133
Total		45	105	112	40	302

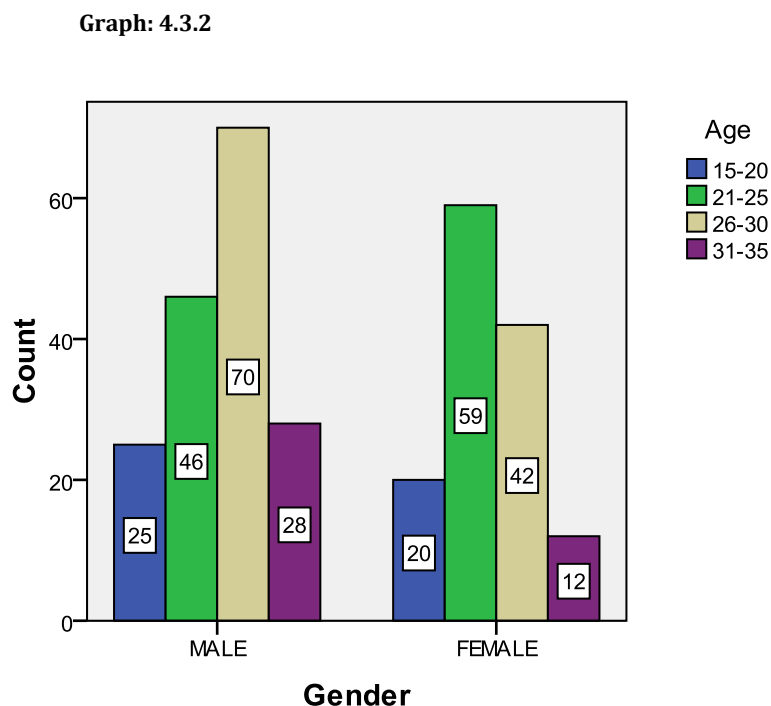
Interpretation:

Above graph 4.3.2 depict that there were 302 respondents of which female respondents were 59 from 21-25, 42 female respondents were from 26-30 age group, 12 were from third age group of 31-35 and 20 were from the 15-20 age group.

While 25,46,70,28 male respondents were from the age group of 15-20, 21-25, 26-30, 31-35 respectively.

4.4 Descriptive Statistics

Table 4.4.1



	N	Mean	Std. Deviation
Channel	302	1.9512	1.82839
Security Perception	302	3.5841	.71918
Perceived Risk	302	3.6265	.38419
Prior Internet Knowledge	302	3.1280	.55400
Information of Online	302	3.9305	.57378
Adoption of Online Banking	302	3.9296	.55680
	302		

Interpretation:

The table 4.4.1 provides the important and relevant information, and i have made a benchmark for mean which is 3, so if the mean of the variables will be less than 3 it will be considered towards the disagreed side, while when the mean of the variables will greater the benchmarks of 3 will be considered towards the agreed side, as the it is showed in the above given table that the channel convenience variable has less mean of 1.95 which shows people of Sukkur are not agree with adopting the online banking due to the channel convenience.

4.5 Bivariate Analysis

Table 4.5.1

Correlations

	Channel	Security Perception	Perceived Risk	Prior Internet Knowledge	Information of Online	Adoption of Online Banking
Channel Convenience	302	.155**	.083	.041	.095	.092
Security Perception		1	.103	.100	.166**	.176**
Perceived Risk			1	.002	.303**	.236**
Prior Internet Knowledge				1	.118*	.085
Information of Online Banking					1	.699**
Adoption of Online Banking						1

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Interpretation:

Above table demonstrate that dependent variable Adoption of Online Banking has valuable relationship of .699 with Information of online banking variable and results shows that there is greater relationship of .699 between adoptions of Online banking with information of online banking variable. In above table result shows that there is minimum Relationship between the information of online banking with prior internet knowledge variable.

1 CONCLUSION

As we know that there are many factors which could influence on the adoption of online banking. This research is based on five important factors that are Channel Convenience, Perceived Risk, Security Perception, and Prior Internet knowledge, Information about online banking.

Today in era of Information technology every business wants to deliver their products and service via various electronic channels. This research is conducted to find out the influence of Channel Convenience, Information on online banking, Perceived Risk, Prior internet Knowledge, Security Perception (Independent variables) upon Online Banking Service Adoption (Dependant Variable).

On the basis of result we came to the conclusion that information about the online banking has the positive influence as well positive correlation with adoption of online banking in Sukkur.

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