CHAPTER 5

FINDINGS AND RECOMMENDATIONS

The rapid expansion of internet has redefined the financial services sector by providing an opportunity for diverse services through online. Online financial services offer integrated benefits both for banks and customers. Online banking channel provide cost efficient, convenient and time saving services. Researchers like IAMAI (2006), Khare et al (2010), Vetrivel and Devasenathipathi (2010), Surulivel et al (2012) observed that Indian banking customers are reluctant to adopt online banking services due to various reasons. Studies like Karahanna et al (1999), Bhattacherjee (2001), Hsu et al (2004), Hsu and Chiu (2004), Merikivi and Mantymaki (2009), Ahmad et al (2010), Al-maghrabi et al (2011), Adapa (2011), Yaghoubi et al (2011), Ramayah and Leeb (2012) emphasis that individual’s initial adoption is an important step for the acceptance of any technology but continued use makes it viable in the long run. Therefore this study focuses on identifying factors that influence customer’s intention to continue online banking services in India.

The framework of this research is based on the Decomposed Theory of Planned Behaviour which is modified to incorporate additional constructs such as customer’s perceived risk and electronic service quality attributes that were found unique and essential in the Indian context. The Decomposed Theory of Planned Behaviour is a well grounded theory among technology adoption theories with higher explanatory power providing precise understanding of adoption (Taylor and Todd 1995a) hence it has been used in
this research. The modified theory is a comprehensive research model that has been tested to identify the factors influence continuous usage of online banking services by Indian customers. This study also gives an insight into customer’s awareness of service and banking behaviour of Indian customers.

This chapter presents the findings of the research and recommendations for banks. The scope for future researches has also been presented.

It was found that majority of Indian online banking customers are young, employed, male graduates. They were found to have minimum income level of fifteen thousand rupees per month. The result is consistent with the online banking report of Internet and Mobile Association of India (2006). The young and employed customers are highly inclined to continue with current online banking channel. Since they are empowered to use technology oriented products like internet, mobile phones and credit cards they would easily adapt to any new technology including online banking. The self-employed customers with lower income, adult and senior citizens are found to use less of online banking services. This could be due to the inhibition to use any new technology. However as they acquire experience with the technology and understand its functioning they may change their negative attitude and accept the online banking technology. Adult and senior citizens may prefer convenient mode to pay their household bill payments, fund transfer and mobile recharge services. Similarly self-employed people can be easily attracted towards online banking services due to the convenience it provides for their receipts and payments across countries. Therefore potential customers falling under the self-employed and senior customer’s category.

It was also found that, Indian online banking users visit their online banking website once in a week. When the customers frequently operate online banking website they will be inclined to use new services which they
have not yet tried. Therefore to improve the customer’s frequency of visits to websites the banks have to make their sites attractive and frame suitable strategies to pull the customer’s to use their online sites frequently. Gupta and Bansal (2012) also identified that site aesthetics of Indian banks has to be improved. Therefore attracting the customers through imaginative sites can be a platform to increase the rate of adoption and continuance.

In addition to that customers using banking services on a daily basis, irrespective of the banking channel are found to have higher intention to continue their existing online banking channel. This indicates that customers having higher banking need would continue with the online banking services. The convenience associated with online banking channel may motivate the customers to use online mode for their banking purpose. Therefore banks can concentrate on infrequent users of online banking services to attract more customers.

Indian online banking customers having rich internet and internet banking experience are highly inclined to continue with online banking services. This result was similar to the findings of Ramayah et al (2003), Jaruwachirathanakul and Fink (2005), Yoon (2010). The internet experience of customers may shape their beliefs which in turn may have influenced the continuance behaviour. Customers with more internet experience may be more familiar with the interfaces provided by online banking websites and could better exploit website offerings than inexperienced users. The customers having less internet experience may struggle to explore the websites of the bank. They may discontinue their usage or switch to other bank if they encounter any simple problem when performing their online banking transactions. Hence the banks have to give special attention to the customers having less internet experience. Customer’s site aesthetics may influence their continuance intention. Customers having less internet experience may be more sensitive to the site aesthetics of the banking websites compared to the customers having more internet experience. Therefore banks can educate the customers through demos and E-mail guidelines to operate each and every service offered.
Those customers having good experience with one or few of online banking services may have tried variety of services and would have gained expertise in online banking channel, then they will evaluate the ease and usefulness of the channel which will become the base for satisfaction and continuance also. Specifically banks have to concentrate on the users who have experienced limited number of services. The online banking users with limited experience may try to explore the integrated services too. Hence the banks have to educate the customers with proper online demos, online tutorials and user guidelines for each specific service.

Indian customers would like to have online banking services from reputed banks that can offer wide range of online services. The findings of Kennington et al (1996), Tan and Teo (2000) are also similar to this result. The perception of reputation differs based on customer’s experience with particular bank. The customers may perceive that the banks where they acquired constructive services in the past as reputed banks and think they may extend the same kind of services for online services as like off line mode.

Online banking platform facilitates variety of services under single roof. The customers may like to perform all banking activities such as automatic bills, insurance payments, view and print monthly bank statements, recharging mobile phone and transferring funds with in hours across countries. Therefore customers would have a preference for a bank that offers wide range of online services. Hence banks have to focus on the mixed offerings through online mode to retain the existing customers and to attract the potential entrants.

Though Indian banking industry is dominated by public sector banks customers prefer online banking services offered by foreign and private banks. A study by Agrawal (2010) identified that the quantity and quality of services provided by private sector banks are better than that of public sector
banks. Since online banking is offered by all banks the customers may compare the services offered by public sector banks with other foreign and private banks operating across the country. Hence Public sector banks need to adopt better operational strategies so that they are preferred by the customers so as to face severe competition faced from other private and foreign banks.

Though the online banking offers variety of advantages the majority of the Indian customers have on an average used five services. Customers are aware of the various online services provided by the banks. But they have availed only the basic services like Account information and summary of transactions. The result is confirmed by the findings of Karrupusamy and Planaichamy (2012). The integrated services like online shopping, share trading, online taxation, E-mobile recharge, and online request for cheque book, canceling the cheques are not availed by majority of the online banking customers. Therefore banks have to educate their customers regarding the variety of offerings and how it fulfills customers diversified needs by offering value for their money, time and effort. They may be aware about all the online banking services, but they are still not very comfortable with using it hence they may not have tried them yet. Therefore customer’s effective usage of online banking services depends on how the banks are guiding them on the step by step execution of each service. Understanding customer requirements can enable the banks to develop new service offerings. Therefore, banks have to educate initial stage users and matured users separately. The initial stage users may require great attention and guidance for each and every step of the service where as matured customers could browse through the website and could perform their transactions in a better way.

In online banking environment customer satisfaction is found to be a significant determinant of continuous usage. But majority of the Indian
online banking customers are not satisfied with the services availed by them. The utility oriented services like ticket booking, bills payment, and fund transfer were used by about fifty percent of the target respondents among them majority were unsatisfied with the services offered by the banks. The rest of the services like mobile recharge, online shopping, cheque cancellation, cheque book application, online donation and online tax payment services were availed by very limited number of customers and the number of satisfied customers were also low. Banks may have to look at accurate post transaction services, resolution for customer’s problems and quality of service to improve the satisfaction level.

Indian online banking customers are unlikely to pay any charges for using online banking services. This result is also in line with the findings of Tan and Teo (2000). In India, most of the online banking services are offered free of charges so far. Indian online banking customers are accustomed with the service as a free service. However, certain transactions such as cheque cancellations and fund transfers would still require administrative charges which may be charged with proper intimation to customers. Since the cost of operating online banking is lower than any other channels, banks should look for opportunities to further reduce the charges incurred for the customers. Banks can use this low or no charges of online transactions as a key aspect to promote the online services. In case of charging for online services, banks can prefer the system of flat fee per month instead of charging per transactions.

Online banking customer’s intention to continue with online banking services depends on their positive attitude towards online banking services. The positive attitude is formed by advantage and less difficulties of online banking over other channels. The suitability of online banking technology with customers and individual’s ability to try online banking services also form attitude of the customers.
The customers positive feelings about the cost efficiency, convenience, ease of controlling and monitoring their financial transactions through online channel develops positive attitude which in turn influences their intention to continue online banking services. Also greater the extent to which customers perceive that online banking is well-suited with their past values, banking need, life style and professional needs higher is the influence on intention to continue with it. This result conforms to the studies of Adapa (2011), Karahanna et al (1999), Tat et al (2008). Therefore banks can promote online banking channel based on the features like fully packed online service, value for money, time and effort, suitability to modern lifestyle and changing banking needs of the customers. It is essential for banks to differentiate their services from other banks.

The study has found that, higher the number of trials performed by customers for each specific service greater is the positive attitude towards the services which in turn it influences their intention to continue online banking services. In a similar study indicates that positive attitude of the customers can be built by providing potential users the opportunity to test each services (Adapa 2011). Therefore banks can incorporate a link or menu for quick display of each service on their website and educate the customers by flashing online demos for each specific service on their website. In off line mode too demos can be carried out at their branches, pamphlet detailing the services and promoting through the bank staffs would stimulate the users to try out new services which they have not yet tried. Banks can also set up their own online banking stations at busy venues like bank branches, shopping malls, railway stations and airports to increase the number of trails of the customers. These measures will motivate existing customers to try out new services and continue to use them and also attracts new customers.
The complexity in terms of difficulty in operating and learning online banking, problems in opening and maintaining online banking account and confusion with online banking website reduce customer’s intention to continue online banking services. This finding is similar to the findings of Yeong (2009). User friendly website of the banks makes the banking process simple and easy for learning. Therefore banks have to design user friendly website by surveying the opinions of the existing customers. Banks have to look beyond only providing good online services to build strong, enduring relationships foster loyal customers.

Though the channel offer integrated benefits Indian online banking customers are negatively influenced by their security and privacy fears. Studies like Adapa (2011), Vatanasombut et al (2008) also confirm the results. Hence the banks have to provide safe and error free transactions which enhance the service value and reduce the fear of risk of loss. The banks can build trust and confidence towards their online services by educating about their integrated security system. It is essential to assure and communicate to the customers how banks protect customer’s financial transactions with either double or triple layer authentication system. It can also display the links of their security audit reports on their websites or it can be forwarded to the customers e-mail to create trust towards the bank’s online service. The privacy policy, guarantee of banks, legal protection by regulator needs to be displayed on the banks website and it can be forwarded as personal message to customer’s mail or mobile numbers to enhance the customers trust and confidence which would influence the continuance of online services. The biometric authentication system would increasingly encourage the customers to perform online banking transactions. However, once customers are aware of the positive effects of online banking it will outweigh the negative effects which will motivate customers to continue with online banking services.
Numerous studies have found that social influence (subjective norm) has positive influence on intention to continue the services in various online contexts. In contrary to these findings Indian online banking customers do not rely on reference groups opinions for usage of online services. Social influence as found to negatively influences continuous usage. Though social pressure exerted on individuals are high in India compared to other western countries however Indian online banking customers are not persuaded by their referents. Since online banking services are voluntarily preferred by the customers for their convenience hence they need not be persuaded by the opinions of family, peers or colleagues. The beliefs and attitude about online banking services are continuously updated based on user’s experience may decide their continuous usage. When the customers are continuously updating their belief and attitude by their own experience they may internalize this actions and place less importance to the opinions of their family, friends and colleagues. Hence banks have to focus on the positive experiences of their customers for stable usage. Every transaction has to be considered as a starting point to build long term relationship with the customers. Therefore banks have to give high importance to their transaction accuracy which will avoid customers switching.

The internal capabilities (self-efficacy) and external resources (facilitating condition) significantly influence online banking customer’s intention to continue with online banking services in India. This finding is consistent with the results of Hsu et al (2004), Chen et al (2009), Hsu et al (2006), Yaghoubi et al (2011). Customer having confidence in their skill would browse through the website and find a solution for their problems, where as the semiskilled customer may misperceive the online banking system and may not continue with it. The customers having ability to access online banking by themselves may approach online help or online tutorials or online customers service in case of problem and they may not discontinue the
service. Hence banks have to provide step by step detailed demos for each of their services on their website which would enhance the customer’s capabilities in performing each service.

Facilitating condition in terms of technology and government support are also found to have significant influence on customers intention to continue with online banking services. Therefore, belief about resources such as computer, internet, good internet connectivity, navigation speed, legal support, encouragement from the government to use the electronic banking channel decides continuance of online banking services in India. Since online banking is an emerging channel the customers may expect suitable cyber law and encouragement from the Government.

Further the usage of online banking services depends on website efficiency of banks and security aspect. Pi et al (2012) also confirm this finding. Since website is the direct interface between the customers and bank, it has to be equipped with good information clarity, design and page layout. The banks can attain desired level of customer’s website usage when it prioritizes the content of the site. Hence the banks have to maintain simple and user-friendly website which will support the customers any time anywhere. The frequent users will also get disappointed if any information could not be retrieved from the website. Information about new menus on bank website and transaction completion statements has to be immediately intimated to customers through mail or as a Short Message Service (SMS) to the customer’s mobile numbers. Every transactions and its related information is a tool to create trust and confidence among the customers which would create an emotional bond with the bank. In an off-line environment, service providers rely on the skills and expertise of their front-line service representatives to connect with their customers. Creating an emotional connection with customers is a more essential strategy in online environment.
where competitors are technologically capable of imitating one another’s service and features. Therefore website efficiency and security can be a tool to create long term trust and healthy relationships with customers.

The bank websites fulfillment in terms of technical reliability is found to be a significant predictor of online banking customer’s intention to continue with online banking services in India. This result is consistent with the findings of Zhou et al (2010). In online banking environment prompt banking service at promised time with proper website functionality creates positive belief about online banking service which would build positive perception to continue with online banking services with the same bank. Delivering the service with good technical reliability offers an opportunity to achieve competitive differentiation. Quick initiation of website, website without crashes and quick webpage loadings determines the customer’s intention to continue with online banking channel. These problems may occur due to internet connection offered by telecom industry. The banks have to monitor the other end of the supply chain, the telecom service for proper internet connectivity. This continuous monitoring will enhance the level of fulfillment for the online banking customers and will aid in retaining the existing customers.

The responsiveness of the website is also found to have significant influence with intention to continue with online banking services. It indicates that Indian online banking customer’s continuous usage depends on how for banks quickly resolve the problems encountered by the customers while performing online transactions. In conventional banking system the customer can approach the front line employees in case of problems where as in online banking system website is the interface between banks and customers. Therefore the online help, tutorials, contact pone numbers and online customer service representatives are the tools which have to replace the role
of conventional banking front line employees in post transactions services. Availability of online customer service adviser and getting the customer service with minimum waiting time would impress the customers and form trust which will motivate customers to continue with services in the same bank in the long run. Also higher level of flexibility in the design of the online banking website allows the customers to make changes during their transaction.

Internet banking transactions involves lot of emotions where there is no face to face contact hence there is lot of opportunity for irritations, frustrations in case of encountering problem in the process of performing transactions. When mistakes occurs more than once in a online banking system the feeling of uncertainty and irritations raises and will negatively impact customer’s intention to continue with online banking channel. Hence banks have to be conscious while resolving customer’s problems.

5.2 CONCLUSION

The purpose of this research was to examine the factors that influence continuous usage of online banking services in India. The continuance of online banking services by Indian customers differs across various socio demographic sections of customers such as age, occupation, education, internet experience and the number of online banking services availed. Young educated professional who have experience in using the internet and those having banking needs are found to continue online banking services. The customer’s service awareness are high but they have availed only limited number of services in Indian context. In addition to that, customer’s continuous usage behaviour depends on their perceived attitude towards advantages of online banking over other channels. The channel’s suitability with the customer’s lifestyle and professional needs, their ability to try the online banking functions also decide their continuance. Though the
channel has integrated benefits the website efficiency in terms of simplicity, user friendliness and prompt service only can retain and motivate continuous usage of online banking customers. In addition online banking customer’s intention to continuously use the services is influenced by fear of security for their financial transaction and privacy. Hence the banks have to create trust towards their service by transparent privacy policies and integrated security system. Continuous usage of online banking services is positively influenced by customer’s capabilities, support facilities, and electronic service quality features. Perceived risk associated with online banking and societal pressure negatively influences intention to use online banking services. Therefore banks can take a cue from the findings and employ them to retain the existing online banking customers and motivate continuous usage.

5.3 RECOMMENDATION FOR FUTURE RESEARCH

The aim of the current research is to identify the factors that influence Indian online banking user’s intention to continue with the services. To attain this, samples were drawn through snowball sampling method. Since the online banking research deals with monetary transactions of the users, snowball sampling was found to be useful to create initial trust among the samples to share their opinions for the survey. Though there is lot of advantages in the above chain referral sampling method it has its own disadvantages. Atkinson and Fint (2001) confirm the deficiency of snowball sampling technique. It was found that quality of the data and in particular a selection bias limits the validity of the sample while using the above sampling method. Kaplan et al (1987), Van meter (1990) and Griffiths et al (1993) also address the selection bias problem of snowball sampling method. It was suggested that the sample selection bias can be reduced when the research deals with large samples. Therefore the future research can extend this study by collecting the data from banking customers including non online banking
users. The research on online banking users and non online banking user’s perceptions can better serve for Indian banking industry.

India has large potential for mobile banking services which is evident from Telecom regulatory authority of India. Hence the current study can be further extended to explore the factors influencing acceptance of mobile banking in the Indian context.

The current study gives a snapshot of online banking usage during particular period of time. The future research can replicate the same study with same samples in regular intervals to further understand the change of causal linkage between factors and can examine its influence on intention to continue online banking services.

The current study can be further extend by classifying the samples as early adopters and late adopters based on their online banking experience and to examine the change in intention to continue with online banking services.

Factors that affect intention to continue online banking services that are considered important in one culture might be less important in another culture. Hence, future research could apply the same research framework by incorporating cultural factor in other developing countries to get broader perspective.