

STUDY ON FACTORS AFFECTING ADOPTION OF TECHNOLOGY DURING CONSUMER PURCHASE BEHAVIOR TOWARDS BANKING SERVICES

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Abstract: Over the past decade, the purchase behavior of consumers has gone through drastic changes across all the product categories that influence human life. The advent and proliferated use of IT based technology; also called digital technology has facilitated the undeniable and non reversible shift in buying-selling landscape. The increased diffusion and adaptability of technology among the population has on one hand empowered the common consumer to greater extent and has posed newer challenges for product and service providers on the other. The financial services sector in India is no exception to the said phenomena. The financial services/products based businesses have been majorly driven by the use of IT/Digital technology in recent years. This research paper focuses upon the adoption of technology during purchase behavior of consumers towards banking products/ services.

Key words: Consumer behavior, Banking services, Technology adoption, Digital banking

Introduction

Consumers' buying habits have changed over the past decade. The advent of digital technology has created a new world market wherein the customers, irrespective of their locations, are being approached and offered a host of products and services and at the same time they are able to choose, decide and finally buy the same from the comforts of their homes. The manufacturers and producers of diversified product categories have started to make use of digital technology based distribution channels for approaching and delivering the goods and services at the doorstep of their respective target customers. This paradigm shift in the consumer behavior towards purchase of tangible products, however, could have been envisaged earlier. But for the services, to be offered and delivered through electronic channels, which are intangible in nature, has not been easy enough to be foreseen. Especially in the field of financial services, which are very crucial and significant for customers because of its monetary nature, the use of technology in place of human being for delivery of services could not be easy. The financial services, traditionally being served to customers during person to person interactions were never imagined to be delivered on any technological platforms. However in the current times the rapid evolution as well as adoption of technology in all the spheres of human life has not left the financial services untouched. Today, all types of financial institutions, be it government or private, are increasingly using the digital technology based IT platforms in order to offer and deliver their services to the consumers. All the banks have started offering internet services as well as mobile app based services. The customers can easily choose the required service from the comforts of their home using his/her laptop or mobile and start using it. Such a change in consumer behavior towards use of financial services needs to be researched further, because this change has opened a new world of opportunities for marketers, which will benefit only those who would be the first movers in understanding the behavior of customers towards digitally distributed services.

Discussion

One of the most fundamental models from consumer behaviour theory relates to the consumer decision making process. The model describes five main stages that customers go through when purchasing a product: **recognition of a need, information search, evaluation of alternatives, purchase and post-purchase evaluation**. At each of these stages, the influence of digital technology can be seen in form of the use of internet, mobile applications and the ubiquitous social media. The emergence of a new need can be easily felt today, while surfing vast sea of information on the internet. So much of the soliciting information is available today on the internet, which induces one or the other requirement in the mind of the customer than ever before. This need recognition is further propelled through continuous interactions that take place among people over social media and related digital platforms. Further the same digital platforms including social media work as a huge resource that provide information about mostly all possible alternative products or services that may satisfy the given need. The evaluation of the given alternatives is also made easy, as different electronic commerce companies provide services of straight comparison among the product choices of consumers instantly. Going ahead, the actual sale is facilitated on digital platforms with the help of electronic payment services, which are made fully safe and secure with encryption technology. After the product usage, the customer can provide its feedback as a part of post purchase evaluation on digital platforms. Thus we could see that the digital technology touches upon every facet of consumer purchase process.

Technology and Banking

The digital technology when embraced by the banking institutions, it resulted in emergence of different types of financial services that could be delivered to customers without intervention of human beings. The services like Phone Banking, Tele banking, Voice Mail, ATM, Cash Dispensing, Electronic clearing service, Internet banking and Mobile banking provided the customers with hands on services which could be availed anywhere and anytime by them.

Behavioral Changes towards Banking Services

The changing behavior towards usage of banking services has largely been influenced by the adoption of digital technology by banks. The changing behavior under influence of technology has been impacted by following factors/characteristics discussed below:

Personal Characteristics

The personal characteristics of individuals play an important role in adoption of changing practices. Personal Characteristics include age, gender, education, occupation and income etc.

People of elderly age do prefer to do banking transactions by visiting the bank branch in person. Whereas the young generation prefers to use internet and mobile banking in order to save time and effort. The gender is not much of a differentiating factor when it comes to make use of technology for banking transactions. Then, education of course is an important factor, which results in increased awareness about upcoming and new age practices that are adopted by people. The occupation of a person indirectly impacts his or her choice of means to use the banking services. The occupations which require a person to be more techno savvy will make the person inclined towards more use of technology in whatever they do and using banking services will be no exception to this fact. Finally, the amount of income gives the person strength, it needs, to do away with the risks associated with use of new technology.

Psychological Characteristics

The psychological aspects like: perception, motivation, personality and learning capability also impact the extent of changes in behavior of people towards usage of banking services.

For people who have been exposed to use and experiment with new things since their early years do find themselves more adaptable towards technological use in transactions. The motivation level of such people will remain high while using digital banking services. Same is true with people who are keen learners and thus easily resolve the obstacles coming in way of learning digital transactions.

Social Characteristics

The social characteristics influence use of new ways of banking by people in terms of conforming to social or peer pressure towards adoption of same means of banking. People refer to their reference or social groups when it comes to understand or comprehend a new way of doing things. If a person is a dedicated member of certain reference groups he or she would move on the adoption curve more swiftly as compared to non dedicated members.

Trust

Since banking services are intangible in nature, consumers need involvement of human interaction to be sure of safe and complete transactions. Since online banking is an activity which is related to computer-systems, individuals may feel difficulty in having familiar feeling of transaction accomplishments. Therefore people become skeptical to adopt technology during purchase or operate a financial transaction. In such a scenario, building of trust is of utmost importance for service providers. The trust can be build up through word of mouth marketing and by providing customized trainings to the customers that help create awareness among them.

Conclusion and Recommendation

In our country, banking services have come a long way in satisfying needs of people. However, over the time the technological inventions and widespread applications of the same, have transformed the distribution and delivery of banking services to a great extent. Such transformation has given birth to ease and comfort of customers, who depending upon their personal, psychological and social characteristics, have been slow or swift in adaptation of technology while receiving and using the services.

However a large section of population still has not adopted the technology or is skeptical towards using banking services in such a manner. There is a strong need to establish trust in the mind of such people towards use of technology with the help of word of mouth marketing as well as with provision of hands on training. Establishing trust and providing them with opportunity to use technology under expert supervision will certainly help boost the adoption of technology in usage of banking services.

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