

A COMPARATIVE STUDY ON MOTIVES OF ONLINE AND OFFLINE BANKING CONSUMERS: A CASE STUDY OF UDAIPUR CITY

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Abstract: Banking industry provides both the models to its consumer's i.e offline banking and online banking. Both the models are preferred by consumers, but choice of adopting either of models depend on specific perceived motives of individual. This study focuses on evaluating what drives individual's to prefer online or offline model.

The survey of 187 respondents was conducted using structured questionnaire to identify the factors that motivate individual to use online banking in India. Questionnaire comprises of two parts demographic factors (Age, Gender, Income, Education Level, and Profession) and motives (Perceived Usefulness, Perceived Ease of Use, Convenience, Perceived Control, Transactional Privacy & Trust).

Results reveal that age, income, education level and profession influence the adoption of online or offline banking in Udaipur, whereas acceptability on the basis of gender was found to be neutral. Hypothesis for motives of online banking users in Udaipur were rejected, which indicate that perceived usefulness, perceived ease of use, convenience, perceived control and transactional privacy & trust influence the adoption rate.

Key Words: Online Banking, E-commerce, Online Motives, Offline Motives, Online Banking Motives etc.

INTRODUCTION

Online banking in India started in year 1990s. Internet banking services has passed three levels. Internet banking poses high operational, security and legal risks. This has restrained the development of internet banking in India. Internet banking can be offered only by banks licensed and supervised in India, having a physical presence. Overseas branches of Indian banks are allowed to undertake internet banking only after satisfying the host customers in addition to the home customers.

REVIEW OF LITERATURE

O'Connell (1996) empirically demonstrated that the explanation for slow adoption of e-banking is caused by security concerns, lack of knowledge about availability of such technical services, being not user friendly and the lack of access to computers and/or internet.

Mols et al. (1999) stated that the diffusion of e-banking is more determined by consumer's acceptance than by the bank's offerings. Many authors have studied this consumers' acceptance of e-banking services and, stated various psychographic & demographic factors affecting it.

Liao and Cheung (2002) measured consumer attitudes toward Internet-based e-retail banking. The study found that individual expectations regarding accuracy, security, transaction speed, user-friendliness, user involvement, and convenience were the most important quality attributes in the perceived usefulness of Internet-based e-retail banking.

Pikkarainen (2004) focused on the factors that influence online banking acceptance in the light of the technology acceptance mode. The study revealed that perceived usefulness and amount of information clearly have a positive effect on the use of online banking. The finding refers to the fact that consumers use online banking for the benefit it provides in comparison to other banking delivery channels.

The study of Agarwal et al. (2009) reveals that customer satisfaction with security and trust provided by the e-banking site has the maximum impact on overall satisfaction of customers with e-banking, followed by customer satisfaction with convenience and ease of use.

Sadeghi and Heidarzadeh (2010) opined that adoption of e-banking would be led by customer satisfaction. For this they provided a model on customers' satisfaction of using electronic banking services which comprises factors viz. convenience, accessibility, bank image, accuracy, security, usefulness. They concluded that these factors illustrate a significant statistical difference according to gender.

According to research conducted by Mrs.S.Renugadevi (2013), it is concluded that majority of the customers had positive attitudes towards technology. They wanted to use E- Banking services due to its convenience. If they had some problems, they were not big problems and could be solved later. But if they ever encounter any big problems, they would stop using Internet Banking services immediately.

OBJECTIVE OF STUDY

To examine how demographic variables (age, gender, education qualification, income level and profession), influence the motivation variables (perceived ease of use, perceived enjoyment) with respect to usage of online banking in Udaipur.

1. To analyze the impact of demographic variables on motives of using online banking.
2. To identify the motives of using online banking.

DEMOGRAPHIC FACTORS

Age: The percentages of online user in all age brackets i.e. young, adult and old are experiencing the upward trend. Although youngster of age 18-24 are more techno savvy and using various computing devices to access the internet. The factor of motivation also varies with the age group. This study focuses on analyzing the impact of age on motivation to use online banking in Udaipur.

H_{0a1}: Motive of consumers to use online banking is not influenced by age of consumer.

Gender: The role of gender in shaping motivation has a long history in psychological and educational research. Several studies have examined gender differences in motivation to use e-commerce. This study focuses on understanding the influence of gender on motivation to use online banking in Udaipur.

H_{0a2}: Motive of consumers to use online banking is not influenced by gender.

Income: Usually any product has consumption and adoption pattern influenced by the income level. The products are adopted by higher income and later by middle, followed by lower income group. Although technology had evaded the income disparity and being adopted by all income levels. This study focuses on understanding the impact of income level on motivation of adopting online banking in Udaipur.

H_{0a3}: Motive of consumers to use online banking is not influenced by level of income.

Education Level: Previous studies have revealed that internet usage is directly related to education qualification. Now a day's govt. and other institutions are taking initiative to promote computer literacy in India. ICT based courses are designed to promote awareness of computer literacy. This study focuses on analyzing the impact of education qualification on online banking in India.

H_{0a4}: Motive of consumers to use online banking is not influenced by education qualification.

Profession: A person's occupation also influences his or her consumption pattern. A company can even specialize their products for certain occupational groups. This study focuses on analyzing the impact of occupation on online internet banking.

H_{0a5}: Motive of consumers to use online banking is not influenced by profession.

MOTIVES OF ONLINE BANKING

After analyzing the previous studies on usage of internet, it is observed that individuals continue to use online channel for its inherent benefits as perceived usefulness, perceived ease of use, convenience, perceived control, and transactional privacy & trust.

H_{0b1}: Perceived usefulness do not motivate consumers to opt online banking.

H_{0b2}: Perceived ease of use does not motivate consumers to opt online banking.

H_{0b3}: Convenience does not motivate consumers to opt online banking.

H_{0b4}: Perceived control do not motivate consumers to opt online banking.

H_{0b5}: Transactional privacy & Trust does not motivate consumers to opt online banking.

RESEARCH METHODOLOGY

Exploratory research is found to fit the nature of study. In this study, non-probability sampling was used, as it was impossible to identify the elements beforehand because there was no list available which corresponded with the required elements. Sample size of 187 online banking customers of Udaipur were selected to fill questionnaire.

Primary data was collected through conducting structured interviews. In order to have a reliable study and a representative sample, it was necessary to interview consumer in different areas to reach the heterogeneous population to ensure a wide spread of potential respondents of the study. The data collected was coded, collated, cross tabulated, and presented in tables. Anova, Paired t-test, was used to independent t-test was used for testing the hypotheses to conclude the research work.

ANALYSIS & FINDINGS

Age

Almost 85 percent of the respondents fall into the 18-35 age group. The demographic age profile of 25 to 34 age group was dominant. To sum up, t-test value 3.979 and $\beta = 0.016 > 0.05$ at 95 percent level of significance. This indicates that age has an impact on the use of internet banking. Additionally, the results imply that typical internet banking users are middle-aged.

Gender

As reflected in Figure 1.2, 52 percent of the respondents were male and 48 percent were female. This indicates that both males and females were nearly equally represented in the sample size of this research. Analyzing the t-test value 3.197 and $\beta = 0.002 < .05$ at 95 percent significance level, indicates that gender could not be a factor that affects customer adoption of internet banking in Udaipur.

Education Level

The education level of the respondents varied widely. Table 1.1 shows that 41.71 percent (78 out of 187) respondents were having post-graduation degree from university; 31.55 percent (59 out of 187) respondents were having graduation degree, 21.39 percent (40 out of 187) have a senior secondary school qualification and 0.05 percent (10 out of 187) have higher secondary.

Coefficient of t-test i.e. 3.362 ($\beta = 0.021 > .05$) also validates that higher level of education qualification has positive relationship with online banking in Udaipur. The higher education levels are particularly significant among online banking users, as earlier research indicates that high levels of education enhance the consumer's ability to process more complex information and make decisions based on that (Polatoglu and Ekin, 2001).

Table 1.1 Percentages of Respondents

Particulars	No. of Respondents	Percentage
Age		
18-24	33	17.69
25-34	69	36.89
35-44	56	29.94
45 and above	29	15.50
TOTAL	187	
Gender		

Male	98	52.40
Female	89	47.59
TOTAL	187	
Education Qualification		
Post Graduate & Above	78	41.71
Graduate	59	31.55
Senior Secondary	40	21.39
Higher Secondary	10	0.05
TOTAL	187	
Profession		
Self Employed	61	32.62
Govt. Employed	24	12.83
Private Employed	82	43.85
Student	20	10.69
TOTAL	187	
Annual Income		
<100,000	5	0.02
<300,000	37	19.78
<500,000	63	33.68
>500,000	82	43.85
TOTAL	187	

Source: Primary

Profession

The occupation distribution of the respondents varies widely. Table 114 shows that the largest proportion of respondents were private employed (43.85%), followed by 32.62 % is self employed, 12.83% are govt. employed and 10.69% were students. This depicts that profession of individual has impact on online banking.

As it can be seen that approximately 75% users belong to self employed and privately employed users (143 out of 187), whereas only approximately 25% belongs to govt. employed and student.

To sum up, t-test coefficient 2.206 and $\beta = 0.028 > .05$, it means that profession seems to have an impact on online banking in Udaipur. This confirms other research findings (Karjaluoto, 2002), which reveal that occupation has an impact on the usage of internet banking, and that users are generally well educated and have better occupations than non-users.

Table 1.2 t-test values and β coefficient

Coefficients	Un-stabilized coefficients		Standardized Coefficients <i>Beta</i>	t	Sig
	β	Std. Error			
Age	0.265	0.067	0.264	3.979	0.016
Gender	0.206	0.064	0.205	3.197	0.002
Education Qualification	0.288	0.056	0.288	3.362	0.021
Profession	0.225	0.057	0.225	2.206	0.028
Annual Income	0.071	0.053	0.071	1.347	0.179

Source: Primary

Annual Income

Table 1.1 displays the annual income of respondents. 43.85 percent of the respondents earn over Rs. 500,000/-, while 33.68% were in less than Rs 500,000/- bracket. Those earning below Rs 300,000/- accounted for 19.78 percent of the total respondents and those who belong to annual income below Rs. 100,000/- account for .02 percent i.e. only 5 respondents out of 187.

Table 1.2 shows t-test coefficient value of 0.071 and $\beta = 0.179 > 0.05$. This indicates that annual income seems to be a major factor affecting the use of internet banking. Another interesting implication of table 1.1 is that about 77 percent of online banking users have an income equal or more than Rs 500,000/- per annum. This finding concurs with prior studies (Karjaluoto, et al., 2002), which show that income has a major effect on the adoption of internet banking.

Table 1.3 Status of Hypothesis

Hypothesis	Status
H_{0a1} : Motive of consumers to use online banking is not influenced by age consumer.	Rejected
H_{0a2} : Motive of consumers to use online banking is not influenced by gender.	Accepted
H_{0a3} : Motive of consumers to use online banking is not influenced by level of income.	Rejected

H_{0a4} : Motive of consumers to use online banking is not influenced by education qualification.	Rejected
H_{0a5} : Motive of consumers to use online banking is not influenced by profession.	Rejected

MOTIVES OF ONLINE BANKING

Perceived Usefulness

For adaptation of Internet banking, it is important for banks to offer services which motivate the customers to adopt them. The importance of perceived usefulness is recognized in the field of Internet banking. Perceived usefulness indicate customer’s perceptions towards the usage of a technology that will improve his/her performance.

The collected data was analyzed using annova and results show that variance with in statements was 3.195 and between the respondents was 0.730 with coefficient of 0.38 >0.05. Hence indicates that online banking is influenced by perceived usefulness.

Table 2.1 F- test values and variance

ANOVA						
		Sum of Squares	Df	Mean Squares	f	Sig.
Perceived Usefulness	Between Group	3.195	7	3.195	4.377	0.38
	Within Groups	162.805	180	.730		
	Total	166.000	187			
Perceived Ease of Use	Between Group	4.067	7	4.067	4.878	0.28
	Within Groups	185.933	180	.834		
	Total	190.000	187			
Convenience	Between Group	4.030	7	4.030	5.077	0.25
	Within Groups	177.010	180	.794		
	Total	181.040	187			
Perceived Control	Between Group	6.746	7	6.746	7.025	.009
	Within Groups	114.143	180	.960		
	Total	121.182	187			
Transactional Privacy & Trust	Between Group	3.230	7	3.230	4.460	.005
	Within Groups	123.020	180	1.230		
	Total	126.25	187			

Source: Primary

Perceived Ease of Use

According to Rogers (1962) affirmed perceived ease of use is a term shows the levels of degree to which technological innovation is adopted. Perceived ease of use provides opportunities and motivates the willingness of customers to try to use the new innovation. The responses of 187 online banking users reject the hypothesis H_{0b2} as f vale is 4.878 and β 0.28>0.05 and confirms that perceived ease of use do influence the motive of using online banking in Udaipur.

Convenience

An online banking service provides more benefits than offline banking. Through online banking user can access internet banking services anywhere & any-time as compared to branch office. 187 respondents were asked to rate the statements on 5 point likert scale. Hypothesis set to measure the impact of convenience on online banking was rejected. The f test value 5.077 and $\beta=0.25 > 0.05$ at 95 percent significance level, indicates that for 187 respondents who are using online banking, convenience plays a vital role to choose online banking over conventional banking in Udaipur.

Perceived Control

Online banking users continue to use channel on the basis of behavior control over transactions. According to results compiled for perceived control, users who are using online banking were ($f=6.746$ and $\beta=.009$), that means hypothesis was rejected and indicates that perceived control over online banking of individual influence the motive of adopting online banking in Udaipur.

Transactional Privacy & Trust

Previous studies revealed transactional privacy and trust on website as motivating factor for adopting online banking. Responses collected and interpreted for 187 online banking users had confirmed that transactional privacy and trust plays vital role in adopting online banking in Udaipur. The statements given to respondents reveals ($f=4.460$ and $\beta=.005$) i.e. greater than .05 level of significance, hence hypothesis was rejected and indicates that transactional privacy & trust influence the motive of adopting online banking in Udaipur.

Table 2.2 Status of Hypothesis

Hypothesis	Status
H _{0b1} : Perceived usefulness do not motivate consumers to opt online banking.	<i>Rejected</i>
H _{0b2} : Perceived ease of use does not motivate consumers to opt online banking.	<i>Rejected</i>
H _{0b3} : Convenience does not motivate consumers to opt online banking.	<i>Rejected</i>
H _{0b4} : Perceived control do not motivate consumers to opt online banking.	<i>Rejected</i>
H _{0b5} : Transactional privacy & Trust does not motivate consumers to opt online banking.	<i>Rejected</i>

CONCLUSIONS

On the basis of analysis and finding it is concluded that demographic variables age, education qualification, profession and income group influence the adoption of online banking in Udaipur. Further among respondents, it was identified that age group of 25-34, individuals with post-graduation, self-employed / privately employed, and income equal to or > 500,000/- annually are using online banking. Whereas, it was found that gender disparity doesn't influence the adoption of online banking in Udaipur.

Online banking users of Udaipur are motivated to adopt this channel due to its perceived usefulness, ease of use, convenience, perceived control and transactional privacy & trust of banker.

While interacting with online banking users it was also observed that within same group of individuals perception for adopting online banking has varied attitudinal differences. This may be because of personality traits of individuals. We suggests that further study must be conducted to analyze the impact of personality trait on motives of adopting online banking.

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