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Demographic Variables and the Extent of Usage of Internet Banking

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ABSTRACT

The introduction of internet technology has brought about a rapid change in the way in which various banking services are provided to the bank customers. Internet banking is a popular delivery channel provided by banks and increasing number of bank customers have been using internet banking to avail of various services and to perform their banking transactions. However the extent of usage of internet banking differs among the customers. This study aims at understanding the relationship between Demographics and the extent of Usage of internet banking. Data collected from 450 bank customers using internet banking through structured questionnaires revealed that the demographic variables; gender and marital status have a significant influence on the extent of usage of internet banking. Age has an influence on the period of use, number of banks at which internet banking is used and the non transactional services used, whereas age does not have a significant influence on the frequency of use and the transactional services used in internet banking. It was also found that educational qualifications and occupation do not have an influence on the extent of usage of internet banking except for the period for which the respondents have been using internet banking.

Key Words: Internet banking, demographic variables, extent of Usage.

INTRODUCTION

Advancements in the Information technology Services has facilitated the shift from branch banking to electronic banking (e-banking) and has enabled the banks to introduce various delivery channels such

as ATM's, internet banking and mobile banking. Internet banking or online banking enables the banks to allow their customers to execute bank related transactions via a secured Internet application. The users of Internet Banking mostly use this channel to apply for opening an account, to request for account statement, cheque book, credit/debit card, for receiving alerts, utility payments, fund transfers, recharge mobile phones, download application forms, to enquire product information (Chawla & Sehgal, 2012) and to perform an array of other transactions at their convenience and ease without visiting the banks. Internet banking has revolutionized an integral activity of our modern twenty first century banking (Singh, 2013). Majority of the bank customers are very comfortable and are willing to use the internet banking services (Mirza, Beheshti, Wallstrom, & Mirza, 2009). However the adoption and usage of internet banking has been found to be influenced by factors such as demographics, attitude of the bank customers, perceived benefits and perceived risks in using internet banking. This study focuses on the influence of Demographic variables on the extent of Usage of internet banking.

Literature Review

Many researchers have studied the influence of demographics on the adoption of electronic banking. However less research has related demographics with the extent of usage of such services.

Al-Ghaith, Sanzogni and Sandhu (2010) found that Gender was one of the factors that played a significant role in the adoption of e-service among the participants in Saudi Arabia and also that Saudi women are more likely to adopt the e-service rather than Saudi men. Contrary to these findings the study investigating bankers' views regarding e-banking by Sharma (2011) in Northern India revealed that there is greater incidence of e-banking usage among the males belonging to middle age (30 to 50 years), and that women customers use such services much less frequently. The study also found that occupation-wise, the professionals, followed by business class, make more use of e-banking services.

The study by Ismail and Osman (2012) showed that there was no significant relationship between e-banking usage in Sudan and the demographic factors; gender, marital status, education, and occupation. Similarly the study by Munusamy and De Run (2012) found that gender educational level, occupation and race did not have an influence on the adoption of Internet banking among retail consumers, whereas only age and income had a negative influence on the adoption of Internet banking.

The result of the study by Mirza et al. (2009) showed a significant influence of gender, educational level and occupation on the adoption of internet banking, however the impact of age on the adoption of online banking services was not found to be prominent. The study also found that highest use of internet banking was by the male customers and those having higher educational level and are in the middle class income group. It emerged from another study by Domeher, Frimpong, & Appiah (2014) that the education level of the customers have a significant positive impact on the adoption of e-banking and that there is no significant relationship between age and income level on the adoption of e-banking.

Nasri (2011) examined the influence of demographic characteristics on consumer adoption and usage of Internet Banking in Tunisia and found that instruction (education) and occupation have significant relationships with the usage of internet banking and that instruction is a significant factor explaining internet banking adoption.

The study by Li (2013) found that Individual differences (age, education, experience and income) had an indirect effect on actual use of Internet Banking in Taiwan via the four key constructs; Perceived Ease of Use, Perceived Usefulness, Perceived Risk and Attitude towards using. Actual Use of Internet Banking was studied in three dimensions: frequency of use, volume of use and transaction amount.

The study by Suriyamurthi, Mahalakshmi and Karthik (2012) revealed that education, gender and income play an important role in the usage of internet banking. Whereas another study by Mermud (2011) found that the usage rate of internet banking is significantly related with the education levels and income level and that there is no significant relationship between the age level and gender on internet banking practices.

Singh (2013) analysed the factors that drive customer's perception about e-banking in suburban India. The findings indicated that demographic variables; gender, age, qualification, income and tenure of accounts holding in the bank are the deciding factors for the customer to determine the frequency of usage of e-banking and the type of e-banking services to be used.

Sikdar and Makkad (2013) analysed the correlations between age-groups and preference towards particular internet banking service offerings. The study revealed the fact that customers belonging to relatively younger (18-30, 30-40) as well older (50-60, 60 & Above) age-groups have preference towards non-transactional services (i.e. checking balances, accessing statements etc.). On the other hand, customers of the middle-age group (40-50), have significantly higher patronage towards transaction based services (fund transfer, bill & tax payments etc.). In another study by Mirza et al. (2009) it was found that information enquiry for balance statements and credit card statements was an important factor in the adoption of internet banking service by Iranian customers rather than other Internet Banking services such as transferring money, foreign exchanging, buying and selling stock and utility payment.

Objectives of the study

1. To understand the influence of demographics on the extent of Usage of internet banking among the bank customers.
2. To analyse the influence of demographic variables on the dimensions of Extent of usage of Internet Banking.

Methodology

This study is based on the primary data relating to demographics and the extent of usage of internet banking, collected from the bank customers using internet banking, from the state of Goa in India. Convenience sampling was adopted for the survey. The data were collected from 450 users of internet banking by administering a structured questionnaire. A five point likert scale with responses ranging from Never (1) to Always (5) was used to measure the frequency of use of the eleven internet banking services. Cronbach's Alpha scores for the 11 services used was 0.837 and for the extent of usage was 0.702 which suggests good reliability of the scale items.

The significance of the relationship between demographic variables and the extent of usage is analysed by using independent sample T-Test, one-way analysis of variance (ANOVA), Pearson Correlation and mean difference test. The hypotheses were checked at 0.05 level of significance.

Research Model

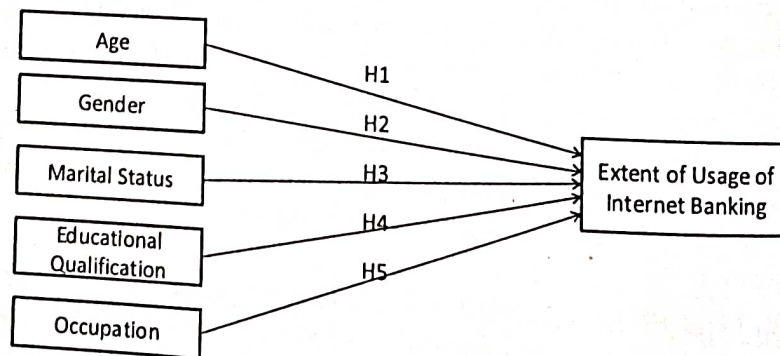


Figure 1. The proposed Research Model

The Research model shown in Figure 1 studies the influence of the Demographic variables; age, gender, marital status, educational qualifications and occupation on the extent of Usage of internet banking by the bank customers. The extent of Usage of internet banking is examined under the dimensions; period of use of internet banking, number of banks at which internet banking is used, frequency of use of

internet banking in a month, non transactional services used and the transactional services used. The non transactional services include 5 items relating to viewing the account statements, downloading the Account history, application forms and deposit/interest slips, Request for cheque book, demand draft and updating the records. The transactional services include 6 items relating to making payments towards utility Services, Insurance premiums and EMI's on loan, Fund Transfer, Payment for online reservations and making Fixed/Recurring Deposits.

Hypotheses

- H1:** There is significant relationship between age and the extent of usage of internet banking.
H2: There is significant relationship between gender and the extent of usage of internet banking.
H3: There is significant relationship between marital status and the extent of usage of internet banking.
H4: There is significant relationship between educational qualifications and the extent of usage of internet banking
H5: There is significant relationship between occupation and the extent of usage of internet banking.

Data Analysis and Results

1. Sample Profile : The demographic characteristics of the bank customers interviewed showed that majority of the respondents were relatively young, 77% of them were in the age group of 20 to 39 years. Most of the respondents (63%) were males. Regarding the marital status 55% of the respondents were married and 45% were single. In terms of occupation and educational qualifications, most respondents (70%) are in service and 52% of the respondents have graduation as their highest qualification followed by 38% respondents having post graduation as their highest qualification.

2. Extent of Usage of internet banking

Analysis of the dimensions; period of use, number of banks at which internet banking is used, frequency of use, non transactional services used and the transactional services used compiled from the data revealed that the extent of usage of internet banking varied among the respondents. Majority of the respondents (66%) have been using internet banking for a period up to 4 years. Most of the bank customers interviewed (53%) have been using internet banking at 1 bank followed by the customers (32%) using the service at 2 banks. Regarding the frequency of use, 38% of the respondents use internet banking 1 to 2 times in a month closely followed by 33% respondents using the service 3 to 6 times in a month. The non transactional services mostly used by the respondents are viewing the account statements and downloading the account history, sometimes personal data is updated and request are made for cheque book/demand draft through internet banking. The transactional services mostly used by the bank customers are making payments towards utility Services and online reservations and for fund Transfer.

3. Relationship between Age and the Extent of usage of internet banking

Table 1: Influence of Age on the Extent of Usage

		Period of Use	Number of Banks	Frequency of use	Services Non Transactional	Services Transactional
Age	Pearson Correlation	.370**	.115*	.061	.159**	.067
	Significance (2-tailed)	.000	.015	.195	.001	.153
	N	450	450	450	450	450

The result of Correlation between Age and the dimensions of extent of Usage of internet banking revealed that there is a significant relationship between age and Period of Use, Number of Banks at which internet banking is used and Internet Banking Services which are Non Transactional. There is no significant relationship between age and Frequency of use and Internet Banking Services which are Transactional. Hence H1 is partially supported. The analysis by comparing means shows that older

respondents (above 32 years) were found to be using internet banking for a longer period, at more number of banks and for more services. The frequency of using internet banking was higher among the middle aged customers in the age group 32 to 58 years.

4. Relationship between Gender and the Extent of usage of internet banking

Table 2: Influence of Gender on the Extent of Usage

Sr. No.	Extent of Usage	Male		Female		Test of Mean Difference	
		Mean	SD	Mean	SD	t	P
1	Period of Use	49.63	35.11	35.61	30.65	4.438	.000
2	Number of Banks	1.798	0.963	1.550	0.826	2.775	.006
3	Frequency of use	2.402	1.461	2.029	1.462	2.615	.009
4	Services Non Transactional	2.762	0.883	2.553	0.827	2.486	.013
5	Services Transactional	2.778	0.948	2.430	0.961	3.737	.000

The T-test results show that there is a significant relationship between Gender and all the dimensions of Extent of Usage of Internet Banking. Hence H2 is fully supported. The analysis by comparing means shows that the extent of Usage of Internet Banking is higher among the males as compared to females.

5. Relationship between Marital Status and the Extent of usage of internet banking

Table 3: Influence of Marital Status on the Extent of Usage

Sr. No	Extent of Usage	Single		Married		Test of Mean Difference	
		Mean	SD	Mean	SD	t	P
1	Period of Use	31.975	25.487	54.485	36.904	-7.631	.000
2	Number of Banks	1.5672	.84659	1.8193	.96484	-2.909	.004
3	Frequency of use	2.1095	1.3992	2.3896	1.5176	-2.033	.043
4	Services Non Transactional	2.5532	.82704	2.7912	.88669	-2.916	.004
5	Services Transactional	2.5257	.88130	2.7483	1.0227	-2.479	.014

The T-test results show that there is a significant relationship between Marital status and all the dimensions of Extent of Usage. Hence H3 is fully supported. The analysis by comparing means shows that the overall extent of Usage of Internet Banking is higher for married respondents as compared to those who are single.

6. Relationship between Educational qualifications and the extent of usage of internet banking

Table 4: Influence of Educational Qualifications on the Extent of Usage.

Sr. No.	Extent of Usage	F Value	Sig.
1	Period of Use	3.581	.007
2	Number of Banks	1.078	.367
3	Frequency of use	.213	.931
4	Services Non Transactional	.575	.681
5	Services Transactional	1.411	.229

The analysis of Variance (ANNOVA) results shows that there is no significant influence of Educational qualifications on the various dimentions of extent of usage of internet banking except in the case of period of use of internet banking. Hence H4 is supported only for Period of Use. Further, the analysis by comparing means shows that the respondents having Doctorate as their highest qualification have been using Internet Banking for a longer period and have been using the transactional and the non transactional services more frequently as compared to the respondents with other educational qualifications. The respondents who are Post Graduates have been using internet banking at more number of banks and more often in a month.

7. Relationship between Occupation and the Extent of usage of internet banking

Table 5. Influence of Occupation on the Extent of Usage

Sr. No.	Extent of Usage	F Value	Sig.
1	Period of Use	2.542	.028
2	Number of Banks	1.913	.091
3	Frequency of use	1.142	.337
4	Services Non Transactional	.571	.722
5	Services Transactional	.692	.629

The analysis of Variance (ANNOVA) results shows that there is no significant influence of Occupation on the various dimensions of extent of usage of internet banking except in the case of period of use of internet banking. Hence H4 is supported only for Period of Use dimation. Further, the analysis by comparing means shows that Retired respondents have been using Internet Banking for a longer period. The frequency of use, the number of banks at which internet banking is used and the usage of transactional services is found to be higher among the professionals and the usage of non transactional services is higher among the businessmen.

DISCUSSION

The Survey results and analysis revealed that there is a relationship between demographic variables and the extent of usage of internet banking. Age is found to have a significant influence on the period of use, number of Banks at which internet banking is used and on the Non transactional services used, however there is no significant relationship found between age and frequency of use and internet banking services which are Transactional. Previous studies also found significant influence of age on the usage of internet banking (Munusamy & De Run, 2012; Li, 2013; Singh, 2013). Whereas some other studies (Domeher et al., 2014; Mirza at al., 2009; Mermod, 2011) found that there was no influence of age on the adoption and use of internet banking.

In the study gender influences all the dimentions of extent of usage of internet banking. Previous studies have also found significant influence of gender on the usage of internet banking (Sharma, 2011; Suriyamurthi et al., 2012; Singh, 2013). This study also found significant influence of marital status on all the dimentions of extent of usage of internet banking. These results contradict the findings by Ismail and Osman (2012) which showed that there were no significant relationships between e-banking usage and marital status.

The results of the study revealed that there was no significant influence of Educational qualifications and occupation on the extent of usage of internet banking except for the period of use. They influence only 1 out of the 5 dimentions of extent of usage. These findings are similar to previous studies which showed that there is no significant relationships between e-banking usage and Educational qualifications and occupation (Ismail & Osman, 2012; Munusamy & De Run, 2012).

It was found that the period for which the bank customers have been using internet banking is influenced by all the demographic variables, whereas there are differences in the relationship between other dimensions of extent of Usage and demographic variables. The number of banks at which internet banking is used and the use of non transactional services is influenced by age, gender, marital status and not by educational qualifications and occupation. Frequency of use and the use of transactional services is influenced by gender and marital status and not by age, educational qualifications and occupation.

CONCLUSION

The survey results and analysis shows that the demographic variables have varying influence on the dimentions of extent of usage of internet banking. Among the demographic variables, gender and marital status have a significant relationship with all the dimentions of extent of usage. Educational qualifications and occupation influence only the period of use, and age has a partial influence on the

extent of usage of Internet Banking services. The extent of usage is found to be higher among the customers who are above 32 years, males, married, having doctorate as their highest qualification and are professionals. Internet banking is a remarkable development in the banking sector. Internet banking provides benefits to both bankers and customers alike (Singh, 2013). An understanding of the relationship between the demographic variables and the dimensions of extent of usage shall enable bank managers to direct their efforts and resources towards different categories of bank customers in the most effective manner so as to increase the adoption and the extent of usage of Internet banking. In future the popularity and usage of internet banking is expected to grow rapidly as customers realize the convenience and the many other advantages that it provides.

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