THE INFLUENCE OF DEMOGRAPHICAL VARIABLES ON THE INTENTION TO USE E-BANKING

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Abstract: Banking industry, considered as the future evolution of the financial services industry, is influenced by the most recent advancement in the Information Technology. The use of technology in the delivery of banking services is becoming well-known as it is being engaged to cut down costs and eliminate uncertainties. The study aims to find out whether the demographic variables have an influence on the intention to use e-banking. It was found that Age and occupation significantly influences e-banking whereas educational qualification shows no variation in the intention to use e-banking. It was also found that marital status has significant influence but gender does not have an impact on the intention to use e-banking.

Key words: e-banking, intention to use, demographic variables.

I. INTRODUCTION

One of the most influential powers affecting the Indian economy present day is the advancement in information and technology. Information technology has paved way for doing everything in the most suitable way. Today, people cannot envision a world without IT. Information technology is defined as "the modern handling of information by electronic means, which involves its storage, access, transfer, processing and delivery" (Ige, 1995). Information technology is an arrangement of people, data and processes that interact to collect, process, store and provide information output needed to support an organization (Whitten *et al.* 2004). Most of the sectors in the Indian economy have undergone a change with the influence of Information technology. One such major sector is the financial sector and within the financial sector it is the banking sector that has undergone a paradigm change in providing technology based service delivery to its customers. Service Industries have seen an incredible growth with the usage of Information Technology (IT) mostly referring to computers and peripheral equipment in the recent past. Banking industry, considered as the future evolution of

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the financial services industry, is influenced by the most recent advancement in the Information Technology. Latest business thinking united with technology is rapidly changing the way personal financial are designed and delivered. The use of technology in the delivery of banking services is becoming well-known as it is being engaged to cut down costs and eliminate uncertainties (Mathew Joseph, *et al.,* 1999; G.S. Sureshchandar, *et al.,* 2003).

REVIEW OF LITERATURE

2.1. E-banking

Services through which a bank customer can request information and carry out most of the retail banking services via computer, or mobile phone is referred to as e – banking (Daniel 1999; Mols 1998; Sathye 1999). Burr (1996) defines e- banking as an electronic connection between the bank and customer in order to categorize, administer and control monetary transactions. Banks as well as their customers are benefited through these Electronic-banking services. For banks, electronic banking is accepted as a tactic approach that facilitates them to attain competitive benefit and boost their market share. To add, employing electronic services can put away the cost of resources, when compared with the traditional banking services (Jayawardhena and Foley, 2000). The customers are able to operate their financial transactions across geographical location with the introduction of electronic banking (Almazari and Siam 2008; Ayrga 2011; Tan and Teo 2000).

The major components of e- banking include:

1. INTERNET BANKING
2. MOBILE BANKING, and
3. ATM

When a broad range of services are electronically provided by the banks through its web site to the customers then it is termed as internet banking. Burnham (1996) in his study reveals that internet banking assures enormous benefits to both bankers and consumers by evolving as a "single stop service and information unit". Mobile banking refers to using mobile devices to provide financial information, communication and transactions to customers such as checking account balances, transferring funds and accessing other banking products and services from anywhere, at any time (Ensor, *et al.,* 2012). These services are made possible through the mobile banking application downloaded in the mobile phone (Hernandez, 2011). Automated Teller Machine or ATM is a machine that permits customers who have an ATM card to carry out banking transactions without personal contact with the employee of the bank. The customers can perform tasks other cash withdrawals, which includes handling deposits and enquiries, loans and insurance, bill payments, funds transfer, and many more (Manoharan, 2007).

1. RESEARCH FRAMEWORK

The objective of this research is to study whether the demographic variables such as Age, Educational Qualification, Occupation, Marital status and gender has an influence on the intention to use e-banking. The study also suggests few measures to banks to improve the usage of e-banking among respondents. The data was collected among respondents who have account with both public sector banks and private sector banks and has hands on experience on e-banking.

3.1. Sample

Primary data was collected from potential e-banking users who have account with both public sector banks and private sector banks. Questionnaires were distributed to respondents and the survey yielded 797 usable responses. The reliability of all instruments was assessed by the Cronbach alpha reliability coefficient. The alpha coefficient for intention to use was 0.775 which revealed an acceptable level of reliability (alpha >0.70).

3.2. Measure

Respondents were asked to state the extent to which they agree with the statements using a five-point Likert scale which ranged from 5 = 'strongly agree' to 1 = 'strongly disagree'. To measure the level of intention to use, a five item scale developed by Venkatesh *et al.* (2003) was used.

3.3. Hypotheses of the study

- Educational qualification does not cause significant variation in the intention to use e-banking among respondents.
- Age does not cause significant variation in the intention to use e-banking among respondents.
- Occupation does not cause significant variation in the intention to use e-banking among respondents.
- Gender does not cause significant variation in the intention to use e-banking among respondents.
- Marital status does not cause significant variation in the intention to use e-banking among respondents.

3.4. Tools Used For Analysis

To find out the significant difference in the intention to use e-banking among respondents based on Age, educational qualification, and occupation, Analysis of Variance was used. t – test was used to find out the significant difference in the intention to use e-banking among respondents based on Gender and marital status.

II. ANALYSES AND INTERPRETATION

- The ANOVA table (Table 1) reveals that the respondents belonging to different age groups have different levels of, intention to use e-banking (at 1% level of significance). The post-hoc analysis shows that the intention to use was found to be the highest for respondents belonging to 26-35 age groups and the lowest for the respondents whose age is above 55. The intention to use e-banking is similar for respondents belonging to 26-35 and 36-45 age groups.

- From the ANOVA table 2 it can be concluded that there is no significant difference in the intention to use e-banking, of respondents with different educational qualification. It is clear that educational qualification plays no significant role in the intention to use e-banking among the respondents.

- Table 3 reveals that the Intention to use e-banking among respondents significantly varies among the occupation groups. (at 1% level of significance). The Post hoc analysis reveals that respondents who work with private companies have a very high mean value (3.99) which is the highest among groups. The lowest mean value (3.57) about intention to use is in the Unemployed group and this group significantly differs from other groups.

- An independent sample t-test was conducted to compare the Intention to use e-banking of the respondents who are married and single. The Table 4 shows that there is a significant difference in the scores of intention to use e-banking of married (Mean=3.96, SD=0.64) and single (Mean=3.86, SD=0.76) respondents. The higher mean score of intention to use e-banking of married respondents indicate that their intention to use is comparatively higher than the unmarried respondents.

- An independent sample t-test was conducted to compare the Intention to use e-banking of the respondents based on gender. The t-test results for intention to use reveal that there is no significant difference between male respondents and female respondents. The values can be interpreted that gender does not influence the Intention to use e-banking.

III. DISCUSSIONS

The intention to use e-banking is found to be the highest for respondents belonging in the lower age groups and the lowest for the respondents whose belong to the older age group. The difference in the age groups is due to the awareness and the trust factor about banks among the respondents. The lower age groups have higher confidence and awareness about the e-banking transactions when compared to the older age groups. The older age groups with their traditional beliefs feel that the e-banking transactions might not be safe and comfortable. It was found from the study that the qualification of the respondents does not have a significant influence on the intention to use e-banking. This may be due to the awareness factor. Today e-banking

services are used by all class of customers and the educational background does not have a role to play in the e-banking usage. The Intention to use significantly shows a difference among the occupation groups. Respondents who work with private companies have a very high intention to use e-banking when compared to the respondents who are in the unemployed group. The intention of the unemployed group significantly differs from the other groups. The unemployed group may not use e-banking as they might have lesser monetary transactions to be made. The reason for the less transactions of the unemployed group may be due to no income. The retired respondents who will be in the above 60 age group have a traditional mind set up and always prefer the usual branch banking and are reluctant and hesitant to use the e-banking. Significant difference is observed between married and single respondents with respect to attitude and intention to use e-banking services among the respondents. The Intention to use e-banking services was found to be high for the married respondents. There was no significant difference observed between male and female respondents with respect to intention to use e-banking of the respondents. In today's scenario both male and female respondents are employed and have individual bank accounts. Both genders have individual access to their bank accounts and e-banking services. Banks can improve the usage of e-banking services by encouraging and informing the customers to use services such as statement print, withdrawals, NEFT transfer, etc as these services are available with the online banking. When customers are deprived of these services from the bank personally, they are forced to use the e-banking services. Customers always have complaints that ATMs run out of

Table 1
Demographic Profile of the Respondents

Demographic variables		Frequency	Percentage
Age	<25	168	21.1
	26-35	257	32.2
	36-45	187	23.5
	46-55	129	16.2
	>55	56	7.0
Gender	Male	456	57.2
	Female	341	42.8
Educational Qualification	Higher Secondary	33	4.1
	Graduate	315	39.5
	Post Graduate	293	36.8
	Professional	156	19.6
Marital Status	Married	423	53.1
	Single	374	46.9
Occupation	Student	36	4.5
	Unemployed	10	1.3
	Private	403	50.6
	Government	221	27.7
	Business	115	14.4
	Retired	12	1.5

Source: Primary Data

cash. Banks should immediately fill cash in the ATMs once the signal of less cash is received from the ATM machines. Mobile banking services are not familiar among many customers. Banks will have to create awareness about the importance of mobile banking services and encourage customers to use the mobile banking services. In a constantly varying business situation, e-banking provides an opportunity for the success of banking sector. Banks will have to concentrate on the advertisement of e-banking services. The employees of the bank should emphasize on creating awareness among the customers about the various services of internet banking and mobile banking.

Table 2
Descriptive statistics for Intention to use

Statement	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	Mean	S.D
I think it would be very good to use e-banking rather than traditional banking	252 (31.6)	345 (43.3)	159 (19.9)	33 (4.1)	8 (1.00)	4.00	0.88
In my opinion it would be desirable to use e-banking rather than traditional banking	245 (30.7)	315 (39.5)	190 (23.8)	39 (4.9)	8 (1.0)	3.94	0.91
Assuming that I have access to the e-banking systems, I intend to use it	224 (28.1)	367 (46.0)	173 (21.7)	27 (3.4)	6 (0.8)	3.97	0.84
Given that I have access to e-banking I predict that I would use it	171 (21.5)	358 (44.9)	191 (24.0)	46 (5.8)	31 (3.9)	3.74	0.99

Values within parenthesis indicates the percentage

Table 3
Influence of Age on the intention to use e-banking

	Age						
	Below 25	26-35	36-45	46-55	Above 55	F- value	p value
Intention to use	3.78[12]	4.02[3]	3.98[3]	3.92[23]	3.62[1]	6.077	0.000**

Source: Primary Data ** denotes significance at 1 per cent level

Table 4
Influence of Educational Qualification on the intention to use e-banking

	Educational Qualification					
	Higher Secondary	Graduate	Post Graduate	Professional	F- value	p value
Intention to use	4.02[1]	3.94[1]	3.83[1]	3.99[1]	2.358	0.070

Source: Primary Data

Table 5
Influence of Occupation on the intention to use e-banking

	Educational Qualification							
	Student	Unemployed	Private	Government	Business	Retired	F- value	p value
Intention to use	3.68^2	3.57^1	3.99^3	3.90^3	3.81^{23}	3.65^2	3.246	0.007**

Source: Primary Data Note ** denotes significance at 1 per cent level

Table 6
Independent Sample t-test Variance based on Marital Status

Variable	Gender	Mean	SD	t-value	Sig Value
Intention to use	Married	3.96	0.64	1.97	0.000**
	Single	3.86	0.76		

Source: Primary Data ** denotes significance at 1 per cent level

Table 7
Independent Sample t-test Variance based on Gender

Variable	Gender	Mean	SD	t-value	Sig Value
Intention to use	Male	3.77	0.57	1.25	0.211
	Female	3.72	0.60		

Source: Primary Data

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