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The Challenges of Adopting the Use of E-Banking to the Customers: The Case of Kasama District Banking Customers

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Abstract

With technological advancement, it was imperative that banks and their customers switch to the new ways of banking called e-banking. This study therefore investigated the challenges of adopting the use of e-banking by customers. Using a descriptive study, this study collected primary data from 50 respondents from the banking sector in Kasama. The respondents were selected using a simple random sampling. The results of the study found that availability of information on e-banking, education level and the cost associated with e-banking were the significant challenges to adopting and use of e-banking by customers. This was consistent with most studies reviewed and in line with most theories such as the TAM, the TRA and the decomposed theory of Reasoned Behaviour. It was concluded that making information available would increase the number of customers using e-banking. The researcher therefore recommended that Banks embark on information dissemination on the use of e-banking, benefits and cost of e-banking and that though security did not significantly affect e-banking usage, the bank should guarantee security of the accounts.

Keywords: E-Banking, Technological Acceptance, Challenges

Introduction

Technological advancement and growing competition for effective service delivery has necessitated the implementation of self service at different levels. Such demands have not spared the financial sector which is required to carry out service delivery with minimum delay and at lower cost. Intuitively, this has led to the implementation of electronic system called E-banking. According to Tan and Teo [1], electronic banking has recently become the way for the development of banking system, and the role of electronic banking is increasing in many countries. It offers opportunities to create services processes that demand few internal resources, and therefore, lower cost and provides wider availability and possibility to reach more customers. From the customers' point of view, electronic banking allows customers easier access to financial services and time saving in managing their finance. The other perceived positive attribute of E-banking include the 24 hours and 7 days availability. The new technology however is not without challenges. According to Lee [2], the perceived risks in terms of security or privacy risk is the greatest obstacle to E-banking adoption. The other additional cons of e-banking include risks and complexity.

Research objectives

The main objective of the study was to investigate the challenges of adopting the use of E-banking to the customers.

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The specific objectives of this study were;

- To establish if access to e-banking was dependent on availability of e-banking information
- To find out if education level had an effect on usage of e-banking
- To find out if personal security was related to usage of e-banking
- To ascertain the widely used tools of e-banking

Literature Review

Below is a review of various literatures that have been undertaken in relation to e-banking. The literatures covered include both the theoretical and empirical studies.

Theoretical literature

Definition of e-banking: Electronic banking has been defined as the provision of information or services by a bank to its customers, described as an electronic connection between bank and its customers in order to prepare, manage and control financial transactions. Similarly, Daniel [3] described electronic banking as the provision of banking services to customers through internet technology. E-Banking is also defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels.

The technological acceptance model (TAM): The Technological Acceptance model has widely been used to help predict and explain user acceptance of information technologies. According to Davis [4], this model helps researchers and practitioners to identify why a particular system is unacceptable. He suggested that use of an information system is directly determined by the behavioural intention to use it, which is in turn influenced by the users' attitudes toward using the system and the perceived usefulness of the system. According to this model, attitude and perceived usefulness are also affected by the perceived ease of use. Thus, the use of technology is determined by greater perceived usefulness and the perceived ease of use of an information system.

Theory of reasoned action: This theory was born out of an effort to understand the relationship between attitude and behaviour. The theory of reasoned action is based on the assumption that human beings are rational and make systematic use of available information. This theory attempts to explain the relationship between beliefs, attitudes, intentions and behaviour. The theory proposes that the most immediate determinant of behaviour is behavioural intention. Thus, attitudes towards performing the behaviour and the subjective norm are the direct determinants of people's behavioural intentions.

The concept of familiarity: Luhmann as cited in Du [5] defines familiarity as the knowledge people have of a product or service, based on their experience and previous contacts. Familiarity which can be related to experience, has a positive effect on the magnitude of consumer skill and favours an increase in the individual trust of own abilities. In the case

of consumer use of product or service, familiarity tends to reduce the cognitive efforts required to perform the tasks as well as improving consumer's ability to analyse information, elaborate any given information, and remember product information. In the case of e-banking, this concept explains that person's use of any e-banking tool is dependent on how familiar s/he is with the e-banking tools.

Empirical Literature

Al-Smadi [6] analysed the factors that affected adoption of E-Banking in Jordan. This study integrated technology acceptance model (TAM) with the theory of planned behaviour model (TPB) and incorporated five cultural dimensions and perceived risk to propose a theoretical model. Using primary data from 387 respondents, his study found that uncertainty avoidance had a positive and significant impact on perceived ease of use and perceived usefulness. Perceived risk was however found to have the stronger impact on customers' attitude, which in turn influences customers' intention to use electronic banking services.

Another study by Aliyu et al. [7] which examined the relationship between Electronic banking adoption and the determining factors for critical success of Electronic Banking in Nigeria found that the relevant factors that determined the adoption of Electronic banking in Nigeria included; levels of awareness, ease of use, security, cost, reluctance to change and accessibility, which results were consistent with the study by Al-Smadi [6].

Similarly, Kassim [8] investigated the discrepancy between customer expectation and perception toward E-banking services. The study found that the largest discrepancies were found in the availability of instructions and personnel assistance on how to use E-banking services and functionality. He further concluded that to increase overall service quality of E-banking, the bank should find out what customers expect in terms of procedure handling, efficiency, accessibility and updated information about products and services.

Mantel [9], in his study, proposed a framework for describing why consumers use electronic banking products such as electronic bill payment, credit cards, debit cards, stored value and e-cash for their banking needs. He explained that consumer behaviour was consistent with their preference, which includes convenience, incentives, control, privacy, security and personnel involvement. This was consistent with the TAM and the Perceived Risk theory.

Six factors model was used to represent the data and evaluation of chosen factors of convenience, accuracy, efficiency, queue management, accessibility and customization [10]. The study examined customers' perception for electronic banking services, attributes of electronic banking services and consumer perception of e-banking. The study established that when customers were in direct contact with the technology (such as internet banking), they exercised better control than when there was absence of direct contact (such as telephone banking). Thus, control of service is paramount to the use of the service [11,12].

Methodology

The research design adopted for this study was a descriptive study because of the nature of the expected data and the research objectives [13]. However, both Quantitative and Qualitative data was collected. The Quantitative and Qualitative data was collected through primary and secondary sources and was especially used in establishing the relationship between the variables through descriptive analysis.

Study population

The study population consist of banking customers of Kasama district of Northern Province of Zambia.

Sample size

The study consist of a total of 50 banking customer respondents from Kasama district of Northern Province of Zambia. The sample size chosen was based on the premise that a number of customers have similar characteristics in terms of social class as most of these are civil servants and private businesses. Thus the sample size of this nature gave a clear representation of banking population in the district [14].

Research instruments

This study used self-administered questionnaires covering all the variables in the study. In these questionnaires, a five point Likert scale was used to ease data processing and analysis. The scale was marked 1-5 where; 1 representing strongly 'disagree' and 5 strongly 'agree'. The questionnaires used both open and closed ended questions where necessary. An interview schedule was also used to collect data from the bank official.

Method of data analysis

The data collected was entered in excel first, sorted, edited, classified and coded. The resultant data was then entered and analysed using statistical package for social scientists (SPSS version 17). The generated frequency tables and graphs formed the descriptive data analysis [15,16].

Results

Descriptive statistics

This study achieved the response rate of 100%. Below is the descriptive statistics of some of the variables covered in the study.

Gender distribution of the respondent: The study sought to establish the gender of the respondent to ascertain the majority of the customer participated in the study. The chart below gives the gender proportion between male and female (Figure 1).

From the pie chart, it can be seen that of the 50 respondents, 60% were Males whereas 40% were females this shows that majority of respondents were males.

Education level of respondents: This study investigated the education level of the respondents and the education level distribution was found to be as below (Figure 2).

The figure shows that 40% of the respondents had at least certificate or diploma and another 40% had secondary school level education. It was also established that 14% of the respondents had bachelor's degree while 6% of the respondents had at least master's degree. These results show that all the respondents had a minimum education level of secondary school.

E-banking usage: In this study, the number of respondent using e-banking was also investigated. The results are given in the chart below (Figure 3).

The above chart shows that 58% (29 respondents) were using e-banking and 42% (21 respondents) were not using e-banking services. The study established that there were more people using e-banking than those not using the service. Thus, the service is being adopted by most account holders.

E-banking tools used: In finding out the tools of e-banking mostly used by the respondents, the following were the results (Figure 4).

From the above chart, it has been found that 42% of the respondents never used any e-banking tool. This corresponds to the 42% of respondents who never used e-banking services. The study also established that of the respondents who used the service, 32% used the electronic card, 18% used both the mobile phone and the electronic

Gender of the Respondent

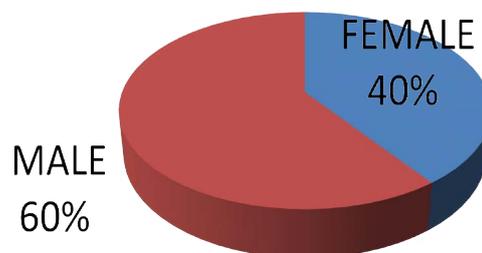


Figure 1: Gender.

Education Level

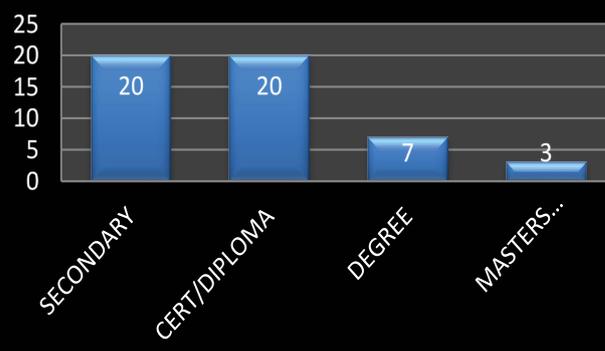


Figure 2: Education level.

E-Banking usage

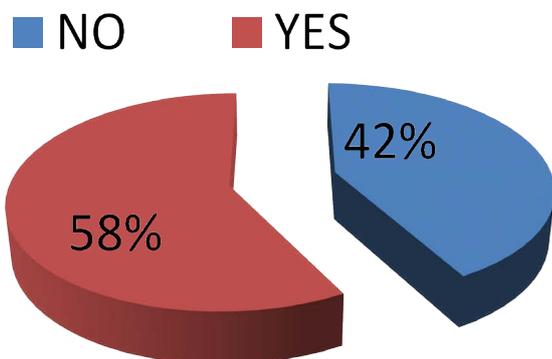


Figure 3: E-Banking usage.

E-Banking Tool Used

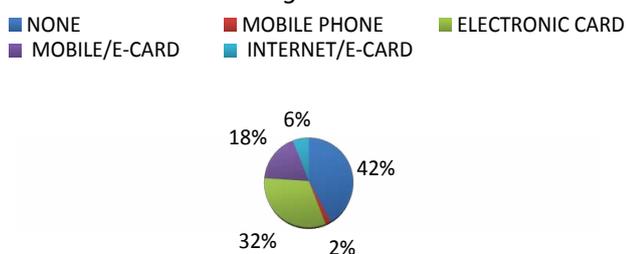


Figure 4: E-Banking tools.

Services accessed

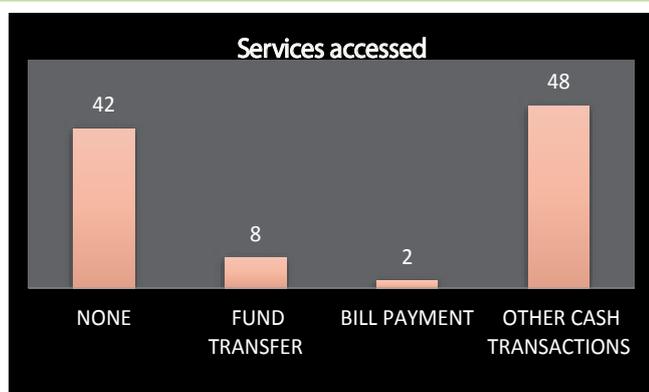


Figure 5: Services accessed.

card, and 6% used both electronic card and internet whereas 2% used the mobile phone only.

E-Banking service accessed: On the services accessed using e-banking tools, the study sought to establish the widely access service using e-banking. The results are given below (Figure 5).

From the chart above, it was established that of the 50 respondents, 42% never accessed any service using e-banking. This corresponds to 42% who never used e-banking. Of the 58% users of e-banking, 48% used e-banking for other cash transactions that included cash withdraws and purchases using the point of sale among

others. 8% used e-banking for transferring funds whereas 2% used e-banking for payment of bills such as DSTV and water and electricity bills.

Test for dependence (the Chi-square Test)

The test for dependence was undertaken to establish if there exist any significant relationship between any set of variables. In order to achieve objectives one and three, a test for dependence was conducted and the results are given below.

E-Banking service and availability of e-banking information: The chi-square test results are shown below. The null hypothesis under this study is that there is no association between E-Banking usage and availability of e-banking information. The rule is to reject the null hypothesis if the p-value is less than 0.05, otherwise we do not reject (Table 1).

From the table above, it can be seen that the p-value (0.008) is significantly lower than 0.05. The null hypothesis has therefore been rejected that there is no association between e-bank usage and availability of e-banking information. There is however dependence of e-banking usage on availability of e-banking information.

Education levels influence e-banking usage: The study also sought to find the dependence of e-banking usage on education level. The result of the test is given in the table below (Table 2). Since the p-value (0.002) is significantly lower than 0.05, the null hypothesis of no dependence has been rejected.

E-banking usage and concern for personal security: This study wanted to establish if e-banking usage is associated with concern for personal security. The results of the chi-square test are given below (Table 3).

The study found that at 0.689 p-value, the null hypothesis cannot be rejected at 5%. E-Banking usage is not dependent on concern for personal security.

Discussions

Does e-banking usage dependent on the availability of e-banking information?: Using the chi-square results, the study found that e-banking usage dependent on the availability of e-banking information. This means that there is increased publicity on e-banking, it is expected that if many customers would use the service. The availability of e-banking information includes available information on the benefits, risk, costs and easy to use process. This is in line with the complexity and familiarity hypothesis discussed in the literature. The results of this study are consistent with the findings of the study by Kassim [8] but were not consistent with the findings by Aliyu et al [7].

Does education level influence e-banking usage?: The findings of the study found that education level has statistically significant influence on e-banking usage. This means that the higher the level of education, the more the usage of e-banking services. This conforms to results that showed that none of respondents above diploma level ever used the service. The reason could be that with higher

Table 1: E-banking service and availability of E-banking information.

Chi-Square Tests			
Serial No	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.713 ^a	3	0.008
Likelihood Ratio	12.997	3	0.005
Linear-by-Linear Association	8.186	1	0.004
N of Valid Cases	50	-	-
a. 3 cells (37.5%) have expected count less than 5. The minimum expected count is 1.26.			

Table 2: Education levels influence e-banking usage.

Chi-Square Tests			
Serial No	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.285 ^a	4	0.002
Likelihood Ratio	19.895	4	0.001
Linear-by-Linear Association	13.503	1	0
N of Valid Cases	50	-	-
a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.68.			

Table 3: E-banking usage and concern for personal security.

Chi-Square Tests			
Serial No	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.255 ^a	4	0.689
Likelihood Ratio	2.284	4	0.684
Linear-by-Linear Association	1.646	1	0.200
N of Valid Cases	50	-	0
a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 2.10.			

levels of education, more and more people tend to accept various forms of technology and easily adopts technology in their everyday life. This is in line with the technological acceptance model.

Is concern for personal security related to usage of e-banking?: The study found that at 5% level of significant, concern for personal security was not related to usage of e-banking services. This is because many people are expected to trust the service provider to guarantee security of their accounts. These results were against the hypothesis of perceived security which hypothesise that people shun adopting the use of e-banking due to concern for security.

What tools of e-banking are available?: The study established the availability of tools of e-banking. It was found that the bank had three tools of e-banking. These were electronic card, mobile banking and internet banking. Of the three tools, the electronic card was found to be the widely used tool with 32% of the 58% of respondents who used the service, were using the electronic card.

What are the challenges in adopting the use of e-banking by the customers?: Having empirically investigated the factors influencing the use of e-banking, this study has come to establish that the biggest challenge in the adoption and use of e-banking is the availability of information on e-banking. The research established that those who never used the service had no available information on the availability of the service, benefits, how to use the service among others. This is in line with the decomposed theory of planned behaviour that posts that

consumer use of the service of product is influenced by the ease with which to use the service, benefits of the service or product, cost and how complex the service or product is.

The other challenge of not adopting the use of e-banking is the cost associated with the service. The cost may include charges per usage, incomplete transactions, defective service among others. Customers may fear that at anytime, the transaction may not be completed but may be charged for the service which becomes costly.

Lastly, the challenge found to be significant is the education level where in this study it was found that respondent with lower education were the ones who never used the service. This is so because with advancement in education levels, the individual tends to acquaint themselves with more and more information about products and services whereas people of lower education level had a tendency of not accepting technology with ease.

Conclusion

It can therefore be concluded that the availability of information is of great importance in the adoption of e-banking service. This is because in line with the theory of reasoned action, customer can only adopt a service or product if he has full information regarding its use and also concluded that familiarity is very important in the use of e-banking as technological acceptance is based on the familiarity and complexity of the service. However, it can be concluded that as much as other theories emphasis on the concern for security, security is not a challenge in the adoption and use of e-banking. The only challenges to the use of e-banking are availability of information, education level and the cost of the service.

Recommendations

The banks make information on the benefits, costs, how to use etc available to the all customers and merchants. The use of e-banking has been found to be very beneficial to both the customer and the bank because the customer believes the service reduces transaction time; it is convenient and reduces the amount of cash to be carried in order to do a transaction which reduces the risk of losing cash. To the Bank, the use of e-banking has helped to reduce cost of handling the transactions including reduced cost of back room staff. Although Security concern was found to insignificantly affect usage of e-banking, it is recommended that further studies are undertaken to access security of customer accounts and any factor relating to reluctance in the adoption of the service.

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