

Effects of Facilitating Conditions on Online Financial Services

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ABSTRACT

Financial Products through online mechanism are comfortable and time saving, since the adoption rates of online Financial Products are very low. An attempt has been made in the current study to check the variations on Facilitating conditions between online Financial Products.

1. Introduction

Online Financial Products

All Financial Products are being supported and used through online mechanism due to the development of technology (Gupta, 2008), Sheikh et al., (2016) List of important online Financial Products that can be handled with e-Banking by Banking Customers are as follows.

1. Electronic Fund Transfer (NEFT RTGS IMPS) through Internet Banking
2. Using Debit Card for online Transaction through internet
3. Managing Credit card through Internet Banking
4. Investments on Derivatives through Internet Banking
5. Paying Insurance Premium through Internet Banking
6. Mutual funds Investments through Internet
7. Loan EMI Payments through internet Banking
8. Investments on Futures and Options through Internet Banking
9. Internet Banking Account
10. Online share trading

Facilitating Conditions

The degree to which an individual believes that technical infrastructure exists to support the use of the system and the extent to which he or she has the appropriate knowledge and recourses to make use of said system.

2. Review of Literature

Margaret et al., (2000) reports that intention to adopt Online Banking services can be predicted by attitudinal and perceived behavioral control factors, but not by subjective norms. The attitudinal factors that are significant include relative advantage; compatibility with respondent's values, experience, and needs; trial Ability; and risk. Although the findings of this study show that perceived complexity has a negative relationship with

adoption intentions, this relationship is not significant. One possible reason is that since Online Banking in Singapore is relatively new; most Internet users have yet to try it. As a result, they are unable to effectively assess the complexity of using such systems and the influence that such complexity may have on their intentions. The results of this study have also shown that there are other factors besides attitudinal ones that can help us to better understand the adoption intentions of Online Banking. Two additional influencing factors (subjective norms and perceived behavioral control) proposed by (Ajzen, 2002), in the theory of planned behavior, were included in this study. Although subjective norms were not found to significantly influence adoption intentions, perceived behavioral control dimensions were nonetheless found to have significant influences. In particular, self-efficacy toward using Online Banking services and the facilitating condition of perceived government support for Internet commerce, were both found to significantly affect intentions to adopt Online Banking services. While as Mohammad et al., (2012) have reported that e-banking services are being used with increasing frequency in most countries. Electronic banking enhances the development of the banking system, and it is considered as a strategic weapon for banks. Although it provides various benefits for both banks and customers, low level of customers' adoption of electronic banking services is noted in Jordan. However, electronic banking services cannot achieve expected benefits if it is not used by banking customers. A research model was developed through integrating TAM with TBP and incorporating five cultural dimensions and perceived risk to provide a comprehensive investigation the results of the study revealed that perceived usefulness and perceived ease of use has a positive and significant impact on customers' attitude toward electronic banking services. Banks should make electronic banking services more useful and usable. They could achieve this by increasing the customers' awareness of the usefulness of using electronic banking services through advertising and long-term customer services, this study used a cross-sectional design. One possible direction for future studies is to conduct a longitudinal study to see whether the variables and their relationships are consistent with time. Second: this study used Hofstede's national cultural framework.

Lichtenstein et al.,(2006) reports key findings from an interpretive study of Australian banking, that an understanding of how and why specific factors affect the consumer decision whether or not to bank on the Internet, in the Australian context. A theoretical framework is provided that conceptualizes and links consumer oriented issues influencing adoption of Online Banking. This study also provides a set of recommendations for Australian banks. Specifically, the findings suggest that convenience is the main motivator for consumers to bank on the internet, while there is a range of other influential factors that may be modulated by banks. This study also highlight increasing risk acceptance by consumers in regard to internet-based services and the growing importance of offering deep levels of consumer support for such services. Gender differences are also highlighted. Finally, this study suggests that banks will be better able to manage consumer experiences while moving to Online Banking if they understand that such experiences involve a process of adjustment and learning over time, and not merely the adoption of a new technology.

Jayashree, (2013) studied that online banking (Online Banking) has emerged as one of the most profitable e-commerce applications over the last decade. Although several prior research projects have focused on the factors that impact on the adoption of information technology or Internet, there is limited empirical work which simultaneously captures the success factors (positive factors) and resistance factors explores and integrates the various advantages of online banking to form a positive factor named perceived benefit. In addition, drawing from perceived risk theory, five specific risk facets – financial, security/privacy, performance, social and time risk – are synthesized with perceived benefit as well as integrated with the technology acceptance model (TAM) and theory of planned behavior (TPB) model to propose a theoretical model to explain customers’ intention to use online banking. The results of this study indicated that the intention to use online banking is adversely affected mainly by the security/privacy risk, as well as financial risk and is positively affected mainly by perceived benefit, attitude and perceived usefulness. Thompson et al.,(2011) explored a research framework based on the theory of planned behavior (Ajzen, 1985) and the diffusion of innovations theory (Rogers, 1983) was used to identify the attitudinal, social and perceived behavioral control factors that would influence the adoption of Online Banking. The results revealed that attitudinal and perceived behavioral control factors, rather than social influence, play a significant role in influencing the intention to adopt Online Banking. In particular, perceptions of relative advantage, compatibility, trial ability, and risk toward using the Internet were found to influence intentions to adopt Online Banking services. In addition, confidences in using such services as well as perception of government support for electronic commerce were also found to influence intentions.

3. Objectives

To Study the variations on Facilitating conditions between adoption levels of online Financial Products.

4. Hypothesis

H₁: Facilitating conditions does not vary with Online Financial Products.

5. Sampling Details

The primary data for the present Study was collected from the Banking Customers and these Banking customers were identified on random basis from Srinagar, Delhi and Chidambaram. The filled up response were collected successfully from 1200 respondents comprising the breakup of 600 from Delhi, 300 from Srinagar and 300 from Chidambaram. To arrive at the usable sample size 1200 responses 1441 questionnaires got distributed with a success rate of 83 percent for the total distributed questionnaires. Hence the sample size for the present work is treated as 1200 comprising the Banking customers of Srinagar, Delhi and Chidambaram. Thus, the sampling procedure adopted for the present study is treated as stratified random sampling. The primary data for the present study was collected between the periods Jan 2016 to June 2016. The data collected were coded and transferred in to Statistical package for Social Science (SPSS) for the purpose of analysis.

6. Results and Discussions

Variations on facilitating conditions between adoption levels of Internet Banking

The variations in the Facilitating Conditions between adoption levels of Internet Banking are defined in hypothesis-H1, taken up and its results are shown in table-1 as an outcome of one way ANOVA model conceptualized. adoption levels of Internet Banking was categorized into three groups such as Not used, Low intensity usage and high intensity usage for identifying variations in the Facilitating Conditions. From the results of this one way ANOVA model as shown in table-1, it can be inferred that the F value of 4.541 corresponding to Facilitating Conditions between adoption levels of Internet Banking are found to be significant at 5 percent level. Hence hypothesis- H1 is rejected at 5 percent level of significance. This result clearly shows that there exist significant variations in the Facilitating Conditions between adoption levels of Internet Banking. In order to identify the exact variations among different levels of Facilitating Conditions between adoption levels of Internet Banking, multiple comparisons were made with LSD method and its results are provided along with table-1, were the variations are noted as follows.

Table-1 :Results of ANOVA for hypothesis-H1

Dependent Variable		Sum of Squares	df	Mean Square	F
Facilitating Conditions	Between Groups	1013.195	2	506.597	4.541*
	Within Groups	133537.202	1197	111.560	
	Total	134550.397	1199		

Multiple Comparisons					
LSD					
Dependent Variable	(I) Adoption levels of Internet Banking	(J) Adoption levels of Internet Banking	Mean Difference (I-J)	Std. Error	Sig.
Facilitating Conditions	Non user	Low intensity usage	-0.16522	1.01316	0.870
		high intensity usage	1.94502*	0.67416	0.004
	Low intensity usage	Non user	0.16522	1.01316	0.870
		high intensity usage	2.11024	1.07592	0.050
	high intensity usage	Non user	-1.94502*	0.67416	0.004
		Low intensity usage	-2.11024	1.07592	0.050
* Significant at 5 percent level; Source: Computed from primary data					

Based on the value of mean differences found in the table-1, it can be inferred that the highest Facilitating Conditions is identified with not used of Internet Banking, the next higher Facilitating Conditions is identified with Low intensity usage of Internet Banking and the low Facilitating Conditions is identified with High intensity usage of Internet Banking. From the details provided in the table-1, it can be noted that, the variations in Facilitating Conditions between not used and High Intensity usage of Internet Banking are found to be significant at 5 percent level. However variations in the Facilitating Conditions between not used and Low Intensity usage of Internet Banking are not found to be significant at 5 percent level, also the variations between Low Intensity usage and High Intensity usage of Internet Banking are not found to be significant at 5 percent level.

Insignificant variations in Facilitating Conditions

The variations in the levels of Facilitating Conditions between various OFS (Online Financial Services) such as Usage of Credit Card through Internet Banking, Usage of Debit card Through Internet, Investment on Derivatives through Internet Banking Pattern, Insurance Premium through Internet Banking, Usage Intensity of Internet Banking for Mutual funds, Usage Intensity of Futures and Options Through Internet Banking, Usage Intensity of Online Share Trading, Online Banking Account, Intensity of Electronic Fund Transfer through Internet Banking, Paying of Loan payments through Internet Banking, is defined in hypothesis-H1

Table-2: Results of ANOVA for hypothesis-H1

Dependent Variable	Independent Variable		Sum of Squares	df	Mean Square	F	Sig.
Facilitating Conditions	Usage of Credit Card through Internet Banking	Between Groups	206.588	2	103.294	0.920	0.399
		Within Groups	134343.809	1197	112.234		
		Total	134550.397	1199			
	Usage of Debit card Through Internet	Between Groups	225.052	2	112.526	1.003	0.367
		Within Groups	134325.345	1197	112.218		
		Total	134550.397	1199			
	Investment on Derivatives through Internet Banking Pattern	Between Groups	207.871	2	103.936	0.926	0.396
		Within Groups	134342.525	1197	112.233		
		Total	134550.397	1199			
	Insurance Premium through Internet Banking	Between Groups	286.368	2	143.184	1.277	0.279
		Within Groups	134264.029	1197	112.167		
		Total	134550.397	1199			
	Usage Intensity of Internet Banking for Mutual funds	Between Groups	387.126	2	193.563	1.727	0.178
		Within Groups	134163.271	1197	112.083		
		Total	134550.397	1199			
	Usage Intensity of Futures and Options Through Internet Banking	Between Groups	107.427	2	53.713	0.478	0.620
		Within Groups	134442.970	1197	112.317		
		Total	134550.397	1199			
	Usage Intensity of Online Share Trading	Between Groups	421.768	2	210.884	1.882	0.153
		Within Groups	134128.629	1197	112.054		
		Total	134550.397	1199			

Online Banking Account	Between Groups	2.869	2	1.434	0.013	0.987
	Within Groups	134547.528	1197	112.404		
	Total	134550.397	1199			
Intensity of Electronic Fund Transfer through Internet Banking	Between Groups	222.382	2	111.191	0.991	0.372
	Within Groups	134328.015	1197	112.221		
	Total	134550.397	1199			
Paying of Loan payments through Internet Banking	Between Groups	164.035	2	82.018	0.731	0.482
	Within Groups	134386.361	1197	112.269		
	Total	134550.397	1199			
* Significant at 5 percent level; Source: Computed from primary data						

Taken up and its results are shown in the table-2, as an outcome of one way ANOVA model conceptualized. From the results of one way ANOVA, it can be inferred that the F values of 0.920, 1.003, 0.926, 1.277, 1.727, 0.478, 1.882, 0.013, 0.991, 0.731, Corresponding to the factors, Usage of Credit Card through Internet Banking, Usage of Debit card Through Internet, Investment on Derivatives through Internet Banking Pattern, Insurance Premium through Internet Banking, Usage Intensity of Internet Banking for Mutual funds, Usage Intensity of Futures and Options Through Internet Banking, Usage Intensity of Online Share Trading, Online Banking Account, Intensity of Electronic Fund Transfer through Internet Banking, Paying of Loan payments through Internet Banking, Considered as a grouping variables are not found to be significant at 5 percent level with Facilitating Conditions. Based on the results shown in table-2, it can be confirmed that the factor Facilitating Conditions is not found to be varying significantly with various OFS (Online Financial Services) such as Usage of Credit Card through Internet Banking, Usage of Debit card Through Internet Banking, Investment on Derivatives through Internet Banking Pattern, Insurance Premium through Internet Banking, Usage Intensity of Internet Banking for Mutual funds, Usage Intensity of Futures and Options Through Internet Banking, Usage Intensity of Online Share Trading, Online Banking Account, Intensity of Electronic Fund Transfer, Paying of Loan payments through Internet Banking, hence hypothesis-1 is accepted.

7. Findings

1. It is found that significant variations exist in the Facilitating Conditions between adoption levels of Internet Banking. The highest Facilitating Conditions is identified with not used of Internet Banking, the next higher Facilitating Conditions is identified with Low intensity usage of Internet Banking and the low Facilitating Conditions is identified with High intensity usage of Internet Banking.

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2. It is found that variations in Facilitating Conditions between not used and High Intensity usage of Internet Banking are found to be significant. However variations in the Facilitating Conditions between not used and Low Intensity usage of Internet Banking are not found to be significant, also the variations between Low Intensity usage and High Intensity usage of Internet Banking are not found to be significant.
3. It is found that Usage of Credit Card through Internet Banking, Usage of Debit card Through Internet, Investment on Derivatives through Internet Banking Pattern, Insurance Premium through Internet Banking, Usage Intensity of Internet Banking for Mutual funds, Usage Intensity of Futures and Options Through Internet Banking, Usage Intensity of Online Share Trading, Online Banking Account, Intensity of Electronic Fund Transfer through Internet Banking, Paying of Loan payments through Internet Banking, Considered as a grouping variables are not found to be significant with Facilitating Conditions.

8. Conclusion

Online Financial Products are changing worldwide. Today, the click of the mouse and mobile banking offers lot of transactions regarding Online Financial Products. Still the adoption rates of Online Financial Products are very low for those Banking customers having availability of facilities to use online financial platform as the highest Facilitating Conditions is identified with not used of Online Financial Products. Hence, Banking Industry should motivate first of all those Banking customers having availability of facilities to adopt Electronic Financial Products.

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