

A STRATEGIC ANALYSIS ON THE USER ACCEPTANCE, CHALLENGES AND PROSPECT OF INTERNET BANKING IN BANGLADESH

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ABSTRACT

A good number of people use internet banking while some other people are reluctant to use it. This study tries to show the user acceptance, existing challenges as well as its prospects in Bangladesh and thus tries to present the scenario of Internet banking. Collected primary data were analyzed by using SPSS and MS Excel. Spearman coefficient of correlation and Cross-tabulation were calculated to analyze the relationship between variables. The study finds that majority of the internet banking users are satisfied with internet banking. The study concluded that internet banking has a good prospect for which the concerned authority's steps are strongly recommended.

Keywords: Internet Banking, User Acceptance, Forged Transaction, Prospect of Internet Banking, Bangladesh.

INTRODUCTION

Banking service has become inevitable for everyone and especially business organizations cannot think of even a single moment without banking service. Without the banking a service the business transactions are less reliable and in some cases transactions through bank have been made mandatory by law. This type of laws or the policies are made to protect the business interest and to reduce the fraudulent in business dealings. The banking system is gradually changing and currently internet banking has become popular all over the world. The traditional banking system is time consuming as well as it is risky also to make banking transactions physically in branch. Internet banking allows making transactions from home or office. Transitional period in the banking sector of Bangladesh has been passing through since it's shifting from the traditional banking system to the online banking system. Presently the growth of internet banking (IB) is on the increase globally including in Bangladesh. Both private and government banks are going online now considering the demand and necessity of fast banking. Internet banking enables customers to make online transactions. This technology based banking system has some drawbacks like chance of fraud and forged transactions. All the bank customers do not have necessary technology support and above all some people have negative mindset towards internet banking. However in a developing country with a growing economy and big number of population internet banking has good prospect. The success of internet

banking depends on strategies and factors like service quality, maturity, honesty and dedication of banks and related stakeholders (Sathye, 1999 & Wah 1999).

LITERATURE REVIEW

Although IB has already got well acceptance in the developed countries, in Bangladesh it has just started its journey with internet banking. Here banks mainly the private banks are coming forward for the success of internet banking. Internet banking provides some true benefits for the customers and saves valuable time of the customers (Mondal & Saha, 2013).

Ingle & Pardeshi (2012) found that, because of the increasing use of internet most of the banks and non banking financial institutions are coming up with new ideas of internet banking or online banking. The internet banking has growing prospect because the employers are increasingly using this service in business activities like fund transfer and other monetary transactions (Yazdanifard et al., 2011).

Internet banking offers new challenging opportunities in the global banking industry of the competitive world (Adewuyi, 2005). Adewuyi (2005) concluded that, although many banks have already started internet banking, still there are many other banks that are yet to taste the flavor of internet banking. So, still there are lots of opportunities for the improvement of internet banking. Due to the added benefits, banks all over the world have started offering internet banking service and Indian banks are not an exception to it (Chauhan & Choudhary, 2015). Due to the virtue of internet banking, banking activities are not confined to the branches only; rather, any inquiry or transaction is processed online being at home even (Vyas, 2012).

It has enabled the commercial banks to enhance banking in a cost effective and better way in which customers can execute their transactions online or through ATM (Omar et al., 2011). Omar et al. (2011) found that the sensitive issues of the internet banking are trustworthiness of ATM, safety and security of the system. Their study also point out that, safety, security, speed and convenience plays leading roles for the success of the internet banking. EU reported that, Scandinavian and Baltic countries used highest internet in the year of 2011. For Norway, Finland and Estonia it was around 90% while for Bulgaria, Romania and Greece it was only less than 20% (Hudson, 2012). In Thailand, many of the corporate customers are not highly enthusiastic regarding the internet banking due to security concern (Rotchanakitumnuai & Speece (2003).

“Features of the web site” and *“perceived usefulness”* are leading influential factors in Thailand while external environment is the main obstacle there (Jaruwachirathanakul & Fink, 2005). Jaruwachirathanakul & Fink (2005) found that, banks and governmental support alone cannot determine the success of internet banking. Rather, besides them customer’s acceptance also plays major role there.

Objectives of the Study

The objectives of the study include the following:

- a. To investigate the present scenario of internet banking in Bangladesh
- b. To identify and analyze the user acceptance and challenges of internet banking in Bangladesh
- c. To present the prospect of internet banking in Bangladesh
- d. To create further research scope in this area

Hypothesis Testing

The features of the internet banking services are analyzed by the following hypothesis:

H_1 Mostly customers prefer internet banking services over branch banking because it is reliable, convenient, faster, safe, cheap, user-friendly, and error free.

To assess the customer satisfaction level of internet banking, hypothesis two has been used which is as under.

H_2 Customers are satisfied with features of internet banking in Bangladesh.

Customer's perception about the security and forged transaction of internet banking has been measured by hypothesis three.

H_3 Security problems, lack of trust and knowledge, lack of internet connection etc. affect the customer decision towards internet banking services.

RESEARCH METHODOLOGY

In conducting this research study, a structured questionnaire has been used.

Data Collection method and tools

The study is based on primary data collected from the bank customers of Dhaka city. The collected data were analyzed by using SPSS and MS Excel. Spearman coefficient of correlation was calculated to analyze the relationship between selected variables. Further several cross-tabulations were prepared to show better relationship among the variables.

Data Analysis

Demographic characters of the respondents have been shown in Table 1 below

		Frequency	%				
Age	Below 18	7	7	Occupation	Student	69	69
	19-30	74	74		Service	22	22
	31-40	14	14		Business	9	9
	41 and above	5	5		Total	100	100
	Total	100	100	Education	College (11-12)	15	15
Gender	Male	56	56		Undergraduate	58	58
	Female	44	44		Graduation	27	27
	Total	100	100	Total	100	100	

Table 1 shows that, 74 out of 100 respondents were between 19-30 years, 14% are between 31-40 years, 7% are below 18 years and 5% are above 40 years. On the other hand, 56 % respondents were male and 44% are female while 69% respondents are students and 58% have undergraduate level education.

FINDINGS AND DISCUSSION

Table 2 shows that, 74% of the total respondents fall between 19-30 years age. The cross tabulation also shows that the numbers of respondents fall in the age group of 18 or under and 41 or above are only 7 and 5 respectively.

Table 2					
GENDER - AGE CROSS-TABULATION					
Gender	Age				Total
	18 or Under	19-30 years	31-40 years	41 or Above	
Male	3	42	8	3	56
Female	4	32	6	2	44
Total	7	74	14	5	100

Table 3				
GENDER - OCCUPATION CROSS-TABULATION				
	Occupation			Total
	Student	Service	Business	
Male	44	7	5	56
Female	25	15	4	44
Total	69	22	9	100

In Table 3, 69% respondent is students and among them; males are 44 and females are 25. The cross-tabulation also shows that, 15 out of 44 female respondents are service holders while only 7 out of 56 male respondents are service holders. Further, the frequency of businessmen is very poor, 9% only; including both male and female).

Table 4					
OCCUPATION - AGE CROSS-TABULATION					
Occupation	Age in years				Total
	18 or Under	19-30	31-40	41 or Above	
Student	3	52	10	4	69
Service	4	14	3	1	22
Business	0	8	1	0	9
Total	7	74	14	5	100

Table 4 shows that, students, service holders and businessmen are 52, 14 and 8 respectively among 100 respondents. 14 respondents are between 31-40 years age group, 7 are 18 years or under and 5 are of 41 years or above.

Table 5				
GENDER - EDUCATION CROSS-TABULATION				
	Education			Total
	College (Class 11-12)	University (Undergraduate)	Graduate (Higher Education)	
Male	14	34	8	56
Female	1	24	19	44
Total	15	58	27	100

Table 5 shows that, 34 males and 24 female have undergraduate university degree, 15 respondents have college level education, 27 respondents (8 male and 19 female) have graduate or higher education.

Reasons for using and not using internet banking (IB) services:

Table 6 depicts that, to the customers, reliability, facilities, user friendliness, speed and convenience of IB are the motivating factors for using internet banking. It is also time savings and less costly. So these factors play important roles for the success of internet banking.

Ques.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	IB is more reliable than branch banking	2	1	7	36	17
2	IB is convenient than branch banking	1	2	8	25	27
3	IB is faster than branch banking	1	4	5	12	41
4	IB is safer than branch banking	2	7	16	29	9
5	IB is cheaper than branch banking	4	4	12	22	21
6	IB is user-friendly than branch banking	3	8	7	26	19
7	IB is more error-free than branch banking	1	17	27	15	3
8	I am satisfied with the feature of IB	1	1	3	27	31

Table 7 shows that Q 8 (I am satisfied with the features of IB) was filled-up by 63% of the total respondents. Among them 31 respondents, which is 49.2%, showed their strong satisfaction level and 42.9% are just agreed. Collectively 92.1% users of IB services are satisfied (Agreed & Strongly Agreed). So this result proves our second hypothesis true.

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1%	1%	3%	27%	31%

Customer's perception were analyzed by the 2nd section of the questionnaire in which 8 questions addresses all the possible factors that may affect the customer decision in using IB service (Tables 8 and 9).

Ques.	Statement	Strongly Disagree	disagree	Neutral	Agree	Strongly Agree
9	I don't have device like PC or smart phone	13	16	0	7	1
10	I don't have internet connection	16	12	3	5	1
11	I don't trust the Security system of IB	9	3	2	8	15
12	Quality of Internet Banking services is bad	10	9	6	7	5
13	I don't know how to use Internet Banking	1	8	0	15	12
14	I don't trust the internet as a channel for banking as it is not safe	3	11	1	9	13
15	Chance of fraud and forged transactions	2	2	4	13	16
16	I am NOT satisfied with IB services	8	7	0	1	21

Ques.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
17	Ensure safety and security of IB	5	6	13	27	49
18	Ensure good quality of IB service	1	3	2	45	49
19	Ensure prevention of forged transaction and fraud	2	5	10	25	58

Correlation Analysis

Firstly, a positive relationship is seen (Table 10) between Q11 (I do not trust the Security system of IB services.) and Q17 (Ensure safety and security of IB). It means that the dissatisfaction might be reduced by ensuring security and safety.

Correlations		Users are feeling unsecured	Ensure safety and security system of IB
Spearman's rho	Users are feeling in insecure	Correlation Coefficient	1.000
		Sig. (2-tailed)	-
		N	37
	Ensure safety and security system of IB	Correlation Coefficient	0.138
		Sig. (2-tailed)	0.414
		N	37

On the other hand, in Table 11, Q12 (Quality of internet banking is service is bad) & Q18 (Ensure good quality of internet banking service) are positively correlated. Spearman Coefficient of Correlation gives result of 0.120 means that by increasing transaction speed, satisfaction towards internet banking may be increased.

Correlation		Quality of Internet Banking service is bad	Ensure good quality of IB Service
Spearman's rho	Quality of Internet Banking service is bad	Correlation Coefficient	1.000
		Sig. (2-tailed)	-
		N	37
	Ensure good quality using IB Service	Correlation Coefficient	0.120
		Sig. (2-tailed)	0.480
		N	37

Further, there is a positive relationship between Q15 (There is chance of fraud and forged transactions in internet banking services) and Q19 (Ensure prevention of fraud and forged transaction in internet banking). The result obtained from SPSS by applying Spearman Coefficient of Correlation is shown in Table 12 below.

Correlations		There are chances of fraud and forged	Ensure Prevention of Fraud and forged Transaction in IB
Spearman's rho	There are chances of fraud and forged	Correlation Coefficient	1.000
		Sig. (2-tailed)	-
		N	37
	Ensure Prevention of Fraud and forged Transaction in IB	Correlation Coefficient	0.014
		Sig. (2-tailed)	0.936
		N	37

RECOMMENDATIONS AND CONCLUSION

The study recommends that safety security and speed of the transactions should be further enhanced which will increase the acceptance of internet banking service Omar et al. (2011). The study further recommends that probability of fraud and forged transaction should be reduced for increasing the satisfaction of the customers. A challenge in the internet banking is internet criminals and cheats attempting to steal customer's information (Yazdanifard et al., 2011). The study forecasts that, internet banking a better prospect in Bangladesh with a growing economy. For this the concerned authority should take necessary steps. Finally the study concludes that this research has several implications for the practitioners and policymakers of the private commercial banks of the competitive market of the global world. By implementing the research recommendations banks can make a better position in the market they are working in.

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