

Macro and Micro Thematic Categories Hindering Customer Adoption of Internet Banking in Australian Context

Sujana Adapa, University of New England, sadapa@une.edu.au

Abstract

Reported studies on internet banking emphasise either on identifying factors that influence or hinder customer adoption and non-adoption based on the empirical data on a large scale. However, there is little qualitative research to test assumptions from the customer's perspective. This study aimed to establish macro and micro thematic categories that actually hinder customer adoption of internet banking in Australia. Data were collected in Australia from open-ended question developed alongside the quantitative scales. 298 valid responses were analysed using conceptually clustered matrix displays, thus reducing the data into thematically similar macro and micro categories. The finding obtained revealed that the customers in Australia, were hindered from adoption of internet banking, by thematic categories such as security, trust, risk, value, lack of resources, social influence, technology apprehension, interactivity, preference to other channels, routine, past users and performed by spouse. The paper concludes with suggestions for future research and managerial implications.

Keywords: Internet banking, Customer non-adoption, Macro thematic categories, Micro thematic categories

Macro and Micro Thematic Categories Hindering Customer Adoption of Internet Banking in Australian Context

Introduction

The advent of the internet, rapid technological evolutions, globalisation, financial deregulations, liberalisation and consolidation of the financial markets has encouraged many businesses to change their traditional modes of operations (Mia *et al.* 2007). Businesses are also utilising technological advancements in order to make their services more accessible to consumers and the retail banking sector is no exception to the aforementioned (Reid 2008). Banks started to realise that relying on non-price factors provided alternative strategies for differentiation, gaining competitive advantage and cost cutting (Daniel 1999). As a result, the financial services industry has become much more competitive over the last few years (Thornton & White 2001). In an intensifying competitive environment, superior distribution strategies relating to how to communicate with, and deliver products to, the customer effectively provides a comprehensive advantage to the banking institutions (Kerem *et al.* 2003). On a global scale, many banks have started to set in place more cost-effective alternative service delivery systems (Shih & Fang 2004). The trend has seen the proliferation of multiple service delivery channels through which consumers can interact with banks. It has been widely accepted that internet banking is possibly the most cost-effective channel for providing electronic banking services and products efficiently to prospective customers (Giglio 2002). However, there are marketing and management issues that arise from relying on such new and different distribution channels.

Literature Review

Most of the theoretical perspectives which emerged from internet banking research were a result of quantitative studies involving testing of the questionnaires. A comparison of quantitative and qualitative research in the internet banking research indicates that there exists a notable gap between the quantitative and qualitative approaches taken so far as a vast number of studies are empirical in nature, thus neglecting the qualitative type of studies (Shao 2007). For the purpose of the present study, internet banking is identified as a service innovation. In the existing literature, non-adoption of a specific innovation by consumers is related to innovation resistance theory. The non-adoption of an innovation in the literature has been explained through functional and psychological barriers such as usage, value, risk, tradition and image barriers (Ram & Sheth 1989).

If the factors hindering the use of internet banking are strong enough, frequently cited benefits of internet banking do not seem to materialise as the value of the internet banking cannot be realised. In the adoption studies, convenience has been identified as an important adoption factor (Thornton & White 2001). Non-users considered internet banking to be difficult, inconvenient, have poor relative advantage and slow to use (Kuisma *et al.* 2007). Lack of experience can inhibit consumer usage of internet banking service as it can be perceived as resulting in improper banking transactions (Speece 2000).

Concerns associated with the private information and context confidentiality may hinder consumers from using internet banking eliciting the importance of issues related to privacy and security (Gerrard *et al.* 2006). Three reasons for which consumers do not trust internet technology relate to security of the system, distrust of service providers, and worries about the

reliability of internet services (Lee & Turban 2001). Reputation is also considered to be important, as distrust of the service provider is a related factor (Jarvenpaa *et al.* 1999). The risk associated with the service is also a frequently cited reason for non-usage of internet banking (Gerrard *et al.* 2006).

The present study makes an attempt to elicit the key factors that are hindering consumers' usage of internet banking in the Australian context. Most of the internet banking-related research focuses on factors affecting consumers' adoption of internet banking. Studies that focused on identifying factors that hinder consumers' adoption of internet banking were fewer in number. Therefore, open-ended question developed in the present study makes an attempt to shift the focus of the existing literature by seeking the opinions of the respondents in their own words.

Methodology

A cross-sectional empirical survey questionnaire was developed and distributed to intercepted respondents who agreed to participate in the study in the foyer of a busy shopping mall in the Western Sydney, Australia. The survey instrument consisted of questions pertaining to respondent's general banking habits and internet usage, demographic characteristics, various scale items and a few open-ended questions organised into logical sections. Open-ended questions were added to the survey to obtain rich qualitative data in addition to quantitative measures, in an attempt to realise some degree of convergence triangulation (Cresswell & Plano Clark 2007). Miles & Huberman (1994, p. 132) reported the use of conceptually clustered matrix displays while reducing data into thematically similar categories. This study is part of a large study that focuses on the investigation of factors affecting consumers' continued and frequent use of internet banking in Australian context.

Subsequently, all the responses were manually transcribed for the analysis. Responses obtained for the open-ended question were systematically analysed for the presence of thematically similar words and phrases. 298 valid responses were analysed into common themes for the purpose of the present study from the effective sample size of 311.

Content-Analytic Summary Table Displaying Reasons for not Using Internet Banking

Table 1.1 shows a hierarchy of macro and micro thematic categories in the second and third columns that emerged from the analysis of respondents' reasons for not using internet banking. These themes are then presented as the raw verbatim responses given by respondents and presented in the fourth column. The table also provides, in parentheses, the number of times a certain response was mentioned by respondents.

Number	Macro theme	Micro theme	Responses
1	Security (53)	Confidentiality	"afraid of losing confidential information" (29)
		Privacy	"loss of private information " (10)
		Authorisation	"cannot communicate with bank if anything is wrong" (9)
		Availability	"my personal information may be available to third party" (5)

Table 1.1: Conceptually-clustered Matrix Display: Reasons for Not Using Internet Banking^a

Number	Macro theme	Micro theme	Responses
2	Trust (47)	Lack of trust in the channel	“do not believe internet banking transactions” (24)
		Lack of trust in the internet	“had bad experience with multi level marketing in internet” (18)
		Lack of trust in the bank	“no trust in the bank” (3)
		Lack of trust in bank personnel	“I have no trust in the bank personnel ” (2)
3	Risk (34)	Financial risk	“any mistake will result in huge loss” (17)
		Psychological risk	“am afraid somebody might get my details” (7)
		Physical risk	“eyes become sore often” (5)
		Social risk	“bank staff more friendly and risk is less when dealing with them” (3)
		Time risk	“no time to do” (2)
4	Value (28)	Costs	“fees might be low but internet connectivity costs much more” (17)
		Lack of benefits	“worried about the quality of internet banking transactions” (11)
5	Lack of resources (27)	Affordability	“no computer / cannot afford internet connection” (18)
		Accessibility	“only dial-up access is available which is too slow to perform any banking transactions” (9)
6	Social influence (23)	Friends	“my friends think banking on internet is not good” (17)
		Colleagues	“my colleagues do not perform internet banking transactions” (4)
		Family	“none of my family members use internet banking, so do I” (2)
7	Technology apprehension (22)	Self-efficacy	“do not have enough skills to operate internet” (14)
		Safety	“safety is an issue of concern with technology” (5)
		Discomfort	“generally not comfortable with technological matters” (3)

Table 1.1: Conceptually-clustered Matrix Display: Reasons for Not Using Internet Banking^a

Number	Macro theme	Micro theme	Responses
8	Interactivity (21)	Uniqueness	“feel unique with face to face interactions” (12)
		Communications	“branch promotional offers caters to my needs” (9)
9	Preference to other channels (19)	Convenience	“ATMs are more convenient to access ready cash” (10)
		Ease of use	“telephone banking is easy” (6)
		Lack of feedback	“no printed feedback” (3)
10	Routine (10)	Reluctance	“reluctant to do internet banking” (7)
		Regularity	“my banking transactions are with branch bank regularly” (3)
11	Past users (8)	Non-monetary loss	“hard to do all by myself and it creates lot of tension particularly dealing with large amount of money” (5)
		Monetary loss	“used to do internet banking in the past and I stopped using it as I lost \$1500 to a fake website” (3)
12	Performed by spouse (6)	Tradition	“it’s a tradition for me to go to bank branch for my banking needs and my partner deals with recent banking methods “ (3)
		Usage	“use only ATMs for any withdrawals and all banking transactions are performed by my spouse “ (2)
		Knowledge	“usually performed by my husband as I do not possess sufficient knowledge in dealing with internet transactions” (1)

^a Number of respondents mentioning a micro theme is provided in the parentheses categorised against a macro theme.

The findings obtained from the qualitative data analysis of the open-ended question seeking responses from internet banking non-users in identifying reasons for their non-adoption resulted in twelve macro thematic categories of ‘security’, ‘trust’, ‘risk’, ‘value’, ‘lack of resources’, ‘social influence’, ‘technology apprehension’, ‘interactivity’, ‘preference to other channels’, ‘routine’, ‘past users’ and ‘performed by spouse’. These macro themes revealed several micro themes based on the frequency counts and percentages. The use of open-ended questions and further analysis using thematically-clustered matrix display tables is rare in existing internet banking research. This is one of the first few studies to use open-ended questions in the internet banking context and analyse with the application of thematically-clustered matrix display tables. Qualitative data analysis resulted in several macro and micro thematic categories based on thematically-clustered matrix displays. The emerged macro and

micro thematic categories were represented in a hierarchical manner based on the respondent's actual responses and frequency counts.

Confidentiality of the consumer needs to be protected by the banks by implementing cryptography techniques. During and after exchange of information between the consumer and the service provider, information content should be unchanged and tamper free through encryption and digital signatures. Information accessibility and availability should be delivered in as reliable and authorised a manner as possible. Banks should provide proper measures to protect consumers' authentication and authorisation regarding their internet-based financial transactions through creation of passwords and access control policies. Banks need to ensure non-repudiation measures such as confidentiality associated to information passed over the network during communication and stored at different locations through digital signatures and certificates issued to the internet banking users. Moreover, banks should protect consumers' privacy through various policies and disclosures.

Risk orientation towards the use of internet-based transactions could be reduced as banks engage in creating consumer awareness of safe internet banking and risk management procedures. The findings obtained from the study relate to the financial services sector, retail banking industry in general and specifically address consumers' usage patterns of internet banking. Future research should focus on other related service sectors such as tourism, call centres and hospitality and consumers' perceptions related to their continued and frequent use of the relevant service provider's service.

Thus the present study has relevance for financial sector managers, marketers and administrators, bank managers and decision-makers, academics and practitioners in the services marketing area.

References

Creswell, J. W. , Plano Clark, V. L. , 2007. *Designing and Conducting Mixed Methods Research*, Sage Publications, Thousand Oaks, CA.

Daniel, E. , 1999. Provision of electronic banking in the UK and the Republic of Ireland. *International Journal of Bank Marketing* 17 (2), 72-82.

Gerrard, P., Cunningham, J. B. , Devlin, J. F. , 2006. Why consumers are not using internet banking. *Journal of Services Marketing* 20 (3), 16-28.

Giglio, V. , 2002. Privacy in the world of cyberbanking: Emerging legal issues and how you are protected. *The Security Lender* March/April, 48-60.

Jarvenpaa, S. L., Tractinsky, N. , Saarinen, L. , 1999. Consumer trust in an internet store: A cross-cultural validation. *Journal of Computer-Mediated Communication* 5 (2).

Kerem, K., Lustsik, O., Sorg, M. , Vensel, V. , 2003. The development of e-banking in a EU candidate country: An Estonian case. *Proceedings of International Atlantic Economic Society Conference*, Vienna, March 11-17.

- Kuisma, T., Laukkanen, T. , Hiltunen, M. , 2007. Mapping the reasons for resistance to internet banking: A means-end approach. *International Journal of Information Management* 27 (2), 75-85.
- Lee, M. K. O. , Turban, E. , 2001. A trust model for consumer internet shopping. *International Journal of Electronic Commerce* 6 (1), 75-91.
- Mia, M. A. H., Rahman, M. A. , Uddin, M. M. , 2007. E-Banking evolution, status and prospects. *The Cost and Management* 35 (1), 36-48.
- Miles, M. B. , Huberman, A. M. , 1994. *Qualitative Data Analysis: An Expanded Source Book* (2nd ed.), Sage Publications, Thousand Oaks, California.
- Ram, S. , Sheth, J. N. , 1989, Consumer resistance to innovations: The marketing problem and its solutions. *The Journal of Consumer Marketing* 6 (2), 5-14.
- Reid, M. , 2008. Integrating trust and computer self-efficacy with technology acceptance model: An empirical assessment of customers' acceptance of banking information systems (BIS) in Jamaica. *Journal of Internet Banking and Commerce* 12 (3). Retrieved 15th April, 2009, from www.arraydev.com/commerce/jibc
- Shao, G. , 2007. The Diffusion of Online Banking: Research Trends from 1998 to 2006. *Journal of Internet Banking and Commerce* 12(2). Retrieved 28th March, 2008, from www.arraydev.com/commerce/jibc
- Shih, Y. , Fang, K. , 2004. The use of decomposed theory of planned behaviour to study internet banking in Taiwan. *Internet Research* 14 (3), 213-223.
- Speece, M. , 2000. Information technology for sales competitiveness: Perception on sales reps in Singapore. *Proceedings of the 2000 Asian Forum for Business Education Conference: Reform and Accountability*, Chiang Rai, Thailand.
- Thornton, T. , White, L. , 2001. Customer orientations and usage of financial distribution channels. *Journal of Services Marketing* 15 (3), 168-184.