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AWARENESS AND USAGE OF INTERNET BANKING FACILITIES IN SRI LANKA

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Abstract

The banks, however, are trying to popularize the concept of Internet banking among their customers, to meet up with the ever increasing traffic in physical bank premises. Compared to some developed and developing countries, the usage of Internet to engage in banking activities is at a primary stage in Sri Lanka, mainly restricted to checking bank balances. Through this research it was identified that lack of knowledge on facilities of e-banking compared to traditional banking is one of the most influential factor towards the lack of usage of Internet Banking. Further, it was found that lack of knowledge on accessing Internet and lack of facilities for Internet access too, contribute to the negative attitude towards e-banking. Increasing the banking users' knowledge of benefits of e-banking services and increasing facilities and knowledge for Internet access can be seen as improvement plans to engage more traditional banking customers to use Internet Banking facilities.

Key Words: Internet Banking; Awareness; Banking customers in Sri Lanka

1. Introduction

E-banking, virtual banking, online banking, and electronic banking relate to the same concept of 'Internet Banking'. Since the introduction of the facility in early 1980s in The United States of America, the world soon grabbed on to the concept due to the major benefits it brought upon the banking industry. Banks and financial institutions too were eager to adopt this new technology in an effort to cut costs while maintaining reliable customer service (Hogarth, 2004).

Sri Lanka too embraced the concept in the later 1980s and networked bank branches, introduced electronic cards and facilitated banking across geographically spread branches from one single location (Jayasiri, 2008).

E-banking provided facilities such as checking account balances (from home or across branches), view transaction history, instant transfer of funds between accounts, withdraw funds via Automated Teller Machines (ATM) machines, make third party payments, telebanking, use of ATM cards for payments, use credit cards for transactions, make payments anywhere across the globe and much more. Traditional banking

was restricted by time, space and accessibility. But with e-banking these barriers were removed. Customers were able to access bank services twenty four hours a day, and seven days a week (Rubino, 2000).

Even with all these benefits, the tendency of banking customers in Sri Lanka to use online banking facilities is minimal.

1.1. Research Problem

This research attempts to identify the reasons behind the;

- What is the level of usage of Internet Banking among banking customers in Sri Lanka?

1.2. Research Questions

In order to better resolve the research problem, the problem area is broken down into smaller areas in the form of following questions.

- What is the current level of usage of e-banking services among selected customers in Sri Lanka?
- What factors encourage the use of e-banking services among banking customers in Sri Lanka?
- What are the factors affecting positively and negatively towards use of e-banking services among the banking customers in Sri Lanka?

1.3. Research Objectives

With this research, several objectives are aimed to be fulfilled. The main objectives of this research are as follows;

- To identify the factors affecting positively to the usage of Internet banking facilities in Sri Lanka.
- To identify the factors affecting negatively to the usage of Internet banking facilities in Sri Lanka.
- To measure the use of e-banking facilities by banking customers in selected geographical areas in Sri Lanka.

1.4. Significance of the Research

Even in the 2015, still there is less than an acceptable level of online banking activity in Sri Lanka and this research attempts to identify what are the causes for this backwards mentality.

The findings of this research would help the banks as-well-as the customers alike. The banks and other regulatory bodies would be able to identify the reasons behind the lack of customer engagement in e-banking services and implement new policies accordingly. For banking customers, the research findings would help acquire a better knowledge of the benefits of e-banking, what the limitations of e-banking are and what steps are being taken to improve the internet banking services in the future.

2. Literature Review

Furst (2000) defines internet banking as the use of the Internet as a remote delivery channel for banking services. Internet is the driving force behind online banking, the technology that has enabled to conduct and process transactions at the blink of an eye.

The Internet has originated during the 1980s with the work of Tim Barnes Lee. As per Cronin (1997), Internet banking began in 1981 when four of the major banks in New York, Citibank, Chase Manhattan, Chemical, and Manufacturers Hanover offered home banking services to their customers.

By the 1990s, the user-friendliness of the internet had improved significantly and the banks used this to attract customers. Even after two decades of online banking (during early 2000s), customers were still reluctant to conduct monetary transactions via an electronic device (Basel Committee on Banking Supervision, 2003).

2.1. Status of Online Banking around the World at Present

As Tan and Teo (2000) mentioned in their research in 2000, online banking services are the way forward in this electronically-driven business world. As Globalization reaches its peak, the need for remote banking becomes high, and the Internet Banking services are the key.

In 2014, a survey conducted by the Board of Governors of the Federal Reserve System of United States of America, it has been found out that 72% of bank users used online banking as a medium to interact with their banks. A study conducted by Office for National Statistics, UK in 2013 derived that 76% of the household populace with access to Internet, performed online banking activities. However, from the total population, the number stood up to only 50%, which further clarifies the research problem of the present study.

2.2. Internet Banking in Sri Lanka

Soon after internet banking began in the United States, Sampath Bank in Sri Lanka was the first to embrace internet banking in 1988. Their initial approach included networking of their branches across the country to facilitate their customers to access their accounts at any branch from anywhere (Jayasiri, 2008).

Suraweera and many others (2011) mentions that even by year 2011, Sri Lanka's internet banking usage was less than 1% of the banking customers in general, which is a significantly lower usage than that of developed countries.

Due to the broadband services and reduced cost, internet usage in Sri Lanka increased rapidly during the last 5 years, from 8.3% of the population in 2010 to 19.9% in 2014 (Amarasinghe, 2014).

2.3. Advantages of Internet banking

Following are some of the unique advantages of engaging in online banking enjoyed by customers compared to traditional banking are explained.

- **Convenience** – E-banking is perceived to be convenient in every way, and one of the main critical factors affecting the usage of Internet banking as per Dassanayake (2003). They are open 24 hours a day, and all 7 days of the week (Hettiarachchi, 2013). So the customer's banking requirements will never have to wait till the next business day.
- **Speed and Reliability** – Deutsche Bank AG Research (2006) identifies 'speed' as one of the main driving forces behind the success of internet banking. Transactions, transaction processing, data transfer, information requests etc. happen almost instantly in online banking.

- **Security** – Georgia Institute of Technology Atlanta Report (2004) considers security of online banking to be a major factor affecting the usage. A common misconception relating to online banking is that it is prone to security threats.
- **Low Cost** – Mols (1998) has identified that for customers, internet banking can be of a low cost alternative to traditional banking. The term ‘cost’ refers to all types of costs from financial costs, time costs, energy costs etc. In all things considered, E-banking can provide a banking activity at the lowest cost possible.

2.4. Barriers of Internet banking

- **System failures** – Internet, computer hardware, software and other systems could fail at times making it impossible to access the bank accounts (Joseph, n.d.).
- **Security threats** – Despite the numerous steps are taken to prevent security attacks, there still could be attempts at hacking and theft. Also there could be security flaws due to negligence of the user (Jayasiri, 2008).
- **Internet and E-banking knowhow** - A certain level of technological and theoretical knowledge is required to engage in e-banking activities. This might prevent some people from being able to conduct online transactions.
- **Remote locations** – Joseph (n.d.) writing for Chron.com emphasizes on the fact that not everybody in the world is accessible to the Internet.
- **Site changes** – Jayasiri (2008) says that banks make changes to their websites and it could cause ‘confusion and delays’ in customers.

2.5. Benefits obtained by banks through Online Banking

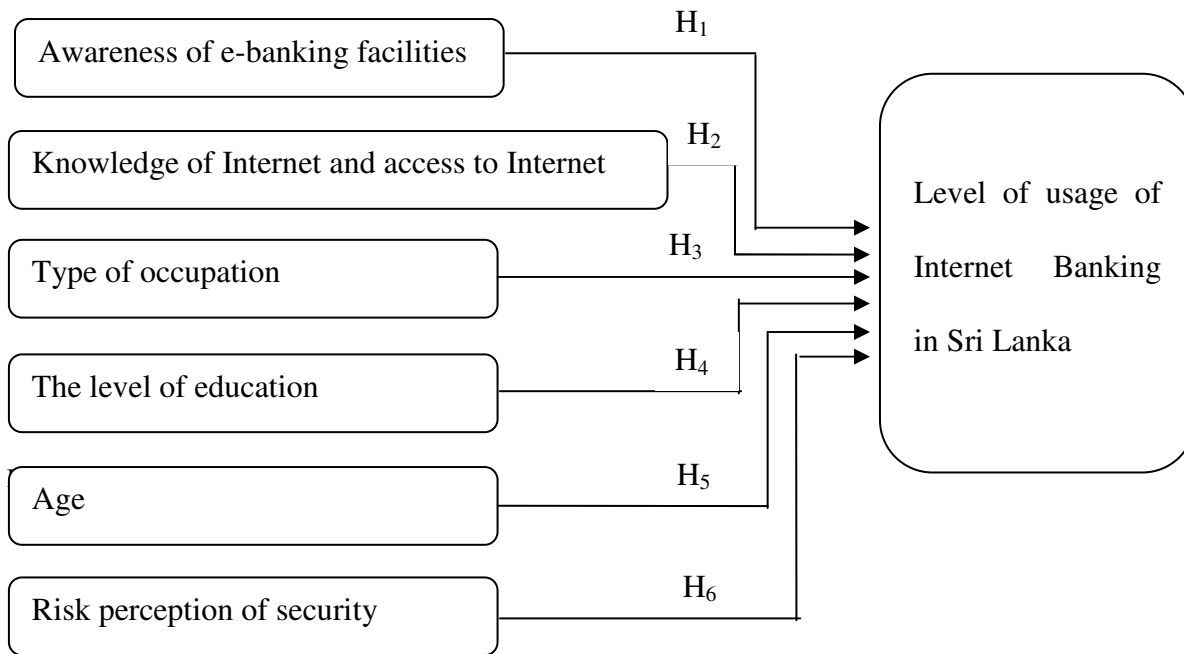
- **Cost savings** – Booz-Allen and Hamilton (1997) has determined that cost of running internet banking operations is between 15% to 20% of the revenues generated, whereas cost of running traditional banking operations would be 50% to 60% of the revenues.
- **Competitive advantage** – Internet banking can be seen as a trend in to the future and banks adopting e-banking will have a leading advantage over traditional banks.
- **Improve revenues** – Marenzi, Hickman and Dehler (2000) has studied extensively if internet banking is profitable, and arrived at the conclusions that it is in-fact a revenue generating and cost-reducing approach to banking.
- **Time saving** – As Duetsche Bank AG Research (2006) identifies speed as one of the main benefits of internet banking, it can process data and transactions within a matter of seconds.
- **Identification** – Identity theft has become a growing concern with the involvement of internet in commercial activities (Financial Web Staff, n.d.).
- **Cash and Cheque deposits** – One main limitation of e-banking is that cash and cheque deposits cannot be made in an online platform. For this purpose, the users will have to visit a physical bank store (Cornell, n.d.)
- **Withdrawal limitations** – A lot of banks have restrictions on ATM withdrawals. Some banks have imposed limits on the number of times withdrawals can be made and also on the amount.

- **Lack of human touch** – Banking is a service and services rely on human interactions for long term success. However, with internet banking the banks would not be able to form close customer relationships (Retrieved from Bankbazaar.com, 2012).

3. Conceptual Framework

A visual presentation of the factors that have been identified for hypothesis development are shown below in Figure 1.

Figure 1: Conceptual framework of the study



Source: researcher’s construction based on literature

3.1. Defining independent variables

3.1.1. Awareness of Internet Banking

Hettiarachchi (2013) has identified ‘awareness of internet banking’ as a factor affecting the usage of e-banking.

3.1.2. Knowledge of internet use

Nasri (2011) has tested the effect of knowledge of use of internet use on the level of usage of e-banking services among customers.

3.1.3. Internet access

Wasserman and Abbot (2005) has identified several factors to facilitate internet access. The factors included; ‘a home computer’ or ‘access to a computer,’ ‘funds to purchase monthly access to a service provider,’ and ‘knowledge of the computer in relation to web use.’

3.1.4. Risk perception of security of online banking

Downling and Staelin (1994) identifies perceived risk as ‘consumer’s perceptions of the *uncertainty* and adverse consequence of buying a product (or service).’

3.1.5. Demographic factors

Several demographic factors used in variable testing were; age, level of education and occupation. Such factors were used to measure their effect on usage of internet banking in previous researches by Sharma (2011), Widdows and Yilmazer (2005), Sohail and Shanmugham (2002), Jayasiri (2008) and Poon (2007).

3.2. Defining dependent variable

The dependent variable for the study was ‘level of usage of internet banking.’ Level of usage of internet banking refers to the proportion, out of banking customers, who actively and intentionally use internet banking services provided by a bank. Many studies have used ‘level of usage of internet banking’ to address the research objectives. Karjaluo et al. (2002), Gupta and Ismalia (2008), Rajarathnam (2013), Jayasiri (2008) and Poon (2007) have all used usage of internet banking as a factor to be measured in respective researches.

4. Research Methodology

The research has been conducted as a quantitative research and the data collection method was survey method. Using the survey method, primary data was collected via a questionnaire handed over to the sample population.

Population for this research is identified as Sri Lanka, whereas the target sample used for this study was restricted to Colombo and Gampaha districts. Within sample frame work, banking customers of Sampath Bank, Commercial Bank, Bank of Ceylon, Hatton National Bank, People’s Bank, Seylan Bank and The Hongkong and Shanghai Banking Corporation Ltd. (HSBC Bank).

The questionnaire was administered among 235 banking customers and 200 customers responded representing a 85 percent response rate.

Hypothesis for the present study are as follows;

1. Customer’s awareness of e-banking facilities positively affects the level of usage of internet banking.
2. Knowledge of internet use and access to internet affects positively to the use of e-banking services.
3. Customer’s occupation is a factor affecting positively to the use of e-banking services.
4. Customer’s level of education is a factor affecting positively to the use of e-banking services.
5. Customer’s age is a factor affecting the use of e-banking services.
6. Customer’s risk perception of security is a factor affecting the use of e-banking services.

5. Data Analysis and Findings of the Research

Data relating to the present study’s hypothesis have been analysed using correlation test, regression analysis and frequency analysis using SPSS software.

5.1 Relationship between awareness of e-banking facilities and its use

The researcher tested the relationship between the awareness of e-banking facilities by the respondents and their use of the same facilities using a correlation model. Table 5.1 shows the analysis of the data derived from the questionnaire on this regard.

Table 5.1: Correlation between awareness of e-banking and usage of internet banking

		Usage of Internet banking services provided by your bank/s
Awareness of internet banking services provided by banks	Pearson Correlation	.502
	Sig. (2-tailed)	.000
	N	200

Source: SPSS output

According to Table 5.1, awareness of e-banking services provided is highly significant to the use of e-banking services. Probability of association was measured as 0.000 with a significant level of 1%. Coefficient of correlation was measured at 0.502, which indicates that there is a positive relationship between the two factors.

5.2 Relationship between knowledge of Internet usage

The respondents were given several statements and asked them to rate each statement on a scale of 1 to 9 (where a value of 1 has the highest impact and a value of 9 has the lowest impact) based on respondent’s idea of how significant each statement would be towards encouraging them to use e-banking services. The findings are displayed in Tables 5.2 and 5.3 below.

Table 5.2 – Knowledge of internet usage

Scale	Frequency	%	Cumulative Percent
1	53	26.5	26.5
2	55	27.5	54.0
3	38	19.0	73.0
4	26	13.0	86.0
5	16	8.0	94.0
6	8	4.0	98.0
7	4	2.0	100.0
Total	200	100.0	

Source: Researchers’ construction based on statistics

According to Table 5.2, we can identify that 53 respondents have selected ‘Increase knowledge of Internet usage’ as the number 1 factor (highest significance) that would encourage them to use e-banking services. This rate of responses is only second to the factor ‘Increase of knowledge of benefits of Internet banking compared to traditional banking,’ which received 71 responses with a significance of 1. Increasing knowledge of Internet usage as the second most encouraging factor received 55 responses in favor, which represents 27.5% of the responses. Together, significances of 1 and 2 accumulate up to 54% of the total responses.

5.3. Access on usage of e-banking services

Table 5.3 – Improving facilities for internet access

Scale	Frequency	Percent	Cumulative Percent
1	47	23.5	23.5
2	51	25.5	49.0
3	42	21.0	70.0
4	25	12.5	82.5
5	20	10.0	92.5
6	8	4.0	96.5
7	5	2.5	99.0
8	2	1.0	100.0
Total	200	100.0	

Source: SPSS output

‘Improving facilities for Internet access’ factor has received 47 responses with a significance of 1 and 51 responses with a significance of 2, according to Table 5.3. Together these two scales contribute to 49% of the total responses, which indicates that almost half of the 200 respondents believe that improving facilities for Internet access would encourage them immensely towards use of e-banking services.

5.4. Relationship between customer’s occupation and the use of e-banking services

Table 5.4 – Coefficients of variables

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.589	.752		6.106	.000
Level of satisfaction with using Internet Banking services	.846	.354	.187	2.391	.018

Source: SPSS output

The probability of association of customer’s occupation is 0.018. This is highly significant and it represents the variable influences on the usage of internet banking facilities by customers. The value of the factor is 0.846. This indicates that the customer’s occupation factor has a positive effect on the level of usage of e-banking services.

Further, the researcher tested the internet banking usage of respondents by their occupation. The results are displayed in Table 5.4.1.

Table 5.4.1 – Customer’s occupation vs internet banking usage

Type of occupation	Internet banking usage		Total	%	
	Yes	No		Yes	No
Agriculture	4	1	5	80%	20%
Apparel	4	8	12	33%	67%
Aviation	1	1	2	50%	50%
Banking/Finance	30	7	37	81%	19%
Communication	1	0	1	100%	0%
Education	6	7	13	46%	54%
Entertainment	1	0	1	100%	0%
Food and beverages	14	8	22	64%	36%
Health and medicine	3	3	6	50%	50%
Hotel trade	1	1	2	50%	50%
Manufacturing	11	7	18	61%	39%
Media	1	0	1	100%	0%
Retail/Wholesale	10	7	17	59%	41%
Sales and marketing	10	5	15	67%	33%
Social welfare and rehabilitation	0	1	1	0%	100%
Technology	18	4	22	82%	18%
Travel/Tourism/Leisure	2	2	4	50%	50%
Unemployed	1	0	1	100%	0%
Full time student	8	12	20	40%	60%
Total	126 (63%)	74 (37%)	200		

Source: researcher’s construction

In the Table 5.4.1, it can be identified that some industries/occupations have higher internet banking users than the other occupations. Percentages can be seen largely dispersed from the mean at times, which is an indication that some occupations do in-fact affect the usage of internet banking of the customers.

As per the findings from the hypothesis testing and the percentage analysis, the researcher can identify that the customer’s occupation is a factor affecting the internet banking usage of customers. Hence, the null hypothesis can be rejected.

5.5 Relationship between the level of education of customers and the level of usage

Table 5.5 – Level of education vs internet banking usage

Level of education	Internet banking usage		Total	%	
	Yes	No		Yes	No
Doctorate	0	0	0	0	0
Masters	21	7	28	75%	25%
University Graduate / Undergraduate	60	32	92	65%	35%
Diploma/Professional Qualification	34	19	53	64 %	36%
General Certificate in Education(GCE)-Advanced Level	11	16	27	41%	59%
Total	126	74	200		

Source: Researchers’ construction based on statistics

According to the table above, 75% of the respondents who have engaged in their Masters qualification are using e-banking services. However, the usage of internet banking has reduced to a 65% of the respondents who have studied up to their university degrees. The usage rate has further reduced to 64% among the respondents who have studied only up to a diploma level or a professional qualification. The lowest internet banking usage rate was witnessed among the respondents who have completed their GCE Advanced level education.

Hence, it can be clearly identified that the higher the level of education, the higher the level of usage of internet banking is among customers. This finding is consistent with the findings by Gerrard et al (2006).

5.6. Relationship between customer’s age and the use of e-banking services

Table 5.6 – Customer age groups vs internet banking usage

Age group	Internet banking usage		Total	%	
	Yes	No		Yes	No
20 and under	6	6	12	50%	50%
21 – 25	64	37	101	63%	37%
26 – 35	22	16	38	58%	42%
36 – 45	21	9	30	70%	30%
46 – 55	12	1	13	92%	8 %
55 and above	1	5	6	17%	83%
Total	126 (63%)	74 (37%)	200		

Source: Researchers’ construction based on statistics

According to the Table 5.6, no clear pattern of age groups influencing the level of internet banking usage can be detected. The highest e-banking usage percentage can be identified among the respondents between the ages of 46 to 55. The second highest usage rate was witnessed among the ages of 36 to 45. In previous

researches conducted, young adults were identified as the prominent e-banking users. However, in this research such a finding could not be validated.

As per the correlation and the frequency analysis, it can be concluded that the age of customers does not affect the level of usage of internet banking. Hence, the null hypothesis can be accepted.

5.7. Relationship between risk perception of security and the level of usage

Table 5.7 – Risk perception of security vs usage of internet banking services

Scale	Frequency	Percent	Cumulative Percent
1	19	9.5	9.5
2	10	5.0	14.5
3	23	11.5	26.0
4	52	26.0	52.0
5	50	25.0	77.0
6	25	12.5	89.5
7	9	4.5	94.0
8	7	3.5	97.5
9	5	2.5	100.0
Total	200	100.0	

Source: SPSS output

As per the table above, we can identify that 52 respondents gave the statement a significance value of 4, and 50 respondents gave the statement a significance value of 5. These two significances amount up to 51% of the total responses.

These data reveal that although risk perception is a factor affecting the use of e-banking services, it is however not a high priority factor (which would have received significance values of 1, 2 or 3). Hence, it can be identified that ensuring security of online banking is a factor affecting moderately towards the use of e-banking facilities.

Compared to previous researches in measuring the perception of risk affecting the use of internet banking, it can be seen that there is a reduction in the level of perceived risk of e-banking. Gerrard et al., (2006) determined that perceived risk of internet banking as one of the two most frequent reasons why customers did not engage in e-banking services. Thulani, Tofara and Langton (2009) have identified that ‘security concerns’ ranked very high among users of internet banking.

5.8. Factors affecting positively to the level of Internet banking usage

Individual variables and their effects on the usage of e-banking services are described below.

Table 5.8 – Coefficients of the variables

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.739	.314		5.545	.000
a) Internet banking is convenient in every aspect compared to traditional banking	.414	.086	.353	4.836	.000
b) Internet banking is the way forward in the future of banking	.062	.090	.050	.693	.489
c) Internet banking can be easily learnt and carried out by anybody	.051	.058	.061	.868	.386
d) Internet banking is not secure enough compared to traditional banking	-.123	.060	-.159	-2.048	.042
e) Internet banking cannot provide all the facilities provided by traditional banking	.009	.059	.011	.147	.883
f) Internet banking makes people lethargic	-.125	.053	-.171	-2.374	.019

Source: Researchers’ construction based on statistics

a) Internet banking is convenient in every aspect compared to traditional banking

According to coefficient table, the probability of the ‘convenience’ factor is 0.000. This is highly significant and it represents that convenience factor individually influences on the usage of internet banking. But value of the factor is 0.414. This indicates that convenience factor has a positive effect on usage of e-banking activities.

b) Internet banking is the way forward in the future of banking

Probability of Internet banking forwarding to future of banking is 0.489. As this is insignificant it does not have individual effect on usage of e-banking. This means that this variable does not have individual effect (cannot influence e-banking usage on its own), but combined with other factors, it influences positively (value of 0.062) to the usage of e-banking services.

c) Internet banking can be easily learnt and carried out by anybody

Probability of internet banking being able to be learnt by anybody affecting the usage of Internet banking is 0.386. This is a moderate effect and has little positive (0.051) influence on e-banking usage as an individual factor. However, combined with other factors, this is a factor affecting the use of e-banking services.

d) Internet banking is not secure enough compared to traditional banking

Probability of internet banking not being secure enough affecting the internet banking usage is 0.042. This means that the variable individually has a high significance on internet banking usage. But the value of the factor is -0.123. This negative value indicates that this factor affects the internet banking usage negatively, i.e. when people consider internet banking to be not as secure as traditional banking, their tendency to use internet banking will reduce-according to this study-significantly.

e) Internet banking cannot provide all the facilities provided by traditional banking

Probability of internet banking not being able to provide all the facilities provided by traditional banking affecting on the e-banking usage is 0.883, which means that this variable cannot individually influence on internet banking usage. However, it was detected that this factor, along with other factors, influences on the internet banking usage.

f) Internet banking makes people lethargic

Probability of internet banking making people lazy affecting on internet banking usage itself is very high at 0.019. Jointly with other factors as well as individually this factor affects negatively towards e-banking usage.

5.9 Factors affecting negatively to the level of Internet banking usage

Table 5.9 – Frequency distribution of problems encountered while e-banking

Problems encountered while performing e-banking services		
	Frequency	%
01. Internet banking process is too complicated	49	27
02. Assistance from the banks is not enough	55	30
03. Online platforms (websites) are not user friendly	69	38
04. Other	10	5
Total occurrences	183	100

Source: Researchers’ construction based on statistics

Table 5.9 provides data as to problems with e-banking faced by e-banking users. 159 out of 200 respondents have mentioned that they have encountered one or more of the issues mentioned in Table 5.9.

69 of the respondents found that online platforms that are used to conduct Internet banking are not user friendly. Second highest complaint was towards the assistance from the banks to conduct e-banking activities not being sufficient. 55 respondents or 30% of the responses pinpointed this as a prevailing issue with e-

banking. 49 of the respondents found that the Internet banking process is too complicated. They represented 27% of the responses.

Further, survey participants were asked to select, according to their experiences, the reasons that have prevented them from using e-banking facilities at all and the difficulties they have encountered while engaging in e-banking activities. The frequencies of responses to the above questions are provided in the Table 5.9.1.

Table 5.9.1 - Reasons for not using e-banking services

Factors	Frequency	%
Lack of knowledge on how Internet Banking works	37	39
Lack of knowledge on accessing the Internet	7	7
Lack of facilities (Internet connection, computer, smart phone etc.)	15	16
Prefer traditional banking over Internet banking	36	38
Total	95	100

Source: Researchers' construction based on statistics

Analyzing the data presented in Tables 5.9.1 above, we can develop an understanding of what factors affect negatively or hinder the use of e-banking services among banking customers.

Table 5.9.1 provides details as to why a banking customer would not be motivated to commence e-banking over traditional banking. 37 respondents answered that their lack of knowledge on how Internet banking works has prevented them from taking part in e-banking. Second highest response rate was on their preference towards traditional banking over Internet banking due to reasons other than the ones specified in the questionnaire. Several respondents explicitly stated with the researcher that they prefer traditional banking over e-banking simply because they enjoy the company of the people.

15 respondents mentioned that they lack the basic facilities required to perform e-banking activities. E-banking requires a stable, fast and secure Internet connection and a device (e.g.: personal computer, laptop, smart phone etc.). 7 respondents said that they lack the knowledge to access Internet. Considering these two variables, there is a drastic difference between the customers who have knowledge on accessing internet and those who have facilities to do so. This means that there is a percentile of customers who had knowledge about Internet access and e-banking only to be prevented from engaging in e-banking due to lack of facilities. Hence, this percentile of people can be easily motivated to engage in Internet banking if proper facilities were provided to them.

6. Recommendations and Conclusion

6.1 Recommendations

Based on the research findings in section 5 above, it can identify the problem areas resulting in the lack of usage of internet banking in Sri Lanka.

The most difficult aspect in conducting online banking was detected as lack of user-friendliness in websites. Hence, the banks need to improve the simplicity and operational convenience of bank's online platforms. Further, the banks should educate the customers on how to operate e-banking on the internet, and extend their prompt assistance towards familiarizing customers on engaging in e-banking activities.

Research findings revealed that a major flaw in the bank's attempt to popularize e-banking among customers. Highest percentage of customers answered that their lack of usage of internet banking is due to their lack of knowledge of how internet banking works. This is a critical drawback in the system that needs to be addressed immediately. Banking customers should be having knowledge on the use of e-banking facilities and how it operates, if the e-banking usage is to be improved.

Final question of the questionnaire was setup with the objective of extracting customer's opinion on steps that can be taken to improve internet banking usage. The results revealed that there is a clear gap of knowledge preventing customers from using e-banking services. Improving knowledge of benefits of internet banking and improving knowledge of internet usage were the two highest ranked solutions by the respondents.

The banks, regulatory bodies and policy makers should focus on improving customer's knowledge on e-banking, benefits of e-banking, usage of internet and how e-banking works, if usage of internet banking is to be improved drastically.

6.2 Conclusion

The level of e-banking usage in Sri Lanka still remains at a low level compared to the developed, developing and countries in the region. However, it has become a critical necessity that Sri Lanka as a nation adopts e-banking activities to compete with the rest of the world.

The research findings revealed insights into the reasons that hinder the usage of e-banking services in Sri Lanka. This mainly included a gap of knowledge on the concept of internet banking itself, along with the benefits of using e-banking over the traditional banking process.

Further, it was revealed that a major proportion of banking customers were not familiarized with internet and internet usage. This has led to a poor response towards internet banking adoption.

In data analysis, it was identified that perception of risk of security in online banking has lost its significance over the years. This is a sign of banking customers developing a trust towards internet banking and related activities.

The banks and policy makers have a major role to adopt in spreading knowledge and awareness about e-banking and its benefits in order to see a significant improvement in the level of usage of internet banking in Sri Lanka.

6.3 Limitations of the Study and Future Research

This research has few limitations. The geographical spread of the sample population had restricted to 5 geographical areas due to time and accessibility constraints. For future research, a wider geographical coverage including rural areas could be captured. The sample size had to be limited to 200 persons due to time constraints, and for future research the sample could be made larger to better generalize the findings.

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