

SC

# AN ANALYSIS OF CUSTOMER ADAPTATION OF INTERNET BANKING IN SRI LANKA

M. M. S. V. PREMATUNGE

FGS /02/25/01/2005/39

MBA 62016

ප්‍රවේශ අංකය	516
විෂ අංකය	



The dissertation submitted to the Faculty of Commerce and Management Studies, University of Kelaniya as a partial requirement of the Master of Business Administration Programme.

THE FACULTY OF COMMERCE AND MANAGEMENT STUDIES

UNIVERSITY OF KELANIYA

SRI LANKA

MAY 2008

## ABSTRACT

The Internet is playing a major role for the world of business including the banking industry in today's modern world. Banking has always been a highly information intensive activity further over the last few decades that information technology (IT) has changed the banking industry a lot. Electronic banking has become the most profitable distribution channel of the banks because it can help banks to save costs. If customers do not adopt and do not use these services, banks can't make profit from these new services. However, adoption of Internet banking by the customers and adoption of Internet banking by the banks are still the new areas for exploration and study especially in Sri Lanka.

The purpose of this research is to identify factors influencing customer adaptation of Internet banking in Sri Lanka. According to the technology acceptance model (TAM), perceived ease of use and perceived usefulness are believed to be fundamentals in determining the acceptance and use of new information technology development. However these beliefs may not fully explain the user's adoption towards emerging IT, such as Internet banking. Using the technology acceptance model (TAM) as a theoretical framework, this study introduces perceived credibility, customer attitudes as a new model. Quantitative research approach was used in this study. Based on a detailed literature review, the research model is developed. According the model researcher has developed four hypotheses to test whether there is any positive relationship with selected independent variables with customer adaptation of Internet banking. To test hypothesis and data analysis researcher used 'Statistical Package for Social Sciences (SPSS) software version 16.

Correlation analysis and stepwise regression analysis were performed to assess the hypothesis. The correlation analysis revealed sufficient support to prove almost all the hypothesis. But the stepwise regression provided partial support to the hypothesis. After successfully analyzed the gathered information, it could be

stated that all the measured independent variables (i.e., perceived usefulness, perceived ease of use, perceived credibility, and customer attitude) statistically and significantly correlated with customer adaptation of Internet banking. But in the stepwise regression, perceived ease of use variable failed to enter into the model. The best model is given by the stepwise regression with 3 independent variables (perceived usefulness, perceived credibility and customer attitudes). All three variables explain 45% of the model.

**Key words:** Internet Banking, Customer adaptation, Perceived usefulness, Perceived ease of use, Perceived credibility, Customer attitudes, Technology Acceptance Model..