SC

FACTORS INFLUENCING THE ADOPTION OF INTERNET

BANKING BY CORPORATE CUSTOMERS IN SRI LANKA

AN EMPIRICAL STUDY

By

L.H.T.DE S.WICKRAMASURIYA

(M.Com/2001/10)

A DISSERTATION SUBMITTED TO THE

DEPARTMENT OF COMMERCE AND FINANCIAL MANAGEMENT OF

THE FACULTY OF COMMERCE AND MANAGEMENT STUDIES,

UNIVERSITY OF KELANIYA, SRI LANKA

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS OF

THE MASTER OF COMMERCE DEGREE.

JULY 2008

ABSTRACT

This research investigates the factors influencing the adoption of Internet banking by corporate customers (companies) in Sri Lanka. The growth and the customers' acceptance of Internet Banking in Sri Lanka are not adequate according to bank sources.To certain extent this study contributes to fill the gap that exists due to the lack of knowledge about customer acceptance of new services in the country. Ten influencing factors were identified through the literature survey namely Knowledge Internet Banking, Perceived Benefits of Internet Banking, Perceived Risk of Internet Banking, Perceived Reliability of Internet Banking, Perceived Trust of Internet Banking, Desire for Human Interactions, Management Attitudes, Level of IT Resources, Strategic Alignment and Legal support issues. The objective of this research is to identify the important influencing factors behind the adoption of Internet Banking by corporate customers of Sri Lanka and to highlight the barriers, which prevent the adoption of Internet Banking by corporate customers if any. Sample of the study consists of 105 corporate customers in Colombo city and the suburb. Data were collected through a field survey by using a questionnaire for the time period January 2008 to June 2008. The validity types concerned are the content validity and construct validity as the research constructs were measured using set of variables within each of them. The reliability of the scale measurements was tested for internal consistence using Cronbach's alpha. Hypotheses were tested using the independent samples t-test. Finally logistic regression model was developed to understand the crucial factors that influence the adoption of Internet banking based on predictive variables. The results of hypotheses testing show that difference between the adopters and non-adopters of Internet Banking is significant for all the factors. Further, all the factors except Perceived Risk, Desire for Human Interactions and Legal support issues are positively related to the adoption of Internet Banking while these three factors have a negative effect. The result of stepwise regression shows that four variables significantly predict the adoption of Internet banking of corporate customers in Sri Lanka namely Perceived knowledge of Internet banking, Perceived benefits of Internet banking, Management attitudes, Level of information technology resources.

iv