

Chapter 17

A Unified Framework for Internet Banking Adoption: Indian Perspective

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ABSTRACT

Technology adoption study has become a crucial or significant measure for understanding success or effectiveness of evolving technologies. Adoption of technology in general and Internet Banking Technology (IBT) in particular leads to decrease in coordination cost and increase in efficiency of banking process. Indian economy has experienced rapid growth over the last decade, developing Internet Banking Technology (IBT) for transforming the traditional lines of banking products and services. This shift has brought profound challenges and opportunities to both bank and its customers. The banks have utilized the potential of technology to provide new proficiencies in banking. Customers have found in IBT a new ease to do the financial transaction. However, it was observed from various literatures that there are high levels of uncertainties related to IBT adoption. This research attempts to formulate an integrated framework to investigate the factors of IBT adoption in India.

INTRODUCTION

The Internet has brought significant impact on the way people conduct life, in the present-day scenario. As the competition from financial technology and neo-banks is increasing, banks are leveraging digital technologies to enhance customer experience by providing personalized services—anytime, anywhere, and on any device (Kumar, Saxena, Suvarna, & Rawat, 2016). In this premise, the Indian economy has experienced rapid growth over the last decade, developing Internet Banking Technology (IBT) for transforming the traditional lines of banking products and services. This shift has brought profound challenges and opportunities to both bank and its customers. The banks have utilized the potential of

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technology to provide new proficiencies in banking. Customers have found in IBT a new ease to do the financial transaction. However, it was observed from various literatures that there are high levels of uncertainties related to IBT adoption.

The acceptance of IBT among Indian customers is not as advanced when compared to other developed countries. Review of these literatures indicates that there are not many studies on IBT Adoption in Indian scenario. The review shows that existing study on IBT adoption in Indian context has shown little evidence of an integrated model for IBT Adoption. This indicates that a comprehensive research in the area of IBT adoption under Indian context is very much limited. One of the important limitations of the existing body of knowledge is that it is based almost entirely on research carried out in high-income, industrialized countries in Europe and North America (Marakarkandy, Yajnik., & Dasgupta, 2017). Thus, this research attempts to analyse existing technology adoption theories for formulating an integrated framework to investigate the factors of IBT adoption in India.

LITERATURE REVIEW

Internet Banking Technology (IBT)

Banks, like any other businesses, are turning to IT to improve business efficiency, service quality and attract new customers (Kannabiran & Narayan, 2005; Nath, Schrick, & Parzinger, 2001; Thulani, Tofara, & Langton, 2009). Customer satisfaction is an important aspect which banking industry considers when including new technologies to their service. The banking industry has utilized the benefits of IT and has come up with new proficiencies or methods in banking; out of which emerged the internet banking technology (IBT). Most Banks today use IBT to redesign their processes in order to provide new competitive advantage. IBT has revolutionized the way banking is done in almost all countries. IBT is the new trend among the customers and is a very convenient system that assists to do their banking transaction at any time of the day which saves their time in queuing up in the bank premises.

The high rise in IBT implementation among financial service institution is due to its number of benefits for both the provider and the customer as well. (Gikandi & Bloor, 2010) states that there is a growing partnership between financial and non-financial institution in using IBT services that assist in transaction and clearing of utility bills. Many banks have implemented IBT to offer their customers a variety of online services with more convenience for accessing information and making transactions. IBT service allows customers to manage their accounts from any place at any time for minimum cost; it gives abundant compensation to the client in terms of price and ease. A great many people are shifting to IBT and are readily accepting the usefulness of this facility. IBT is a convenient way for accessing the services provided by the banking institutes that saves the users time and money.

IBT is a kind of information system provided by banking and financial institutes that offers different online services like fund transfer, bill payments, balance enquiry, requests for account opening and cheque books, online shopping, online trading and various other activities. Mostly, these are traditional banking services offered through a new delivery channel called Internet. Banks are also offering payment services on behalf of their customers who shops online through credit or debit card system.

Adoption of IBT has become a critical issue in the business world today. The benefits of Internet banking cannot be achieved unless customers use the bank website and its associated capabilities (Abu-Shanab

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