

The Behavior of Armenian Consumers in the Context of Online Banking Adoption

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ABSTRACT

The introduction of online banking in Armenia is an important element of the digital transformation of the financial sector, providing convenient access to banking services, improving the efficiency of economic operations, and supporting the country's integration into the global financial system by complying with international standards, thereby strengthening the confidence of foreign investors and financial institutions from the United States, Europe, and other regions. Based on this, the study aimed to identify the key determinants of online banking adoption in Armenia by analyzing domestic and international literature and examining the development of online banking in the country. To assess consumer behavior, a binary logistic regression based on a sociological survey of the Armenian population was conducted, identifying the factors that significantly influence the adoption and use of online banking services.

KEYWORDS

Online Banking, Determinants, Adoption, Factors, Armenia, Behavior

INTRODUCTION

The rapid development of information and communication technology (ICT) has significantly transformed the provision of financial services on a global scale. In this context, online banking has emerged as one of the key channels enabling users to effectively access and manage financial services regardless of time and geographical location. By reducing transaction costs, increasing service convenience, and promoting financial inclusion, online banking is one of the most significant outcomes of ICT implementation in the banking sector.

Online banking services were introduced in Armenia in 2009. Ameriabank was among the pioneering institutions to launch internet banking during that period. The bank's "Online Ameriabank" service enabled customers to access basic banking services from anywhere in the world at any time. Since the introduction of online banking in 2009, Armenia's banking sector has seen significant

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digital advancements. For instance, Inecobank launched its online banking service, InecoOnline, in 2012, followed by the mobile banking application, InecoMobile, in 2014.

Overall, the adoption of online banking in Armenia has been a gradual process. The use of some online banking services has grown rapidly, while others have been adopted more slowly. In any case, today Armenia offers a variety of online banking services to meet different customer needs through its major banks, providing convenient and secure ways to manage personal finances remotely.

The development of online banking services has certainly led to an increase in the number of its users. However, further efforts may be needed to ensure broader adoption across all segments of the population. Moreover, according to International Telecommunication Union statistics, the number of internet users in Armenia in 2023 was 80% of the population, and in 2013 it was only 12%.¹ Consequently, access to the internet is a necessity but does not constitute a barrier to ICT adoption, and there is a significant opportunity to increase the adoption of internet banking services in Armenia. Theoretical and empirical research on technology adoption offers a useful framework for analyzing the use of online banking technology. To fully realize the potential benefits—such as improved efficiency for banks and greater convenience for customers—it is essential to understand the factors that drive consumer acceptance of new technologies. This understanding can help create an environment where technological innovations are widely adopted, rather than only appealing to a small group of tech-savvy users. In this context, the study sought to explore how various factors influence the adoption of online banking technology within Armenian society.

Based on the purpose of the research, the main objectives were:

1. To analyze domestic and foreign literature on consumer behavior in the context of the adoption and use of ICT, with a particular focus on online banking services.
2. To identify potential factors influencing consumer behavior in adopting online banking technology.
3. To determine the mechanisms for analyzing the use of online banking services in Armenia.
4. To assess the impact of various factors on consumer behavior in Armenia regarding the adoption of online banking technology.

LITERATURE REVIEW

The technology acceptance model (TAM), based on the theory of reasoned action (Fishbein & Ajzen, 1975), is a key framework for understanding user adoption of new information technologies. It examines consumer behavior when using new technologies, aims to measure user beliefs, predict future behavior, and identify key factors that influence the decision to adopt technology (Davis et al., 1989). External factors influence users' beliefs, attitudes, and intentions to adopt technology, ultimately leading to its actual use. The main premise of the TAM is that two key factors—perceived usefulness and perceived ease of use—determine an individual's intention and behavior regarding technology adoption. These factors are commonly used to evaluate the user experience of high-tech products. Perceived usefulness refers to the extent to which a person believes that using a particular technology will enhance their job performance, efficiency, and effectiveness (Davis et al., 1989). People are more likely to adopt technologies they perceive as valuable and useful in their daily lives. Customers often seek opportunities to perform a variety of transactions through a single, convenient interface (Jayawardhena & Foley, 2000). Technologies that are easy to use and simple to understand are generally adopted more readily. Usability is a key factor influencing users' adoption and behavioral intentions. The study's analysis showed that an individual's overall beliefs about technology were among the strongest determinants of the perceived ease of use of a specific system (Venkatesh, 2000).

A number of researchers have addressed the importance of characterizing internet banking and its socioeconomic significance. According to one study, internet banking is the most advanced financial service channel, offering many advantages to both banks and customers. However, the use

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