

Attitudes towards the use of E-banking: Result of a Pilot Survey

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Abstract

Electronic Banking (EB) is the use of banking services, conducted via electronic media and Internet technology. With the rapid increase in the development and availability of information and communications technologies, EB has become a reality. People are beginning to sell and purchase goods via the Internet. They are beginning to transact and transfer funds via the use of EB without feeling the need to visit banks. Although, the use of EB is becoming popular, there are a number of inherent issues. In this paper, EB is discussed and results of a survey are reported. The aim is to report on the opinions of the general public towards the use of EB.

Keywords: *Electronic Banking, Internet banking, Telephone Banking, Electronic Commerce.*

1. Electronic Banking (EB)

Electronic Commerce (EC) is the conduct of business using electronic media and communications technology [1]. Here, *business* refers to all varieties of activities, commercial, financial and social, conducted amongst businesses or with individuals. Electronic Banking (EB) is one such business, which refers to all aspects of banking services ranging from making balance enquiries to ordering chequebooks to transfer of funds. The electronic media and communications technologies used in EB include home computers and Internet but can also include telephone.

At the beginning of the EB boom, customers could only check balances of their accounts, print statements or make account enquiries. Later, it became possible to move money between accounts. Now customers can perform EC transactions such as payment for goods and transfer of funds to other agencies. Here are two examples of the facilities that some banks are currently offering:

- *Egg* (an online bank in the UK that has no branches on the high streets) has launched *Egg Pay* that allows customers to email money securely to friends and family [2].

- *First Direct* (another major UK bank) is piloting *Alex*, a Lara Croft-style virtual bank clerk, for its web customers to talk to [3].

EB is becoming highly attractive for customers, businesses as well as the banking community. Whereas some banks are wholly online without branches on the high streets (e.g. *Egg* in the UK), all major banks are offering EB facilities such as [4]:

- Checking balances and viewing/printing statements online.
- Moving money between accounts.
- Making payments to suppliers.
- Setting up direct debit facility for regular payments (eg bills).
- Ordering chequebooks and statements.
- Downloading accounts information for budgeting and analysis purposes.

Benefits that EB offers can be summarised as follows:

- Better rates of interest on credit cards and savings accounts e.g. *Cahoot*, the online banking arm of *Abbey National* (a major UK bank), is currently paying (in Sept 2008) 3.75 per cent, *Intelligent Finance* (known as *IF*) is also offering 3.75 per cent and *Smile*, the online arm of the *Co-operative Bank* in the UK, is currently paying (in Sept 2008) 2.27 per cent on balances in current accounts [5-7].
- Lower charges – often there are no charges for non-business customers for opening and managing online accounts.
- Saving in time – with EB, there is no need to visit banks for regular transactions and enquiries (e.g. payment of bills, ordering statements etc).
- Availability – facilities are available on demand, any time of the day or night and all days of the year.
- Security – all such banks offer online guarantees in case of fraud or stolen identities. Information transmitted over the

network is encrypted. However, some customers have reservations.

- Customer control – with EB, control passes to the customers.

Notwithstanding the advantages, as outlined above, there are a number of issues that are prohibiting some customers to make use of banking facilities via EB. Although the banks have taken steps to assure customers, two main issues still remain:

- Security: This is a real worry for many customers. People are afraid that sensitive information (such as credit card information and account details) might fall into wrong hands.
- Technical glitches: There are sometimes technical difficulties at the banks that result in the EB service becoming unavailable.

As regards the safety of data aspect of transactions, banks are now guaranteeing much improved securities against fraud e.g. by offering 128-bit encryption of data and information. According to one report published in 2008, *losses from online banking fraud have dropped by a third in 2007, even as the number of people using the services continues to increase* [8]. Agencies such as *Card Watch* are also providing guidance and services to help customers avoid falling foul of phishing and other Internet frauds [9]. People are becoming much more risk aware as well as knowledgeable and that is reducing the worries.

As for the technical glitches, all major high street banks are giving their customers an additional telephone banking service - free of charge – so that banking operations may be conducted over the telephone in cases of Internet or other technical difficulties.

2. Current Study: Questionnaire Design

In the present study, a survey was carried out in 2006. A questionnaire was designed and sent out to individuals. In each case, further information was also supplied to encourage the completion and return of the completed questionnaires. There were questions in the following areas:

- Gender and occupation formation about the respondents.
- Availability of Internet and use by the respondents.
- Frequency of use of EB and general opinions about EB.
- Content, presentation, support information and ease of use of EB websites.
- Reason for the use of EB.
- Limitations of EB.

- Reasons for using traditional banking for those not using EB.

This being a pilot study, only 150 questionnaires were sent - mainly to people in employment and in the age group of 22-45 years. The rationale was that, perhaps, these members of the general public would be more inclined to use EB. Response rate was good. 112 replies were received, however, 105 responses were considered and analysed to determine the general opinions with respect to the provision and use of EB. The results are summarised in the following section.

3. Current Study: Result of the Survey

Gender and Occupation Information

Replies were received from 63 male respondents and 42 female respondents, which reflects, roughly, a 3:2 male to female ratio. 98% of them were employed in good professions (35% in accounts, 20% in IT, 15% in administration and 10% in medical) as shown in Figure 1. Only 5% were unemployed.

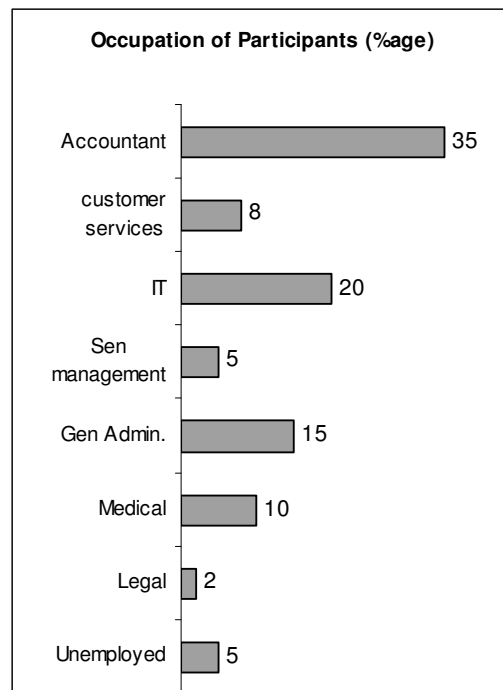


Figure 1: Occupation of participants

Access to Internet and Use of EB

Since, a majority of homes in the UK have access to computing facilities, not surprisingly, 95% of the respondents had access to computers at home, at work or at both places. However, only 89% of them had access to Internet. The frequency of the use of Internet is shown in Figure 2.

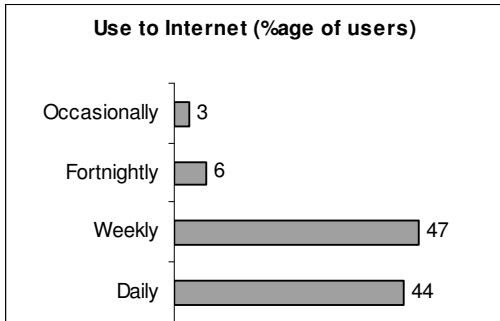


Figure 2: Frequency of use of Internet

Users of EB

The survey revealed that, out of the 89% of those who had access to Internet, nearly half of them were using EB, at least for some online services – this equates to about 45% of the total sample. The frequency of their use is summarised in Figure 3.

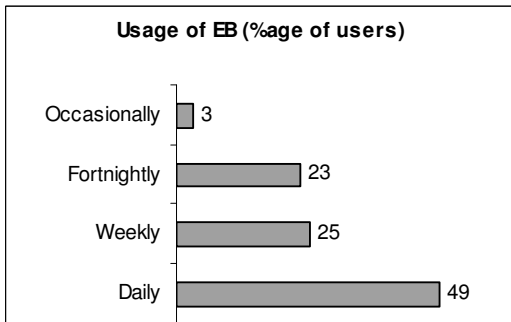


Figure 3: Frequency of use of EB

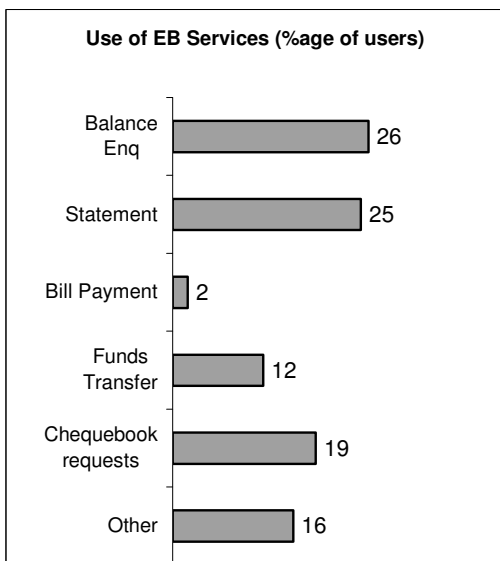


Figure 4: Services used by respondents

Services Used

It was noticed that just over half of the respondents used EB for making balance enquiries or viewing or asking for statements; another 19% of them used online service for requesting chequebooks or payment books. Only 12% made a better use of EB such as funds transfer. Thus, nearly 70% of the people in our survey were using only the basic services provided by online banks. Refer to Figure 4.

Reasons for using EB

This was an important question, which revealed that a majority of people in our survey used EB for the reasons of convenience (23%), availability (34%) and saving of time (17%). 20% said they used EB for the *variety of services* on offer. Refer to Figure 5.

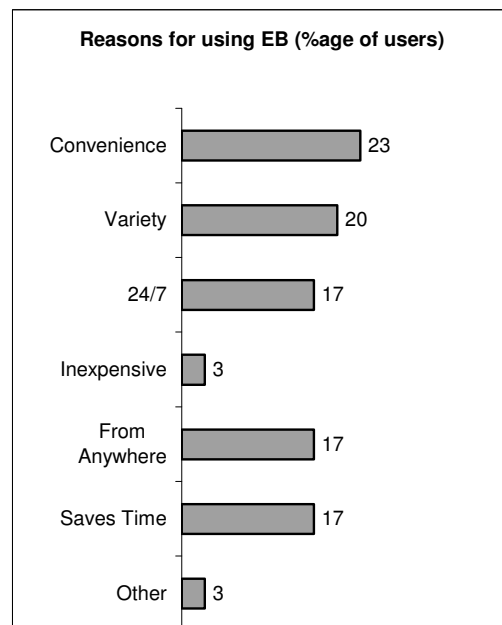


Figure 5: Reasons for using EB

Constraints of EB

As mentioned before, only 45% of the total population in our survey are using EB. When asked for the reasons for not using this new form of banking, 29% of them referred to a lack of social dimension and 23% referred to a lack of computing skills on their part or unavailability of Internet or a computer system. Here, emphasis appears to be on a lack of required resources rather than any failings with the banking system and the banking technology or services. This points to two interesting facts: either the general public are not knowledgeable enough about the EB services or they are not fully confident in the use of computing technology – or perhaps both. Refer to Figure 6 for the reasons and constraints.

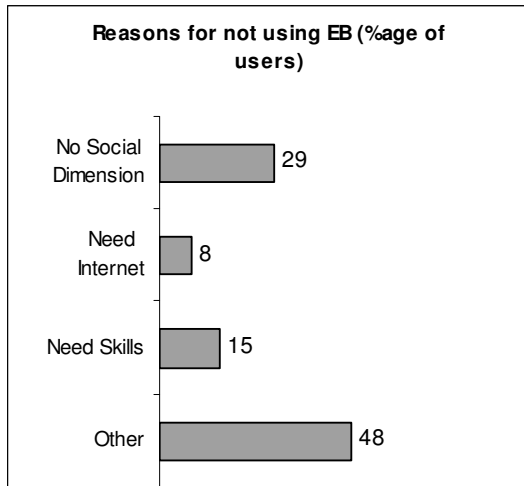


Figure 6: Reasons for not using EB

EB Website Content, Presentation and Support

Online banks provide services through the use of their websites. It is important that web pages and scripts are well designed, easy to use and quick to respond. The questionnaire contained questions referring to this aspect of the website design. Nearly three quarters of the respondents said that the content was useful and they rated it as *excellent* or at least *good*. As for the ease of use, as shown in Figure 7, nearly a third of those who completed the questionnaires raised concerns, rating it as *poor*. Online help facility was also noted to be *fair* by 40% of the people and *excellent* or *good* by 30% of the respondents. Refer to Figure 7.

Issue of Security

There was a question on the issue of security of transactions and identity. Majority of those who use EB found it fairly satisfactory with about a quarter of the population rating it to be *poor*. Refer to Figure 7.

Advantages of Traditional Banking

When the questionnaire was designed, the perception was that most people would use EB only for basic services and that a huge percentage of people would prefer traditional banking. As the figures, as represented above, show, our assumptions appeared to be correct. When asked for the advantages of traditional banking over EB, 43% of the respondents preferred *face-to face contact*.

Constraints with Traditional Banking

Our respondents mentioned two main issues with traditional banking. 48% noted *need to queue* as the main complaint and another 47% mentioned *wastage of time in other ways* (e.g. finding time to visit the bank) as the main drawback.

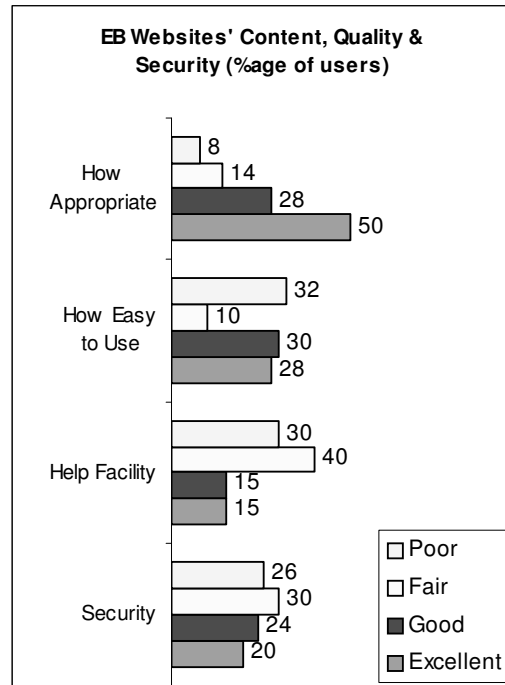


Figure 7: Using EB websites

4. Analysis and Conclusions

This paper presents result of a survey that was conducted in 2006. The aim was to gauge opinions of the general public about the provision and use of EB. It was a pilot survey: only 150 questionnaires were sent and 105 replies were used in the analysis. The survey reveals that:

- 89% of the respondents had access to Internet; nearly half of them were using EB.
- Just over half of the EB customers were making very simple use of EB services (such as balance enquiries and viewing statements), 19% of them were using online service for requesting chequebooks or payment books and only 12% were making better use of EB such as funds transfer.
- Main reasons for using EB were: convenience, availability and saving of time.
- In case of those not using EB (nearly 55%), the reasons given included: lack of social dimension and a lack of computing skills on their part.
- Nearly half of the respondents found the EB website content to be excellent or good, however, the survey noted concerns regarding the ease of use of these websites. Help facility appears to be generally good or excellent. Security of information does

not appear to be an issue, at least for those who use EB.

Although, our results cannot be generalised, this study suggests that:

- Approximately, half of the population are using EB,
- With time, their use of online services will increase,
- Security is no longer a main issue.

It also suggests that those who are not using EB provide the following reasons:

- Lack of knowledge of current technologies and a reluctance to change
- Lack of confidence in the use of technology.

The aim of the survey was to gather some general opinions about the provision and use of EB. Hopefully, the results have given some initial insight into the use of EB.

This was a pilot survey. A more detailed survey is being prepared, where some of the issues mentioned in this paper will be explored further; the results of the investigation will be published when available.

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