

**EMPIRICAL STUDY AND ANALYSIS OF INTERNET BANKING  
IN PAKISTAN**

**Aftab Ahmad Siddiqui, Raja Muhammad Ilyas Rajput  
and Mir Ghulam Hyder Talpur**

Department of Statistics, University of Sindh, Jamshoro, Pakistan  
Email: aftab.siddiqui2012@gmail.com

**ABSTRACT**

The Internet has indeed become one of the vital distribution means for financial services companies like the banking industry. However, it is equally important to understand first how the customers make use of the Internet in doing bank transactions. The purpose of this research study is to analyze the perception of customers in Pakistan in using the Internet for banking purposes. The present research has shown a modification of technology acceptance model and applied it to bank customers in Pakistan. Pakistan, despite being developing country, has focused on the use of Internet banking as an essential dispersal channel. The findings of the present study propose that the use of the Internet for banking purposes increases provided that the customers perceive its usage to be useful. The perceived usefulness of the Internet banking purposes is essential to the perceived ease of Internet banking and the increase of its usability in the future.

**INTRODUCTION**

The objective of marketing is to sustain, support, and increase the use goods and facilities by the consumers. The use of consumers is essential because it builds the habits of consumers and reduces the hesitations of consumers (Sheth and Parvatiyar, 1995); moreover, it develops an understanding of the social exchange processes (Kelly and Thibaut, 1978). Acceptance of Internet banking can be best understood by analyzing the causes behind the regularity of use Internet banking. For such purpose, the researchers made use of an adapted form of the technology acceptance model (TAM Model) that identifies the perceived usefulness and ease of use of such a technology as a determinant of the behavior of the user (Davis, 1989). This is because many other studies have reported that trust influences the behaviour of consumers. (Polatoglu and Ekin, 2001; Kardaras and Papathanassiou, 2001; Minjoon and Shaohan, 2001).

**RESEARCH OBJECTIVES**

The research objectives are defined as follows:

- To investigate the critical factors in the internet banking acceptance and usage by the bank users to improve the quality of bank services delivery.
- To develop a theoretical framework that determines the internet banking user's intention toward continuous internet banking usage acceptance.

## LITERATURE REVIEW

The development of knowledge through the trial and error method is the learning point of a consumer about goods and facilities. The experiences of a consumer influence the choices and preferences that consumers make (Bettman and Park, 1980; Foxall, 2003). However, since experience refers to both the experience of the content of the service and the means that delivered a certain service, experience has now become a cloudy concept. Carlson and Zmud (1999) stated that experiences determine how consumers assess a service through one or several channels, and their perception of the richness of a channel. Since facilities are often delivered through and consumed in a channel, determining the important experiences in relation to content and delivery becomes difficult.

A way to resolve the given issue to look at bank customer use as a significant determiner of experience. When a consumer uses something, it helps lessen the uncertainty a consumer may have had at the start; it also builds the habits of a consumer and develops an understanding of the social exchange processes (Kelly and Thibaut, 1978). The primary goal of marketing is that the retailer becomes a part of the life of a buyer in relation need of the buyer for the product or service of a seller. Further reiterated, relational marketing is based on evidence that a series of transactions are transformed into a relationship. (Cook and Emerson 1978, Grönroos, 2001) Levinthal and Fichman (1988) stated that the length of a relationship and the frequency of the interactions have been discovered to be reliable predictors of the development of a relationship (Levinthal and Fichman, 1988). In the same way that theories of social repetition state that more use leads to automaticity and taken-for-granted kind of behavior (Brown and Duguid, 2001).

The frequency of use of a technology has been found to see the use of technology by a consumer (Lang and Colgate, 2003, Ricard et al., 2001). Furthermore, Ricard et al. (2001) states that the length of the experience with technology is another valid illustration of technology use. In addition to this, the features of a technology determine also how a consumer perceives an offer of a seller; this, in turn, influences usage of technology (Griffith, 1999, Carlell, 2001). When it comes to Internet banking, the relationship of the customers to the bank is determined by being able to understand the physical interface of a bank, and this includes the layout and function of the website. Included in this also is the interaction of the customer with the site itself. Carlson and Zmud (1999) cited a study wherein an individual perceived an experience with a new distribution channel to be important at the start. But such experience dissipated over time. Such study supports the idea that experiences with a new channel are perceived to be important at the beginning, but such experiences decrease over time in relation to the benefits of other factors as consumers discover new means of exchange. Study reported that experience with an interactive partner increased in importance over time. The understanding and exchange with the communicator increases in importance despite the decrease in importance of experience with a channel. This may be credited to the perceived confidence level of a consumer in relation to the means of exchange; thus, a consumer starts to emphasis on the content and probability of additional values.

## RESEARCH METHODOLOGY

The data for this study will be made available using a web survey form for users who use Internet banking. A site will be created in order to gather the data from the survey. The researchers have also chosen the Internet bank users from the five major banks in Sindh, Pakistan. A request has been delivered to the banks that will participate in the survey. A questionnaire with a seven-point scale rubric will be used for the data collection of the constructs of the research model. Items from previous studies will be altered in order to adapt them to the Internet banking context. Items such as: the measurement of actual use, the objective of use, attitude related to perceived usefulness, and perceived ease of use will all be adapted from other studies in relation to the TAM (R. Agarwal et al., 2000, F.D. Davis, 1989, F.D. Davis et al., 1989, F.D. Davis *et al.*, 1969, A.L. Lederer et al., 2000, J. Moon, Y. Kim et al., 2001, V. Venkatesh et al., 2000). The trust variable will be based on various studies in marketing which has looked into and analyzed the relationship between trust and other constructs (P.M. Doney et al., 1997, D. Gefen, 2000, S. Grazioli *et al.*, 2000, R.M. Morgan et al., 1994, D.T. Wilson et al., 1998).

## RESULTS & DISCUSSIONS

The survey questionnaire distributed in 2 branches of bank at Karachi, Sindh, Pakistan. The Karachi is thick populated city. Bank staff sent the Questionnaires to account holders who are using the internet banking. Total 120 questionnaires were distributed and 90 were filled by customers and back to researchers. The response rate was 75%. The statistical analysis was doing with SPSS-21.

**Table 1**  
**Demographic Information of Research**

<b>Variable</b>	<b>Category</b>	<b>Frequency</b>	<b>Percentage %</b>
Gender	Male	58	64.2
	Female	32	35.6
Age (Years)	< 20	6	6.9
	20-30	42	46.7
	31-40	28	31.1
	41-50	8	8.9
	51-60	2	2.2
	> 60	4	4.4
Education	Less than High School	2	2.2
	High School	14	15.6
	Diploma	8	8.9
	Bachelor	38	42.9
	Post-Graduate	28	31.1
Occupation	Student	16	17.8
	Government Employee	24	26.7
	Private Employee	34	37.8
	Businessman	16	17.8
Income in PKR	<10000	8	8.9
	10000-20000	20	22.2
	21000-30000	36	40
	31000-40000	16	17.8
	41000-50000	6	6.7
	>50000	4	4.4

Results of Table shows that total 90 respondents from which male were 58 (64.2%) and females were 32 (35.6%). Majority of them was 20-30 years of age 42 (46.7%). When we see the education level the majority were bachelor degree holder 38 (42.2%), which shows that the internet banking users have higher education as compared with other population of Karachi. Because their level of study gives awareness to using information technology.

When we consider the occupation the most respondents were private sector 34 (37.8%) and next were Government employees 24 (26.7%). On the other hand, businessman and students have the same number or percentage 16 (17.8%).

### RELIABILITY OF DATA

In this research the internal consistency of measure items was tested through Cronbach's alpha. The Cronbach's alpha value above 0.70 is acceptable. According to table 2 our all results are acceptable.

Constructs	Cronbach's Alpha
Behavioral Intention (BI)	0.938
Attitude Towards Using (ATU)	0.873
Perceived Ease of Use (PEOU)	0.973
Perceived Usefulness	0.937
Technology Self-Efficacy	0.871

### CONCLUSION

In this research we study the user's perspective to use of Internet Banking at Pakistan. For the research methodology the quantitative approach was used. The survey method was used because it is directly involvement of respondent's/ users. The results showed that reliability of measured items are acceptable and further we will investigate them.

### REFERENCES

1. Bettman, J.R. and Park, C.W. (1980). Effects of prior knowledge and experience and phase of the choice process on consumer decision processes: A protocol analysis. *Journal of Consumer Research*, 7(3), 234-248.
2. Carlson, J.R. and Zmud R.W. (1999). Channel Expansion Theory and the Experiential Nature of Media Richness Perceptions. *Academy of Management Journal*, 42(2), 153-170.
3. Davis, F.D. (1989). Perceived Usefulness, Perceived Ease of Use, and User Acceptance of Information Technology. *MIS Quarterly*, 13(3), 319-340.
4. Foxall, G.R. (2003). The behavior analysis of consumer choice: An introduction to the special issue. *Journal of Economic Psychology*, 24(5), 581-588.
5. Griffith, T.L. (1999). Technology Features as Triggers for Sense making. *Academy of Management Review*, 24(3), 472-488.

6. Kardaras, D. and Papathanassiou, E. (2001). Electronic commerce opportunities for improving corporate customer support in banking in Greece. *International Journal of Bank Marketing*, 19(7), 292-298.
7. Kelley, H.H. and Thibaut, J.W. (1978). *Interpersonal Relations. A Theory of Interdependence*, Wiley. New York.
8. Lang, B. and Colgate, M. (2003). Relationship quality, on-line banking and the information technology gap. *International Journal of Bank Marketing*, 21(1), 29-37.
9. Minjoon, J. and Shaohan, C. (2001). The key determinants of Internet banking service quality: a content analysis. *International Journal of Bank Marketing*, 19(7), 276-291.
10. Polatoglu, V.N. and Ekin, S. (2001). An empirical investigation of the Turkish consumers' acceptance of Internet banking services. *International Journal of Bank Marketing*, 19(4), 156-165.
11. Agarwal, R. and Karahanna, E. (2000). Time flies when you're having fun: Cognitive absorption and beliefs about information technology usage. *MIS Quarterly*, 24(4), 665-694.
12. Ricard, L., Préfontaine, L. and Sioufi, M. (2001). New technologies and their impact on French consumer behaviour: an investigation in the banking sector. *International Journal of Bank Marketing*, 19(7), 299-311.
13. Sheth, J.N. and Parvatiyar, A. (1995). Relationship Marketing in Consumer Markets: Antecedents and Consequences. *Journal of the Academy of Marketing Science*, 23(4), 255-269.