

Factors Influencing Internet Banking Adoption in UK: Case of Age, Income and Education Level.

Research Question:

This research is based on examining the factors that play vital role in the adoption of internet banking by the consumers of different banks. In order to have a clear understanding of the adoption of internet banking, the researcher has focused especially on the factors of Age, Income and Education Level and their impact on adoption of internet banking. This research will deliver a comprehensive report on the ways internet banking is currently being used by banks and consumers. This report will also suggest future course of action for banks to increase the use of internet banking for consumers. It is expected that this final report will be beneficial to the banks as they would be able to use the recommendations of the report to improve their service accessibility to improve internet banking adoption, which will be the basis of the report. The specific question that the researcher is interested in includes:

1. What are the fundamental drivers of adoption of internet banking among the current consumers of banks?
2. What is the role of age and its influence on the proliferation of adoption of internet banking?
3. What is the role of education and its influence on the adoption of internet banking?
4. What is the role of income level and its influence on the adoption of internet banking?
5. What are the recommended steps that can and should be taken by the banks, in order to improve the adoption of internet banking among the consumers of different banks?

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Objectives:

The main objectives of this research are:

1. To clearly examine the role of age, income and education level and their impacts on the adoption of internet banking among the consumers of banks.
2. To have an understanding of any other factors that are responsible for the acceptance of internet banking among consumers.
3. To have a clear understanding of the role of internet banking in improving the availability of easy banking facilities for consumers
4. To develop an understating of the risks which are posed from internet banking
5. Develop suggestions for banking institutions on improving internet banking security and accessibility for their consumers

Relation of the topic to the course:

Internet banking is of rising concern for the academics and researchers. It is the adoption of internet banking that result in reducing time and cost, both for the consumer and the employees for completing any transaction. With the increased popularity of technology, banks are now devising newer internet based solutions. The scope of this research is wide enough because it focuses on the factors or determinants that assist the wide acceptance of the use of software's that banks are offering. This link of the use of IT in banks relates directly to this course.

The Context

Abstract:

The prime objective of this study is to explore the key determinants that play a vital role in the wide acceptance of the internet banking. The domain of internet banking will be aimed to be explored with special emphasis on age, income and education level and their influence of the adoption of internet banking. This acceptance of the internet banking will be explored among the consumers of various banks in the UK. The particular method that will be deployed by the researcher for understanding the factors influencing acceptance of internet banking in UK, will be based on the customer's survey. Through the use of semi-structured questionnaires the

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researcher will be able to examine the opinions of current customers and the factors that will be vital for influencing the public to use internet banking in the UK

Background Literature:

a) Rationale:

A number of factors have been identified that are responsible for the hampering or proliferation of adoption of technology among general public (Kumbhar, 2011). Recently, internet has been found as the prime channel for devising banking solutions for general public (Kumbhar, 2011, Tan et al., 2009). This popularity of internet has made the global and local competition very fierce (Gan et al., 2006). The behaviour or intention of people have been considered as the main determinant in successful adoption of internet and technology (Fishbein and Ajzen, 1975). Researcher in the past have paid attention to the factors such as convenience, trialability, compatibility and relative advantage for the adoption of new technology, with almost less attention towards the demographic factors and their influence (Or et al., 2011, Rogers, 1995).

b) Demographic Characteristics:

There are very few who have identified factors of age, income and education level and gender on the acceptance of the banking technologies (Al-Gahtani and King, 1999, Al-Somali et al., 2008). Moreover, age, accessibility of internet, education and the awareness of electronic banking and resistance of users were of paramount importance (Sohail and Shanmugham, 2004). Others have identified age, marital status, ethical background, qualification, income and residence area as the drivers (Gan et al., 2006). The disparities among the adoption of male and female users were deemed to be varying according to studies (Sharman and Kirsty, 2006). Many of the researchers have based their findings on the empirical evidence that acceptance of electronic banking is more in cases with higher level of education and higher level financial status in consumers or general public (Kolodinsky et al., 2000). Individual attitudes that consumers have and their beliefs are of more importance than factors of demographics for the adoption of new technology (Kolodinsky et al., 2000). Other factors such as privacy, security and convenience were found to be more prevalent among female users than males (Shergill and Li, 2005).

c) Education and Awareness:

Some of the academics have come up with the conclusion that the levels of education that is obtained by the individual consumer, along with the guidance given to these consumers about the prevalence and benefits associated to technology are main drives of acceptance of internet banking (Adel Ismail, 2005). Internet has been viewed as a medium that has brought revolutionary change to the world of technology (Zhang et al, 2010 Zheng and Yonghong, 2005). Moreover, the lower levels of awareness among consumers about the internet banking and low level of confidence have been identified as the factors that result in lower acceptance rate of internet banking (Sathye, 1999).

Research design (including methods) or critical approach:

a) Methodology:

The researcher hopes to conduct primary research, for unveiling the information on factors such as age, income, education level and other factors for the adoption of internet banking. For this purpose, the sample that is chosen by the researcher includes the general public who are the consumers of different banks in the UK. The sample size of this research will focus on targeting at least 200 general public consumers belonging to different banks in the UK. The numbers of banks that will be targeted are at least 3 in number. The identities of these consumers and the banks cannot be exposed, due to the privacy issues.

b) Data Collection Techniques:

The researcher hopes to deploy the techniques of questionnaires for understanding the factors that play role in adoption of internet banking among the general public consumer of different banks in the UK. Particularly, semi-structured questionnaires will be used for gaining the deeper knowledge. These will be the questionnaires that will have a list of questions that will be a mixture of both the open ended and closed ended questions. The importance of this is that, close ended questions will allow the researcher to code the variables and make linkages. The open ended nature will facilitate the researcher to gain the deeper information of the topic area and then draw inferences and themes from the data collected. The use of questionnaires have

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been carried out in the past by many researchers and have shown that it is a powerful tool when in situation where the researcher needs access to opinions of a wider community (Patton, 2002). Questionnaires give researcher the chance to make strong linkages among identified variables for further cross linkages (Denzin and Lincoln, 2005). Questionnaires also serve as a good tool because it guards the privacy rights of the respondents (Denzin and Lincoln, 2005). On the other hand side, the questionnaires serve as a weak tool when the researcher is dealing with complex issues (Davies, 2007). Another issues that has been associated with the use of questionnaires is the response rate which is not in the hands of the research.

c) Participants or Host Organisation:

The prime respondents and participants of this research will be respondents from general public. These people will be the consumers of any bank in the UK.

d) Data Analysis Technique(s):

The researcher hopes to code data, where the variables will be coded by the researcher. This coding technique will allow the researcher to make co-relations among these identified variables for deeper understanding. These linkages among variables will be illustrated in the shapes of graphs and charts. These charts will make the understanding of the general reader very easy

d) Ethical issues:

A number of ethical issues to be taken into account are as follows:

1. Informed consent: it is important that the researcher explains the nature and purpose of the research to the respondents before the actual; research takes place. It is important that the respondents agrees to the terms and conditions and are willingly participating the research process.

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2. Right to privacy: it is the duty of the researcher to keep the identity of the respondent anonymous. In most cases where the respondents are concerned that the exchange of information will affect their status, will refrain from providing true facts. Therefore, the researcher will not force the respondents to be obliged to give their identities.
3. Right of protection from any harm: it is the duty of the researcher to ensure that the exchange of true information by the respondent will not harm the respondent in any form. This might include the harm of threats by others along with the physical harm to the respondents.
4. Overt nature of research: it is completely unethical for the researcher if they indulge in the secret recording of the data in any form. This might include secret recording, taking unannounced notes etc. Nothing of this sort will be done in any case.

e) Special Resources required:

The resources that the researcher requires for this research includes:

1. Secondary data in the form of academic journal articles
2. Electronic libraries for collection of all relevant research in the past
3. Books

Timetable of main stages of the study:

Activity	Time Frame
Literature review	2 weeks
Refining research questions	1 week
Data collection (questionnaires)	4 weeks
Compilation of results	2 weeks
Analyzing the data	2 weeks
Compilation of report	4 weeks

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