ANALYSIS INTO TRUST AND FREQUENCY OF USAGE OF INTERNET BANKING IN DILLA

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ABSTRACT

Valuing the customers' value in electronic markets is very important in the present world for the development of internet banking and for any financial institution .In the paper we tried to provide an insight into the demographic profiles of Dilla, Ethiopias' internet banking customers. Most Dilla customers like to visit internet banking a few times or a few weeks mainly for checking their account balances or bank statements. Half of the respondents used internet banking for transfer of funds between accounts. The promotion of the security of internet banking and its functions are still important for internet banking development. In respect to faith.

I. INTRODUCTION

E-Commerce has transformed the place of exchange by changing firms' business working models and making more focus on targeting the factors of market and in turn helping to promote the brand image of the firm or organization (OECD, 1998).With the introduction of Internet Banking (IBanking) the customer has not only got a new perspective of banking procedure and application (Llevwellyn, 1997), but also created new value added services in content, infrastructure, and context (Methlie, 1998).

Valuing the customers' value in electronic markets is very important in the present world for the development of internet banking and for the banks. Mols (2000) commented that internet banking might bring a drastic drift in the way banks build customer relationship management. Industries have analyzed some of the impact of ibanking as cost cutting, time saving, reducing redundancy (Berger, 2003). Banking through internet has emerged with a strategic planning for improving efficiency, to have better control operations management, to be more eco-friendly by less paper usage and a step to make more automated process. More recently in Ethiopia too, lot of cosmetic and institutional services have become available over the website which has thus

become an important marketing channel for a number of financial institutions. Banks have started to invest in technology to increase revenue, reduce cost and to be more competitive (OECD, 1998).

For consumers or customers of bank to operate or purchase or transact over internet they require certain faith and trust. Because trust is considered as a important factor in customer relationship management (Schurr and Ozanne, 1985).There have been various approaches to define and provide meaning to concept of trust. It is defined as a willingness to have faith in a third party exchange process (Moorman et al, 1993, p.82). Here the end-user has to have faith in the third party's exchange process and technology. Competitiveness, benevolence, and honesty, are said to be the three factors of trust (Suh and Han 2003, p.137).Trust is the foundation stone in the internet banking technology usage. (Spekman, 1988), trust is the vital role in building long-term exchange relationship between firms and end-user.

Trust can also be defined as end-users mental and emotional faith and confidence that they keep on the third party of during exchange process (Patrick, 2002).Various academic studies have proved there is significant relationship between trust and electronic banking or any e-commerce adoption and also that trust

significantly is an factor on web purchasing funtion (Chen and Barner, 2007), web site faith, online banking commitment (Mukherjee and Nath, 2003), electronic banking adoption (Rexha et al., 2003) and human feeling to go for online information help (Chen and Corkindale, 2008).

OBJECTIVES

Internet banking is fundamentally changing the way Ethiopia customers' use the service of banks. Under such circumstances it is time to investigate what type of Internet banking services customer use, and also if demographic factors affect customers' trust and faith to internet banking.

The specific objectives of the study are as follows:
1. To identify what services customers use on internet banking.
2. To identify the relationship between customers' demographics in trust & faith of internet banking in the locality of Dill in Ethiopia.

II. METHODS AND MATERIAL

Population and sample: The target population consisted of customers who have experience in internet banking in Dilla. Dilla is a town in southern Ethiopia. As per the census of 2007 done by CSA Dilla town has a total population of 59,150 out of which thirty one thousand and sixty eight are men and the remaining women.

Banks such as Commercial bank of Ethiopia, Dashen Bank, Wegagaen Bank, and Awash International Bank all offer advanced Internet banking facilities to customers in Dilla. Since the population is spread almost equally across various sub regions in dilla, both rural area and urban was chosen for this research.

Data collection methods: Many data collection methods were considered. Because of limitations in time, cost and language barrier, a random sample from the whole population of Internet banking users in Dilla was not able to obtain and the non-probability convenience sampling was used of this survey.

The survey respondents were banking customers at banking premises and other public areas, such as community centres, car parks, coffee shops and university campus. Totally two hundred questionnaires were circulated and out of that one hundred eight correct valuable and informative questionnaires were collected.

The questionnaire: A self-explanatory questionnaire was used in the data collection method. The initial survey questions were created in a simple language without using any jargons or management or technological words so that it is easily understood by the respondents. The statements were presented to two research guides to eliminate those items least connected to the objective and to improve sentence framing. The questionnaire was divided into various sections. In the introductory section, respondents were enquired to receive information about how customers use internet banking and how frequently they use it. They were given options to choose, so that they need not give vague answers. In the later part of the questionnaire, items proposed to influence customers' trust in, and faith to internet banking were listed respectively. All these items were required to be rated by respondents on an eleven-point rating scale from the point of 0= least important, 5= average important and 10 = most important. Trust was measured using nine items while faith was measured using five items. Finally, the demographic questions e.g., gender, age, education level, income and ethnic group were asked.

III. RESULTS AND DISCUSSION

Sample profile: The statistical information of the sample profile is presented in Table I, it provides an overview of the research sample.

Internet banking usage: The statistical results show that approximately sixteen percent of customers visited website of financial institutions or banks 'a few times a month' and seventeen percent of customers' use internet banking 'a few times a week'. Fifty-five percent of the respondents use internet banking for checking balance information and the fourty five for transferring fund.

Customers are using internet banking for the convenience of tracking personal financial details. Approximately forty eight percent of customers use internet banking to make payment. This demonstrates that trust is still an important issue influencing the depth and extent of customer belief in internet banking. Therefore, even to the Internet banking user, banks still need to improve their confidence with Internet banking

to increase the usage of different functions of internet Banking.

Internet banking customer demographics and trust:

From the survey it was tried to find out if there is any relationship with respect to privacy, trust, satisfaction, ethical standards, openness, speed of response, quality of Information, brand faith. And it found out that both females and males consider these factors equally important while internet banking. It implied that banks or financial institutions can consider the same a marketing strategy to both gender. In another analysis to find out if age and trust have any relationship, it was found out that here is no significance. All age of people considered security important in internet banking.

When considering the education level and the faith, it was found out that those educated more have more faith towards the process and the third part exchange partner. The bank or financial institution can formulate policy to keep the educated people stick on to their firm or product.

IV. CONCLUSION

This paper provides an insight into the demographic profiles of Dilla, Ethiopias' internet banking customers. Most Dilla customers like to visit internet banking a few times or a few week mainly for checking their account balances or bank statements. Half of the respondents used internet banking for transfer of funds between accounts. The promotion of the security of internet banking and its functions are still important for internet banking development. In respect to faith and customers' demographics, only educational level has found significance related to faith.

IMPLICATIONS

The findings of Dilla internet banking customers' demographics provided a guide for perceptive implications for internet financial institutions to segment their market and decide their marketing strategies accordingly. This research indicated there was some degree of gender disparity between Internet banking customers. The findings of Dilla, Ethiopia internet banking customers' demographics found out that both females and males consider these factors equally

important while internet banking. It implied that banks or financial institutions can consider the same a marketing strategy to both gender. Banks need to give more importance to these factors in designing marketing and advertising strategy.

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