

## **FACTORS INFLUENCING STUDENT ADOPTION OF INTERNET BANKING IN YANGON UNIVERSITY OF ECONOMICS**

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### **Abstract**

The main objective of the study is to analyze the influencing factors on Internet Banking adoption among students in Yangon University of Economics. Descriptive and analytical methods are used in this study. Primary data as well as secondary data are used to achieve the objective. To collect the primary data, 400 students who have experience in Internet Banking services at private banks and study in postgraduate programmes at Yangon University of Economics were selected and then, interviewed with structured questionnaire. Internet Banking adoption is the dependent variable and influencing factors that consist of convenience, trust, perceived risk, perceived security, perceived ease of use, and perceived usefulness are the independent variables in this study. This study found that convenience, trust, perceived risk, perceived security, perceived ease of use, and perceived usefulness have influences on Internet Banking adoption among students of Yangon University of Economics. The study revealed that trust is the most significant influencing factor on the student adoption of Internet Banking in Yangon University of Economics, Myanmar.

**Keywords:** influencing factors, trust, student adoption of Internet Banking, Yangon University of Economics

### **Introduction**

At present, majority of the people recognize and accept that Internet Banking is used as a different idea and concept from traditional banking system for performing banking and financial transactions. Maenpaa, et., al, (2008) pointed out that advances and improvements in technology made significant and important operating changes to Internet Banking. Internet Banking can offer substantial benefits to not only customers but also banks. From perspective of banks, since Internet Banking can decrease the transactional costs of traditional banking services that include reducing the cost of paperwork, opening new branches, hiring new skilled and talent personnel, and, walk-in customers, nowadays, majority of the banks become to attract their customers to use Internet Banking services. Alam, et. al, (2007), as cited in AlKailani, (2016) stated that Internet Banking services are also more convenient, ease of use and attractive than traditional banking services. Bauer & Hein (2006) as cited in AlKailani, (2016), also stated that Internet Banking can increase satisfaction of their customers because of convenience, faster and easier services are provided by using Internet Banking than traditional banking. Though there are significant benefits provided by Internet Banking, majority of the banks are faced with many challenges for the growth and development of Internet Banking. Moreover, there are some barriers including lack of awareness, skill and knowledge to use Internet Banking for users. Moreover, unfamiliarity with technology and trust on security and safety are also the important barriers for users to increase the usage of internet banking services.

In Myanmar, banking and finance sector plays a significant and vital role in the development and growth of economy. Government of Myanmar has implemented significant reforms and liberalization in banking and finance sector since 2011. Therefore, at present, there are (27) private banks that are allowed to open and provide financial and banking services in Myanmar. Among the private banks, Central Bank of Myanmar permits (12) private banks to

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provide the financial products such as mobile banking, internet banking, mobile wallet and card services which are the cashless banking and financial transactions. For the development and growth of banking sector in Myanmar, one of the main problems is that customers are heavy reliance on cash when they perform their banking and financial transactions. Therefore, Myanmar banks need to promote and encourage their customers to use the cashless banking and financial transactions including internet banking. Moreover, the critical factors that influence on customer adoption of Internet banking are needed to understand and identify to increase internet banking usage.

### **Objectives of the Study**

The objectives of this study are as follows:

- (1) to examine the association among convenience, trust, perceived risk, perceived security, perceived ease of use, and perceived usefulness, and Internet Banking adoption among Yangon University of Economics students and
- (2) to analyze the factors that influence on student Internet Banking adoption in Yangon University of Economics.

### **Method and Scope of the Study**

This study only emphasizes on factors influencing Internet Banking adoption among students who are attending the Postgraduate programmes in Yangon University of Economics. This study attempts to investigate how these students of Yangon University of Economics perceived Internet Banking adoption. In this study, descriptive and quantitative methods are used. Primary data as well as secondary data are employed to investigate the objectives. To get the primary data, 400 private bank customers from Postgraduate students, Yangon University of Economics, are selected and simple random sampling method is used to select the respondents. Reports of the banks, relevant text books, theses, articles and journals from internet websites are used to obtain the secondary data. In this study, survey questionnaire consists of three parts. First part describes the respondents' demographic factors and second part presents the consumer perception towards factors including convenience, trust, perceived risk, perceived security, perceived usefulness, and perceived ease of use. Third, the last, part deals with adoption of Internet Banking. To determine the agreement level of each statement, the five-point Likert scale was used in the questions. To achieve the study objectives, Regression analysis and Pearson Correlation analysis are used as the statistical tools.

## **Literature Review**

### **Internet Banking**

Yiu et. al, (2007) as cited in AlKailani, (2016) stated that Internet Banking is the delivery of banking services by using the open-access computer network directly to customer home on private address. AlKailani, (2016) mentioned that Internet Banking can be used as a new distribution channel for the banking service delivery.

### **Technology Acceptance Model (TAM)**

Davis (1989) as cited in AlKailani, (2016) introduced and developed TAM. He stated that user adoption of computer system depends on their behavioral intention to use and the positive attitude toward the technology when users perceived the technology to be easy to use and be useful.

### **Adoption**

Baraghani, (2007) highlighted that the acceptance and continuous usage of the products or services or ideas are referred to as adoption.

### **Factors Influencing Internet Banking**

Riquelme and Rios, (2010) made a research on adoption of mobile banking in Kuwait based on TAM model that consists of perceived usefulness and perceived ease of use. Jeong, Yoon, (2013) stated that perceived usefulness, perceived ease of use, perceived credibility, perceived financial cost and self-efficacy are factors that influence customer acceptance of Internet Banking Service.

### **Perceived Ease of Use**

Davis (1989), as cited in Kazi, (2013) mentioned that perceived ease of use is the extent to which a person believes that using a particular system would be free of effort. Hainudin, (2007) and Wang et al, (2003) stated that perceived ease of use has a positive impact on user intention to use and then, adoption of Internet Banking.

### **Perceived Usefulness**

Davis (1989), as cited in Kazi, (2013) asserted perceived usefulness as the extent to which one believes that using a particular system can enhance his or her performance.

### **Perceived Security**

One of the major influencing factors related to the use of internet banking is that of security. Salisbury et al. (2001) mentioned that perceived security is the extent to which customer believes that the World Wide Web is secure on the transferring of sensitive and important information.

### **Perceived Risk**

Andretha S. E. Langelo (2013) pointed out that perceived risk is the uncertainty faced by users when they cannot anticipate and expect the consequences of buying decisions. Schiffman and Kanuk, (2004), as cited in Andretha S. E. Langelo (2013) pointed out consequences and uncertainty as the two relevant dimensions of perceived risk.

### **Perceived Trust**

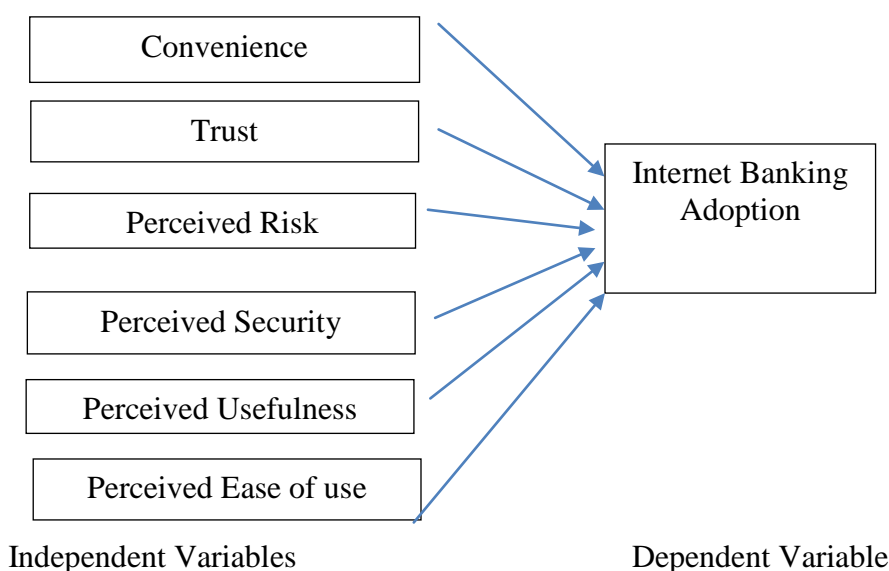
Trust is a very important factor to perform the banking and financial transactions. Juan Carlos Roca, Juan Jose' Garcí'a and Juan Jose' de la Vega, (2009) stated that trust is characterized in terms of the willingness and expectation of the trusting party engaging in a business transaction.

## Convenience

Yu and Lo, (2007) and Ramsaran, (2003) as cited in Kazi, (2013) stated that people can bank online to check balances, pay bills, apply for mortgages and auto loans, transfer funds, and use other banking and financial services at the tip of a finger anytime from anywhere.

Based on above theories, ideas and concepts, the study developed the Conceptual Framework shown in Figure (1).

**Figure 1 Conceptual Framework of the Study**



Source: Own Compilation (2019)

## Results and Findings

### Demographic Profile of the Respondents

Table (1) shows the Demographic profile of the respondents including age, income level, studying programme and working organization of the respondents.

According to Table (1), with regard to the respondent's age, 44% of the respondents are at the age group of under 30 years. Regarding the working organization of the respondents, 88%, the majority of the respondents work in private sector. Regarding the salary of the respondents, 61%, the majority, of the respondents get over 500,000 kyats per month. The majority of the respondents (81%) are studying in the Master degree programmes offered by the Yangon University of Economics.

**Table 1 Profile of the Respondents**

<b>Respondent's Age</b>		
<b>Particular</b>	<b>No. of Respondents</b>	<b>Percentage</b>
≤30 years	176	44
31 to 40 years	152	38
41 to 50 years	68	17
≥51 years	4	1
<b>Total</b>	<b>400</b>	<b>100</b>
<b>Respondent's Monthly Salary</b>		
<b>Particular</b>	<b>No. of Respondents</b>	<b>Percentage</b>
≤300,000 Kyats	52	13
300,000 to 500,000 Kyats	104	26
≥500,000 Kyats	244	61
<b>Total</b>	<b>400</b>	<b>100</b>
<b>Respondent's Working Organization</b>		
<b>Particular</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Private Sector	352	88
Public Sector	48	12
<b>Total</b>	<b>400</b>	<b>100</b>
<b>Respondent's Study Programme at the University</b>		
<b>Particular</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Postgraduate Diploma	76	19
Master Degree	324	81
<b>Total</b>	<b>400</b>	<b>100</b>

Source: Survey Data (2019)

### Reliability Test

In this study, to evaluate the reliability of the scale, Cronbach alpha coefficient is used. Nunnally (1978) stated that for construct, Cronbach Alpha level of 0.60 or above can be considered to be acceptable.

**Table 2 Reliability of the Scale**

<b>Sr. No.</b>	<b>Particular</b>	<b>Cronbach <math>\alpha</math></b>	<b>Number of Items</b>
1	Internet Banking Adoption	0.721	3
2	Perceived Ease of use	0.762	4
3	Perceived Usefulness	0.734	4
4	Perceived Security	0.862	4
5	Perceived Risk	0.713	5
6	Perceived Trust	0.772	5
7	Convenience	0.718	5

Source: SPSS output based on Survey Data (2019)

Table (2) presents perceived ease of use, usefulness, security, risk, trust, convenience and Internet Banking Adoption with internal consistency values of 0.762, 0.734, 0.862, 0.713, 0.772, 0.718 and 0.721, respectively which are greater than recommended alpha value of 0.60. According to Table (2), Internet Banking adoption alpha coefficient was 0.721 while all Alpha coefficients of factors influencing Internet Banking were obtained over 0.60. Thus, internal consistency of all items to the concept is good in this study.

**Table 3 Correlation among Influencing Factors and Student Adoption of Internet Banking**

	PEUsed	PerUF	PSec	PRisk	Trust	Conve	Iadopt
PEUsed	1						
PerUF	0.412**	1					
PSec	0.291*	0.412**	1				
PRisk	-0.301**	-0.422**	-0.493**	1			
Trust	0.417**	0.201**	0.218**	-0.424*	1		
Conve	0.422**	0.356**	0.225*	-0.378	0.376	1	
Iadopt	0.407**	0.427**	0.519**	-0.409**	0.596**	0.506**	1

\* 0.05 level, \*\* 0.01 level (significant correlation)

PEUsed = Perceived Ease of use, PerUF = Perceived Usefulness, PSec = Perceive Security, PRisk = Perceived Risk, Trust = Trust, Conve = Convenience, Iadopt = Internet Banking Adoption

**Source:** SPSS output based on Survey Data (2019)

In this study, Correlation analysis was applied to analyze the association among independent variables, influencing factors (perceived ease of use, perceived usefulness, perceived security, perceived risk, trust and convenience) and dependent variable, Internet Banking adoption. The statistical results on Correlation analysis of these variables are shown in Table (3).

As shown in Table (3), it can be found that among the influencing factors, there is a strongest association between trust and Internet Banking adoption. Perceived security is the second strongest association with Internet Banking adoption, followed by convenience, perceived risk and perceived ease of use. Moreover, statistical results showed that there are significant positive associations among perceived security, perceived ease of use, perceived usefulness, trust and convenience and Internet Banking adoption but this study found that there is a negative significant association between perceived risk and Internet Banking adoption among postgraduate students in Yangon University of Economics.

As shown in Table (4), ANOVA Table, the significance of F statistic is less than 0.05. Therefore, it can be observed that the summary model of the study is statistically significant.

**Table 4 ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	16.373	5	4.155	5.112	0.000
	Residual	109.345	394	0.813		
	Total	125.719	399			

Dependent Variable: Iadopt

Source: SPSS output based on Survey Data (2019)

According to Table (5), it can be found that 83% change in dependent variable (Internet Banking adoption) is due to their independent variables (influencing factors on Internet Banking adoption).

**Table 5 Summary of Model**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Estimate
1	0.913 <sup>a</sup>	0.833	0.831	.14621

Predictors: (Constant), PerEUsed, PerUF, PSec, PRisk, Trust, Conve

Source: SPSS output based on Survey Data (2019)

**Table 6 The Coefficients of Influencing Factors on Student Internet Banking Adoption**

Factors	B	Stand. Beta	T	Significance
Perceived Ease of use	0.428	0.432	7.015	.000
Perceived Usefulness	0.141	0.451	2.432	.023
Perceive Security	0.058	0.411	0.952	.001
Perceive Risk	-0.356	-0.316	-5.015	.000
Trust	0.537	0.556	5.478	.004
Convenience	0.352	0.458	4.757	.000

Source: SPSS output based on Survey Data (2019)

Regression analysis presented in Table (6) showed that the most significant influencing factor is trust that can explain the variance in Internet Banking adoption at 1% significant level. In additions, perceived convenience affects Internet Banking adoption with 0.458 standardized beta. The statistical results also revealed that perceived usefulness, use easily, and security affect adoption of Internet Banking significantly with 0.451, 0.432, and 0.411 standardized beta, respectively. In this study, according to the statistical results, risk had a significant negative effect on student internet banking adoption with standardized beta 0.316.

## **Discussion**

The results of this study revealed that perceived ease of use, usefulness, security, risk, trust and convenience have a significant association with Internet Banking adoption. Moreover, the study also observed that perceived trust, perceived ease of use, convenience and security have significant influences on adoption of Internet Banking services whereas perceived risk has a significant negative effect on adoption of Internet Banking. If the users and potential users perceived that risk on using internet banking service is high, it cannot be expected to use internet banking because there is a negative significant association between risk and the adoption of Internet Banking. But, if the user and potential user perceptions on ease of use, usefulness, security, trust, and convenience in using Internet Banking service are high, it can be expected that they will have more desires and willingness to use Internet Banking services. With regard to the trust, the statistical result showed that trust has a strong effect on Internet Banking adoption. It can be seen that if the users and potential users believe in reliability and safety of internet banking services and if they understand and accept the advantages and benefits of internet banking services, the adoption rate on Internet banking will be increased. To build the trust between users and bank, bank's reputation and image are the most important factors. To enhance reputation and image, this study observed that Myanmar private banks try to provide faster, reliable, responsive and accurate facilities and increase internet capabilities. Concerning the perception on convenience of respondents, the study found that there is a significant influence and effect of convenience on Internet Banking adoption among postgraduate students studying at Yangon University of Economics.

## **Recommendations**

This study had proved that perceived ease of use, risk, security, trust, and convenience have significant influences on Internet Banking adoption among students studying at postgraduate programmes of Yangon University of Economics. Since perceived security is one of the influencing factors, the security of internet bank services needs to upgrade and improve by private banks to reduce the worry and anxiety on their financial loss of users and to build and maintain the loyalty of customers. Particularly, management of banks should expand the functions and features of security because these functions and features can provide assurance to their customers to make banking and financial transactions. Moreover, Marketing departments of the banks should develop and organize the sales and marketing programmes to promote the strong safety features of internet banking for changing the perceptions on security. To improve the security, banks should develop monitoring teams to reduce and eliminate doubtful financial transactions and bank staff fraud.

This study highlights that trust is also one of the most influencing factors on adoption of Internet Banking. Since trust in Internet Banking services can affect the usage rate, banks must make key improvements in customer relation and care in customers to increase the number of customers' Internet Banking adoption. To build the trust with customers, the banks need to keep their promises. With respect to the perceived ease of use, the banks should develop clear and understandable guidelines and instructions on using internet banking services. Therefore, the users can easily understand and not feel difficulties when they adopt Internet Banking.

Since convenience has a significant effect on Internet Banking adoption, the banks should offer effective and proper training courses such as product knowledge, customer relationship,



business communication and etc., and train their staff to provide quick and right response to issues and complaints. Similarly, call center team should be developed and trained to improve customer services through the customer verification. In additions, online application system should be developed when the user log in situation. Moreover, the statistical results proved that perceived usefulness, perceived ease of use, perceived risk, perceived security, trust and convenience have dominant effect on adoption of Internet Banking. Therefore, these factors are needed to consider by the policy makers and management of the banks for the success of their banking services and products.

### Conclusion

The main objective of this study is to analyze the factors that influence the student Internet Banking adoption in Yangon University of Economics. Four hundred students who study at post graduate courses of Yangon University of Economics and have bank experience were drawn as the sample. This study revealed that perceived ease of use, usefulness, risk, security, trust and convenience are influencing factors on Internet Banking adoption among Yangon University of Economics students. Hence, as a conclusion, the number of users can be increased by improvements in ease of use, usefulness, security, convenience, and trust and decreases in perceived risk on Internet Banking services offered by Myanmar private banks.

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