

# A Study of Online Banking Usage among University Academics

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## **Abstract**

*This paper provides an analysis the usage of extent to which online banking facilities have been used by university academics. Data were collected using questionnaire survey. The initial sample comprised of two hundred academics who were randomly selected from four different Faculties in University of Kelaniya, Sri Lanka. Majority of the academics in the university were aware about e-banking facilities and using for the primary bank activities, most of senior academic members had not been tried those facilities by themselves. They still pay their bills, withdraw money, check balances and deposit cheques. at their bank counters, much as the traditional way. Especially in state banks, usage of e-banking facilities was not to a very greater extent. In addition, There is a growing trend of using online banking facilities among young academic members Further this study has identified some of the factors which inhibit the usage of those facilities such as confusions and delays in the system, accessing problems and security problems etc*

**Keywords:** online banking, virtual banking, electronic banking

## **1. Introduction**

Online banking is an electronic payment system that enables customers of a **bank** or other financial institution to conduct financial transactions through a website (*wikipedia.org*). Online banking has many names such as online banking, electronic banking, e banking, virtual banking etc. The beginning of the modern online banking services were the distance banking services over electronic media from the early 1980s. The term 'Online' became popular in the late 1980 and referred to the use of a terminal, keyboard and TV to access the banking system using a phone line. 'Home banking' can also refer to the use of a numeric keypad to send tones down a phone line with instructions to the bank. Online services started in New York in 1981 when four of the city's major banks Citibank, Chase Manhattan, chemical and manufacturers offered home banking services using the videotext system. (Cronin, Mary J,1997). A mergers-and-acquisitions wave swept the financial industries in the mid-and late 1990s, greatly expanding banks' customer bases. Following this, banks looked to the Web as a way of maintaining their customers and building loyalty. A number of different factors are causing bankers to shift more of their business to the virtual realm. While

financial institutions took steps to implement e-banking services in the mid-1990s, many consumers were hesitant to conduct monetary transactions over the web. It took widespread adoption of electronic commerce, based on trailblazing companies such as America Online, Amazon.com and eBay, to make the idea of paying for items online widespread. (*wikipedia.org*)

Banking industry in Sri Lanka plays a vital role in managing financial assets. It has continued to perform its role of financial intermediation while the range of products and services offered it outreach underwent further expansion. Conventional banking activities have consumed lot of time as well as the cost to both customer and bank. Internet banking is now capturing the banking industry in Sri Lanka transforming the conventional banking activities to a web based online system. Introduced of internet banking reported from Sampath bank in 1988. Recent finding in Sri Lanka illustrates that customers were more resistance toward adopting such technology even it has more sufficient relative advantages. It was found that only less than 1% of bank customers, in general, use online banking, mobile banking, telephone banking and internet payment gateway (Suraweera et al, 2011). So with this prevailing situation this research study will drive on to identify the usage of online banking facilities among academic members for their banking activities

## 2. Research Methodology

The research data was collected by structured questionnaire and interviews. The questionnaire was administered to a randomly selected 100 sample of four faculties in University of Kelaniya, Sri Lanka. Only selected sections of the survey data will be cited in the present paper. The quantitative data was analyzed using descriptive research method.

## 3. Data Analysis

As illustrated in Table 01, 48 percent of the academic members use the online banking facilities for conducting banking transactions in the four faculties. While the 52 percent do not use the online banking for banking related services.

**Table 01**

Usage of Online Banking Among Academic Members

Users	Percentage	Non users	Percentage
96	48	104	52

**Table 02**

Academic Usage of Online Banking in Different Faculties

Faculty	Number of Users	%	Number of Non-users	%
Social Sciences	18	18.75	32	30.77
Humanities	12	12.5	38	36.53
Commerce and management	36	37.5	14	13.47
Sciences	30	31.25	20	19.23
Total	96	100	104	100

According to above table, almost many of the academic members in Faculties of Commerce and Management and Sciences are using online banking facilities, over the 68 percent of the online banking users were attached to the both faculties. However over 18 percent of the academics in the Social Sciences and 12.5 percent of the academics in the Humanities are using this facility for their banking activities. The research has identified the Faculty has a significant factor to influence on usage of online banking among academic members. Therefore, the faculty is directly affecting the rate of usage of online-banking. Since, members of Commerce and Management and Science are more familiar with online based academic teaching methods and they had sufficient awareness of financial institutions and their facilities. So they tend to use e-banking more than the other two faculties.

**Table 03**

Usage of online banking in different commercial banks

Bank Name	Number of accounts	Number of account for online banking use	Percentage
<b>State Banks</b>			
Peoples' Bank	182	28	15.4
NSB	71	20	28.2
Bank of Ceylon	63	16	25.4
<i>Total</i>	<i>316</i>	<i>64</i>	<i>20.2</i>
<b>Private Banks</b>			
Commercial Bank	127	41	32.3
Sampath Bank	174	43	24.7
Seylan Bank	46	15	32.6
HNB	38	08	21.0
NDB	32	05	15.6
Other	17	02	11.7
<b>Total</b>	<b>434</b>	<b>114</b>	<b>26.2</b>

Table 3 shows that usage of e-banking of University academics are mainly depend on the ownership of those banks, whether they are state owned or privately owned. According to above table, 316 accounts have maintained by 200 academic members in private owned banks while maintained 434 accounts in state owned banks. Customers of the two private banks, Sampath and Commercial Bank, are highly enjoying the facilities of e-banking and is followed by the other banks. 57 percent account use for online banking within Sampath and Commercial banks. Sampath bank is the first bank which was introduced online banking to Sri Lankan banking sector. According to research findings, private owned bank provide wide range of e-banking facilities compare with state own banks. Both Sampath and Commercial bank offer competitive online banking facilities and motivations for attracting their customers while other state owned commercial banks give less attention on electronic banking.

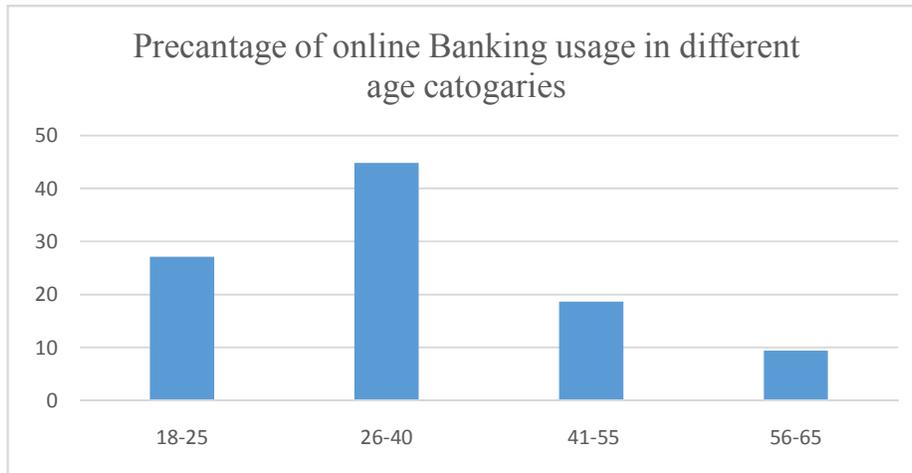
### 3.1 Usage of online banking of university academics in different age groups

According to the following chart, out of the entire sample of 200 academic members, 69 young and middle ages academics were using online banking facilities for their banking activities. Over 44 percent academics were using e-banking in the age category of 26-40. In addition, when considered the academic members in the age groups of 56-65 was represent the most less use age group among the different age groups. The research has identified the computer literacy, technological skills and awareness of the e-banking facilities

were the main factors for highly usage of online banking facilities among junior academic members than senior academics

**Figure 01**

Usage of online banking in different age groups

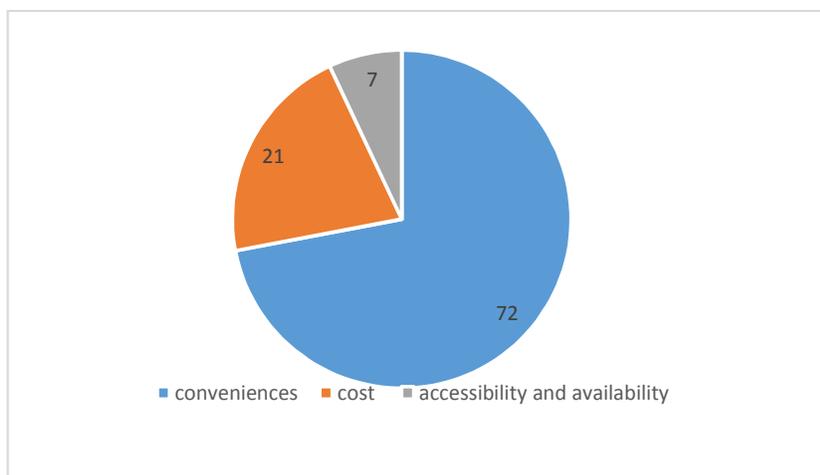


*3.2 Reasons for using online banking facilities among university academic members*

Customers may use e-banking for different reasons. These reasons highlighted by the academics for their use of e-banking is given in figure 2. According to the data , highest preference for online banking is the conveniences to its customers, online banking great towards to save time and effort of academic members with their busy time framework, 72 percent of the academic members find it as saving of their valuable time while 21 percent seek it as a cheaper way to access their accounts. While 7 percent of the academic members seek as an high accessibility and availability of usage of online banking

**Figure 2**

Reasons for Online banking among Academics

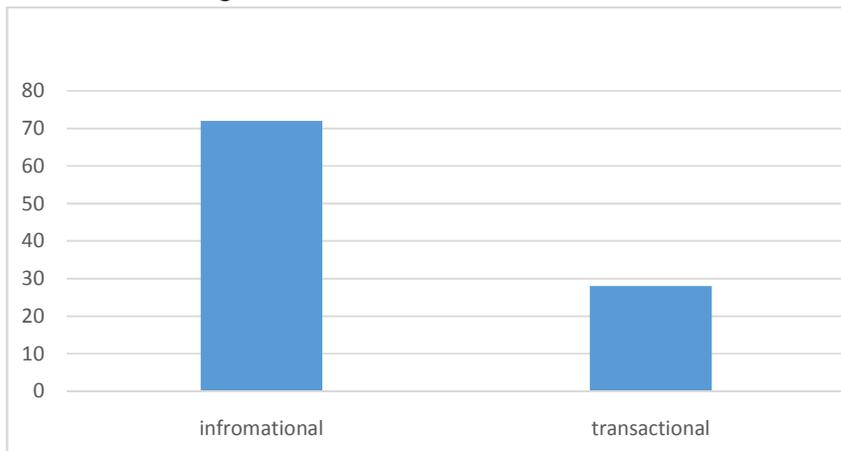


### 3.3 Usage of online banking facilities in different services

The research findings reveal that academics have only used information and transactional stage online banking facilities. It was identified that academics did not involve in Interactive stage online banking facilities. According to the Table 8, the 72 percent academics used informational level online banking facilities, such as check account balances, Information on account history, Information on Locate ATMs and branches, Cheque book request, Change PIN/ password, Cheque status inquiry etc. 28 percent academics have used online banking facilities for transactional activities, for instance, Credit card and utility bill payments, Fund transfers between own and third-party accounts, stock payments etc..

**Figure: 3**

Usage of online banking facilities in different services



**Table 5**

**Customers' level of satisfaction of online banking facilities**

Faculty	Satisfaction in usage online banking facilities				Total
	Very well	well	Normal	Poor	
Social sciences	03	08	06	01	18
Humanities	02	04	06	00	12
Commerce and Management	05	14	15	02	36
Sciences	04	12	13	01	30
<b>Total</b>	<b>14</b>	<b>38</b>	<b>40</b>	<b>04</b>	<b>96</b>

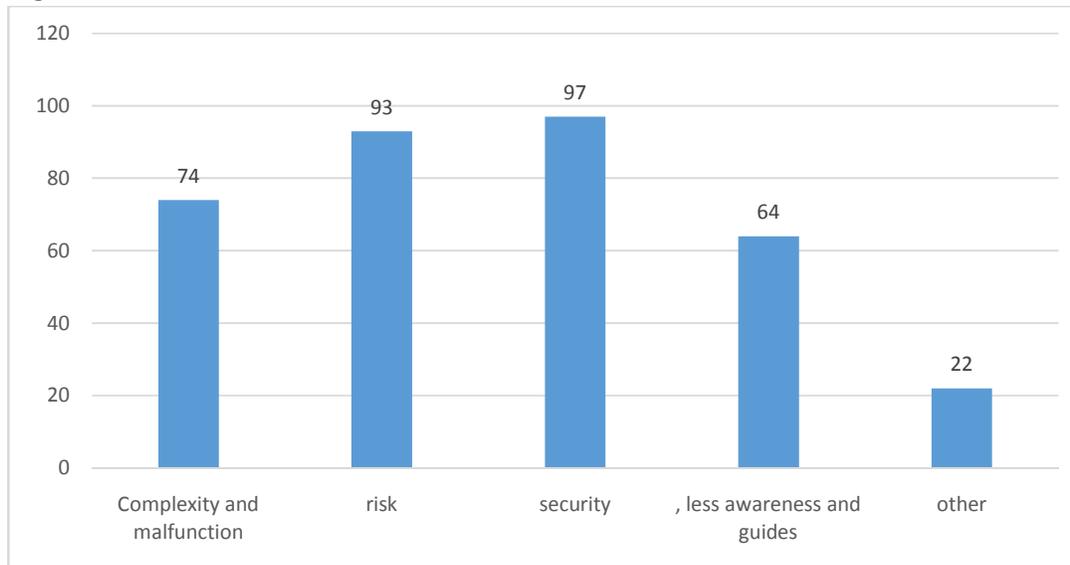
This research has shown that 14 academic members in four faculties 'Very well' satisfied with online banking facilities which they have utilized. Most of academic members in all faculties gave their preference to 'well' and normal satisfaction, followed by 38 and 40 from total users. Few of the academics have showed a 'very poor' satisfaction it was 4 person.

### 3.4 Reasons for non-using online Banking Facilities

This study identified that 52 of academic members in the four faculties still not using online banking facilities for their banking activities. Main five reasons have identified to less use online banking them. Complexity and malfunction, risk, security, less awareness and guides. Issue of security and risk were found

to be the most important factors that motivated academics to use online banking facilities. Over 90 percent academic not using online banking due to risk and security. Complexity and malfunction were the third significant reasons for non-use the online banking

**Figure 3**



#### 4. Conclusion

The study reveals that usage of online banking among academics were in middle average with used informational stage online banking facilities. Young and middle age academic members have high preference for using this facility while seen low rate among senior academic members. The ownerships of bank account is significant factor that has affected to motivate an internet banking facilities, most of the customers are attached to private banks have engaged with online banking than state own bank customers. Faculty and nature of teaching methods also have significant relationship for e banking usage among university academics. Compared with other two faculties academic members from Faculties of Commerce and Management and science have high preference towards online banking ,percentage of teaching in e learning and IT based courses have significant relationship for minimize the complexity of e banking facilities of academic members in above two faculties.

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