

**An Investigation into the Factors Influencing Consumer
Behaviour in the Online Banking Industry
A Case Study of First National Bank Consumers**

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in partial fulfillment of the requirements for the Master of Business
Administration**

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DECLARATION

I declare that this research report is my own unaided work. It is being submitted in partial fulfillment of the requirements for the Master of Business Administration degree at the University of Natal, Durban, South Africa. It has not been submitted before for any degree or examination in any other university.



Yasheen Kasavelu Naidoo

25th day of June 2002

DEDICATION

To my family, for their guidance, support and understanding.

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ABSTRACT

Advances in technology have changed the way business is conducted. In particular, the advent of internet/online banking in the financial sector, has revolutionised the banking industry.

Despite the introduction of online banking in the 90's, the number of consumers converting to the offering has progressed slowly. There are numerous reasons for this, one of them being lack of infrastructure, high Internet costs and more importantly the mindset of the customer.

Banks are competing on the basis of technology and service offering to win a sizeable share of the online market. However very little is known about the factors influencing consumer behaviour in the South African online banking market.

This study aims to investigate the psychological and cultural factors influencing consumer behaviour in the online banking sector. It will also investigate the process of decision making that result in consumer behaviour outcomes in the online banking sector.

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GLOSSARY

LSM – Living Standards Measure

ABSA – Amalgamated Banks of South Africa

USA – United States of America

UK – United Kingdom

FNB – First National Bank

CHAPTER 1 – SCOPE AND METHOD OF STUDY

1.1 Introduction

The study of the factors influencing consumer behaviour is essential to business as it has a direct impact on purchasing behaviour. A greater understanding of consumer behaviour may result in improved profits for businesses. This chapter will provide a brief outline of studies conducted throughout the world on factors influencing consumer behaviour in the online banking industry. It will thereafter, propose the need for a similar study in the South African online banking sector and will elaborate on the research methodology to be followed. The limitations of the study will also be documented in this chapter.

1.2 Background

Consumer behaviour according to Hoyer and MacInnis (2000:1), encompasses four domains: 1) the psychological core, 2) the process of making decisions, 3) the consumer's culture and 4) consumer behaviour outcomes. In making decisions which affect outcomes such as utilising a new service, consumers must first engage in the processes described in the psychological core. For instance consumers need to be motivated, able, and also display a need for information.

Motivation is defined as an inner state of arousal, with this aroused energy directed to achieving a goal. When motivation to achieve a goal is high, consumers are more likely to pay careful attention to the goal, think about it and attempt to understand it. Motivation to process promotional information about the product category is enhanced if it is personally relevant to consumers. ABSA's promotional offering of free Internet access to the South African public in order to convert consumers was

very successful and ABSA has overtaken South Africa's largest Internet service provider, M-web, in the number of subscribers (www.futurecompany.co.za). E-bucks.com is using the incentive of free eBucks to convert traditional consumers to the online offering (www.ebucks.com).

Elements regarded as personally relevant are the consumer's needs and the degree of risk perception. Functional needs motivate the search for products to solve consumption-related problems. Studies conducted by Dabir-Alai and Griffin (2001) (www.cgey.com), in the United Kingdom, indicate that today's consumer is more sophisticated and has a greater awareness of financial matters. Hence consumers are more demanding and seek to maximise leisure time and avoid time wasting. They are willing to utilise the latest technology in pursuit of speedy and effective service. A survey conducted by Amanda Fund (2001:17), revealed that consumers questioned the perks offered to users of an online service.

Perceived risk refers to the extent to which the consumer is uncertain about buying, using or disposing of an offering. Amanda Fund's survey (2001:17) indicates that 47% of consumers surveyed preferred to conduct their banking at a local branch, as it was safer and more convenient. Some of the concerns surrounding Internet banking are fraud and security on the web. Further concerns expressed by consumers in a study conducted by Dabir-Alai and Griffin (2001) (www.cgey.com), were system reliability and the unavailability of banking products online.

Consumer ability is defined as the extent to which consumers have the necessary resources - knowledge, intelligence and money - to make an outcome happen. Knowledge can come from product or service experience and will affect usage. ABSA

has been sharply criticised for failing to refine its retail e-banking systems (www.futurecompany.co.za/2001/05/25/review.htm) (Mcleod 2001). ABSA failed to follow up on e-mail requests and its site is slow and not user friendly. There are more than 153 million people online worldwide. The South African market comprises only 0,6% of this market. South African websites are seen as boring, unprofessional and customer service is poor (www.marketingsite.com).

High levels of intelligence and education enhance the consumer's ability to process more complex information and make decisions. Lack of money constrains consumers who might otherwise have the motivation to engage in a particular behaviour. According to the Living Standards Measures (LSMs) compiled by the South African Advertising Research Foundation, approximately 20% of the South African population falls between LSM categories 7 to 10. This constitutes the middle-to-high social-class grouping. The average age in this group is thirty five. Education levels in this group are a matriculation certificate and higher education. Income ranges from R5000 to R14 000 per month. This group is also more likely to have access to the Internet. (www.saarf.co.za). Living Standards, measures the South African population's buying patterns, educational levels, lifestyle patterns as well as exposure to various media. Very often these measures can establish trends within certain LSM groups. LSM groups 1 to 4 represent the low economic group with educational levels ranging from primary school completion to some high school education. Incomes range from R748 to R1595 per month. Many live in rural areas and a large portion of the population falls into this category. LSM groups 5 and 6 represent the middle-income sector with earnings ranging between R2 289 a month and R3 731 a month. Ages in this group are between 16 and 34. Many within this group have a high school education, participate in a number of activities and are exposed to various forms of

media. They also own a number of durable items. LSM groups 7 to 10 represent the middle-to-high income groups. These groups have access to all services and have full ownership of durable items including personal computers (www.saarf.co.za).

The challenge for banks is to convert the large majority of South Africans to the online offering. In an attempt to increase online usage ABSA increased offline transaction fees by 157% while online charges remained below inflation. (www.futurecompany.co.za) (Mokoditsoa 2001). However in doing so the bank runs the risk of losing the bulk of its lower-income customer base

Research conducted in Singapore indicates that professionals, executives and managers constitute 64,8% of the online banking client base (www.netvalue.com). Research conducted in the USA states that clients between 35 and 40 years old are the main users of Internet banking while the segment of users between 30 and 35 years old are in second place and usage in this segment is growing rapidly (Landolt & Hochgraf, 2001:47). The bank of Bahrain in Kuwait is introducing mobile telebanking and other leading- edge services to youth aged up to 17 years. Between 45 and 50% of Bahrain's population is in the 1 to 17 age group. Young account holders can get loans for educational purposes at preferential interest rates. Research conducted by Citibank in USA, shows that Internet banking has increased by 29% and transactions through this channel have increased by 49% in 2001 (Zarcone, 2001:12). Surveys conducted in Europe and Singapore also reveal a dramatic increase in Internet banking (<http://www.uk.jupiter.com>).

Online banking was introduced to South Africa in 1997. Currently the major banks in the country, Standard Bank, ABSA, First National Bank and Nedbank, offer online

banking options. An online banking service offers the following: balance inquiries on all accounts, transaction history, inter-account transfers, downloading of bank statements, account payments, application for other services such as homeloans, and changes to personal details (Pieterse, 2001:32-38). Electronic banking is a highly competitive, rapid-growth industry. Banks are competing on the basis of the latest technology, user-friendly websites and 'first to the market' product offerings. This is done in an effort to add value to the client's banking experience so retaining clients as well as gaining a greater market share (Basson, 2001:24-30). Online banking reduces manual administrative processes, resulting in a reduction in bank charges. Online services offer free account and cheque statement downloads. Further savings for the customer include applications for credit cards and chequebooks. Applications can be made online thus reducing the cost of travelling to a branch.

The literature reviewed indicates that some research has been conducted into the factors influencing consumer behaviour in online banking. These studies were however conducted in The United States of America (USA), The United Kingdom (UK) and Singapore, where the online banking industry is fairly established. In South Africa online banking is a relatively new, fast-growth industry. Very little research has been conducted in South Africa into the factors influencing consumer behaviour in the online banking sector, hence creating a need for such a study.

1.3 Need for the Study

'The Internet has brought about a revolution in how companies will interact with their customers, business partners and suppliers in the future. An effective web presence is the basis for strengthening customer relationships and building a strong brand in the

future. Market research can provide guidance on what people like and what they don't on websites. (www.businessday.co.za).

There is limited understanding of the factors influencing the South African consumer in the online banking sector. Banks are competing to gain the largest share of the South African online market. Thus far, banks have been competing on the basis of technology and first-to-the-market product offerings. A greater understanding of factors influencing consumer behaviour could allow banks to put in place creative solutions and plans to attract consumers to their online offering.

Therefore for firms to take advantage of the online market segment a greater understanding of consumer behaviour is required.

1.4. Problem Statement

The recent introduction of online banking in this country has created a highly competitive fast-growth industry. There is however, little understanding of the key factors which influence consumer behaviour in the online banking sector. Do these factors include age, education, income, safety or access to free Internet facilities? Hence the question: What are the factors that influence consumer behaviour in the online banking sector?

1.5 Aims and Objectives

- Investigate the attitudes of consumers towards online banking.
- Identify the key consumer behaviour factors which drive online banking.
- Identify the factors that hamper online usage

1.6 Hypothesis

- Consumers aged 30 and older are more inclined to use online banking.
- Consumers will be more inclined to use online banking services if they consider the service to be cost effective.

1.7 Research Methodology

1.7.1 Sample Size

A sample of 100 First National Bank (FNB) customers will be drawn from an area sample in the Gauteng Province only.

The population will comprise First National Bank customers banking at Killarney branch and First National Bank customers at the University of the Witwaterstrand. Customers at Killarney represent consumers aged 30 and older while customers at the University of the Witwaterstrand represent the 18 to 30 year-old market. Customers will be interviewed and the behaviour, perceptions and attitudes of those aged 30 and older will be compared to those aged between 18 and to 30.

1.7.2 Sample Type

A complex probability sampling technique will be used and the stratified random sampling approach will be applied. First National Bank customers will be stratified according to age group. Killarney represents an upper-class neighbourhood with older residents and high levels of employment and high-income levels. Consumers have their own vehicles and educational levels may vary according to age groups. The University of the Witwaterstrand is in Braamfontein and represents a younger market. Consumers frequenting the area utilise public transport, have high levels of education and will earn higher salaries.

A complex probability sampling technique is more efficient and precise when dealing with a smaller sample size. A stratified random sample increases a sample's statistical efficiency and provides adequate data for analysing the various sub-populations.

1.8 Research Instrument

1.8.1 Research Design

An exploratory research will be conducted. Exploratory research is useful in identifying the main subject areas in the study. Exploration develops concepts more clearly, develops operational definitions and improves the final research design. The objectives of exploration can be achieved by using both qualitative and quantitative techniques.

1.8.2 Research Instrument

The research instrument is a structured questionnaire. The use of questionnaires is efficient and economical. Further value includes the depth and detail of the information secured.

1.8.3 Steps in Developing the Research Instrument

Two focus groups, a traditional and a telephonic focus group comprising six to ten people, will be used to determine the development of the questionnaire. Focus group participants will be bank customers. A pilot questionnaire will be tested with fifteen to twenty respondents. The final questionnaire will be updated after pre-testing.

1.9 Data Analysis

1.9.1 Chi – square test: This technique will test for differences between observed distribution of data among categories and expected distribution based on the

hypothesis. This test will measure the extent of difference between the hypothesis and the actual observation. This is a non-parametric test.

1.10. Validity and Reliability

1.10.1 Content Validity

The survey instrument will contain questions that cover the research topic. To ensure content validity and that the instrument adequately covers the topic, a pilot questionnaire will be tested on 10 people.

1.10.2 Internal Validity

The research instrument must be able to measure that which it is supposed to measure. Differences found in the measuring tool must reflect true differences between respondents being tested. To this end, all respondents will be guaranteed anonymity ensuring that honest opinions and answers are provided.

1.10.3 Concurrent Validity

Respondents will be categorised according to educational level, age, gender and socio-economic group. Responses provided will be crosschecked to ensure that respondents are placed in the correct categories.

1.10.4 Reliability

Reliability is concerned with estimates of the degree to which a measure is free of random error. A measure is said to be reliable to the degree that it provides consistent results. In this study, adding similar questions to the data collection instrument will broaden the sample of measurement questions.

1.11. Bias Control

- The researcher is an employee of First National Bank.
- First National Bank employees will not be interviewed.
- The questions presented in the survey instrument will be clear and unambiguous to avoid distortion.
- Respondents may be dishonest about the income earned as well as educational levels. However a structured questionnaire, using the survey method of data collection, will make it easier for the respondent to complete sensitive information. The interviewer will check for the completion of the questionnaire.
- The research will be contextualised to two areas in Gauteng only.
- Interviewers will establish if respondents are FNB customers and will be pre-screened to ensure they fit the population profile.
- The questions presented in the survey instrument are clear and unambiguous. However the interviewer will explain questions that some respondents may find difficult to interpret. In some cases the interviewer may have to translate to ensure understanding.

1.12. The Use of Electronic Resources

Electronic banking is relatively new in the South African market and research on the topic is limited. The research available is very current hence the use of Internet searches and electronic journals in this study. Articles from the *Business Day* and *Financial Mail* archives are also used. Research conducted on online banking was carried out in the United States, Singapore and Europe. Again, Internet allowed access to this information through inter-library searches.

1.13. Summary

This chapter has detailed how this study will attempt to contribute the body of research on the factors influencing the behaviour of the South African consumer in the banking sector. The study will also attempt to show the value of such research to the banking sector in South Africa.

The assumptions made in this chapter are that age influences the use of online banking and that consumers will be more inclined to use the online banking service if they consider it to be cost effective. The objectives of the study are to investigate attitudes towards online banking, identify factors driving online use as well as factors hampering the use of the online banking service.

CHAPTER TWO – LITERATURE REVIEW

2.1 Introduction

The study of consumer behaviour creates an awareness of subtle influences that persuade buyers to make certain product and service-related choices. It is essential for marketers to understand the internal psychological and external cultural and social influences which result in certain consumption related behaviour. Consumer behaviour therefore integrates existing knowledge from the field of psychology and sociology into a body of information about consumers and their buying patterns.

2.2 Psychological Forces influencing Consumer Behaviour

2.2.1 Motivation

Consumers can be motivated to engage in behaviour, make decisions or process information, and this motivation can be seen in the context of acquiring, using or disposing of an offering (Hoyer & MacInnis, 2001:54). The outcomes of high motivation include goal-relevant behaviour, high information processing and decision making.

Abraham Maslow produced a theory for human motivation entitled: 'Hierarchy of Needs'. Maslow stated that all humans have the same basic hierarchy of needs which motivates consumer behaviour. The hierarchy is:

- Physiological motives: basic needs which must be satisfied if the individual is to survive.
- Safety motives: security, protection, stability and routine.

- Love motives: encompasses the need for affection and affiliation, warmth and interaction with family and friends.
- Esteem motives: include the need for self respect, prestige, success and achievement.
- The self-actualisation motive: includes the need and desire for self-fulfilment.

Lower level needs must be met before high level needs can be satisfied. Within the South African context LSM groups 1 to 4 would focus on meeting physiological and safety needs while LSM groups 5 to 10 would focus on fulfilling love, esteem and self actualisation needs. Critics, according to Hoyer and MacInnis (2001:60), believe that the hierarchy is too simplistic. The hierarchy ignores the intensity of needs. It is not simply the existence of needs but their intensity that affects motivation.

When motivation is high, consumers are willing to engage in behaviours relevant to achieving their goal. Consumers are also more inclined to process information and make decisions if motivation to achieve a goal is high.

According to Sasha Planting (2000) (www.businessday.co.za), Absa and Nedcor online sites reflect the service of the offline bank but neither demonstrates any compelling reason to drive users onto the Internet. FirstRand, with e-Bucks.com, aims to drive usage of the Group's financial services products by rewarding customers with virtual currency for every financial product used. First National Bank aims to add functionality to their Internet banking site. Standard Bank's bluebean.com offers consumers a credit card facility with a reward scheme linked to an online shopping mall (www.businessday.co.za)

ABSA's sustained marketing campaign during 2001, offering free Internet access in an attempt to promote its online offering, yielded the desired affect. 20 800 people

signed up in the first three days of ABSA's free Internet service. ABSA spokesperson Julie Maclain said that ABSA believed that most subscribers were experienced users but the bank could not say how many of the subscribers were ABSA online clients (Stones 2001) (www.businessday.co.za). In March 2002 ABSA withdrew its free Internet service, as most subscribers were not ABSA online customers. A task team found that ABSA would spend an estimated R45 million a year maintaining the large but unprofitable user base (www.businessday.co.za). Many were Internet users only and were abusing the system through hacking (Stones 2001)(www.businessday.co.za). Hence consumers processed the media information as the free Internet option was the first of its kind and was a viable option to M-Web's monthly subscription fee for Internet usage. Since the service was launched however, the number of people banking online with ABSA has increased from 150 000 to 250 000. The 67% growth has given ABSA a 36% share of South Africa's online banking business. The number of online banking transactions has risen from 5,3 million a month in January 2001 to 9,5 million in October of the same year. The value of transactions rose by 88% from R3,3bn to R6,2bn. ABSA customers will continue to enjoy free Internet access (Stones 2001) (www.businessday.co.za). This is an indicator that free Internet access could be a factor in motivating clients to bank online.

However many customers are not willing to make the paradigm shift and utilise online facilities. As the Business Day (February 2001) (www.businessday.co.za), states, 'can anything replace face-to-face transactions at banks completely? Probably not ...the more things change the more they stay the same'. These subscribers were situationally involved in the free Internet offering, however they were not motivated or cognitively involved in learning to utilise ABSA's online banking offering.

An article by Mcloed and Planting (2001) (www.businessday.co.za), states that one of the factors which has slowed online retail in South Africa is that companies which build online sites create no compelling reason for people to shop at them. On the other hand, director of e-commerce at Standard Corporate Merchant Bank, Magnus Taljaard, says that their new business online website will provide Standard Bank customers with a single window into all the banks corporate services. Business users have already started moving onto the Internet because of the convenience it offers. The bank's business site has recorded growth of 30% in the past year (Harris 2001) (www.futurecompany.coza).

2.2.2 Perceived Risk

Perceived risk increases consumer's motivation to process information. Perceived risk reflects the extent to which consumers are uncertain about the consequences of buying, using or disposing of an offering (Hoyer & MacInnis, 2000:67). Anthrax scares in the United States saw enrolment to online banking increase by 20% between September and November. Customers enrolling wanted to operate in a paper-free environment and wanted to avoid leaving home (*Consumer Reports*, 2002:28-31). A survey states that security is uppermost in online banking consumers' minds. The concerns include the increasing risk of identity theft as more banking information surges through the net. 60% of consumers surveyed were concerned that online banks would share their personal information including account information (*Consumer Reports*, 2002:28-3).

In South Africa people are nervous about releasing credit card and other banking details to companies on the web. Hence ABSA and FNB's eBucks.com projects have experienced problems in enticing clients (www.businessday.co.za).

2.2.3 Attitudes and Perceptions

‘Attitudes are an expression of inner feelings which reflect whether a person is favourably or unfavourably predisposed to some “object” (for example a brand, a service, a retail establishment) (Schiffman & Kanuk, 1987: 270).

Attitudes are learned and those which result in purchase behaviour are formed as a result of direct experience with the product, information acquired from others, and exposure to mass media. Attitude motivates consumers towards a particular behaviour. According to Mink (2001:4), of the ten countries studied, 3% of consumers had no interest in online banking as customer service is what really matters and they receive that at a traditional bank.

Attitudes are consistent but are not permanent. Situations and circumstances also influence the relationship between attitudes and behaviour. Hong Kong’s banking sector has embarked on an aggressive promotion campaign to enhance the level of awareness of online banking to corporate clients (*New Strait Times – Times Management*, 2001:2-5). The features being promoted are technology such as encryption to enhance security on the net, speed and ease of use of online banking services. In the United States, slower postal service due to anthrax scares saw people turn to online banking to ensure payments such as mortgages were made on time.

Attitudes consist of three components: a cognitive component, an affective component and a connotative component. Knowledge (cognitions) and perceptions are acquired by a combination of direct experience with the object and information from numerous sources. This knowledge and the ensuing perceptions result in a particular belief about the product or offering. *Consumer Reports* (2002:28-31) reveals that consumers

applying online continually experience time-out problems and very often have to restart the process. The whole process could take up to three hours and the perception is created that the application process for online banking is long and drawn out. According to Axel Burhrmann (www.business2.co.za), it may be possible that established patterns of consumer behaviour could prove to be the strongest inhibitors to widespread adoption of wireless retail banking services.

A consumer's feeling toward a particular product or offering is referred to as the affective component of an attitude and is evaluative in nature. Research has proven that high online penetration of a bank's customer base does not automatically translate into profit. The risk exists that customers sign up but do not end up using it regularly. Customer profitability depends on the ability to offer the customers the right product at the right price (Hugget & Moolman, 2002) (www.businessday.co.za). Connotation refers to the consumer's intention to purchase.

2.2.4 Perception

'Consumer perception is an activity whereby information is extracted from the environment, interpreted and organised on the basis of known perceptual principles and utilised in the interests of consumer goals or motives' (Reekie & Brits, 1997:95-96). Different consumers will perceive a product offering differently, depending on their needs. Anton de Souza, General Manager of retail banking at Nedbank says that banks should be marketing the value-add of online banking services such as saving time, petrol, parking costs and not having to leave home. Nedbank has also launched a virtual shopping mall for customers through the banks secure website (www.businessday.co.za). Consumers looking for convenience and time saving will process the material and will perceive the option provided by Nedbank as viable.

A further perception, according to a report by *Consumer Reports* (2002:28-31), is that online banking is expensive and banks are not always upfront about the fees charged. Steven Gardner (2002) states that some banks in the United States are establishing useful Internet programs in an attempt to persuade clients to sign up as online users. The programs aim to create a shift in consumer thinking, encouraging them to feel secure in utilising Internet banking. According to Trembly, a relatively small percentage of traditional banking customers believe their banks are good places to purchase financial products. Only 15.5% of the traditional customers who also visit their bank's website say their banks would be a good place from which to purchase financial products. The study was conducted nationwide in the USA. Charlene Stern of Berkley Stern Marketing Group states that virtual banks are solving a persistent brand image problem: that banks are no place to buy investment products. The key question according to Stern is: 'who can create the brand which will be both online and brick and mortar?' A further survey by the financial services market researcher, the Tower Group, indicates that even in the US, where most consumers have access to an Internet connected personal computer, people have been slow to move away from traditional retail channels (Harris 2001)(www.futurecompany.co.za).

2.2.5 The Decision-Making Process

The decision-making process is triggered by the identification of a consumption-related problem. According to Hoyer and MacInnis (2001:228), problem recognition is the perceived difference between an ideal and actual state. An ideal state reflects the real situation. Notions of an ideal state are based on one's goals and aspirations, as well as past experience. One's actual state is a response to a need; for example you run out of milk and must purchase a carton. In Singapore the demographics of online

bankers are busy executives and professionals who do not have time to visit traditional branches (www.netvalue.com). Consumers are now more knowledgeable and demanding. They are more confident in their buying behaviour and are willing to adapt to e-commerce (www.watsonwyatt.com).

In solving the recognised problem, consumers embark on an internal search. Four types of information are retrieved by an internal search: (1) brands, (2) attributes, (3) evaluations and (4) experience.

Consumers will remember brands which are familiar to them as well as brands which they prefer. For instance, the top four banks in South Africa, ABSA, Standard Bank, Nedbank and First National Bank have strong brand names through maintaining high brand awareness and associations. ABSA and Standard are believed to have highest online consumers while Saambou's 20twenty online banking venture, while very advanced, failed to succeed as Saambou was traditionally known as a building society. According to Pollit (2001) (www.emeraldinsight.com), young people are particularly susceptible to the power of the brand. Pollit (2001) (www.emeraldinsight.com), suggests the Internet as a way to cultivate long-term loyalty in the teenage/youth market.

When engaging in an internal search, consumers are not able to remember specific information about products or services. Consumers recall attribute information which is simplified information. Information which is more accessible or available and which has the strongest associative links is most likely to be recalled and entered into the decision process (Hoyer & MacInnis, 2001:229). Marketing communications draw attention to specific features making them relevant to the consumer. *Business Day*

(2002) (www.businessday.co.za) states that negative publicity of fraudulent Internet banking sites has not helped online banking. However high crime rates and robberies at branches also create negative publicity for traditional branches.

According to Rentas-Guisti (2001:40), many online banking services offer customer support via e-mail or telephone to assist clients who may encounter difficulties given the complexity of online banking. On the other hand, Bach states that habit and not cost is the main hindrance to online banking. Most consumers are accustomed to conventional, traditional face-to-face contact with their banker. This habit is often difficult to break. Diagnostic information distinguishes one offering from another. The Standard Bank website is both user friendly and fast (www.mymoney.jafrica.com), while Duncan Mcleod's experience with ABSA's website in March '01, was slow and difficult to use, resulting in him switching to an alternative bank (www.futurecompany.co.za). Internal search also involves the recall of experiences with the product. Saambou's client base may dwindle after the bank was placed under curatorship. Client accounts were frozen and they were unable to access the bank's Internet site. This has resulted in the brand being devalued.

In reaching a decision, consumers may also engage in an external search. Consumers may utilise media, retail stores and interpersonal searches in gaining information on a particular product or service offering. Consumers would typically search by brand, and source all the relevant information about that brand before moving on to the next. They would also search by attributes by which brands are compared.

2.3 The Influence of Cultural Factors on Consumer Behaviour

2.3.1 Social Class

‘Social class is defined as the division of members of society into a hierarchy of distinct status classes so that members of each class have relatively the same status and members of all other classes have either more or less status’ (Hoyer & MacInnis, 2001:436). Most societies in the world are stratified into class. Social class is however not the same as income. Income, occupational status, age, education and living conditions are factors which contribute to determining an individual’s social class.

In the United States, Warner’s six classes are used to segment society. Within the South African context Living Standard Measures (LSMs) are utilised by marketers to understand the segments within South Africa. LSMs range from 1 to 10. Factors determining the LSM group to which a particular consumer belongs include: demographics (age, educational level, income, gender), exposure to media (radio, TV, newspapers and cinema) and general categories which include access to services, ownership of durables including computers and satellite dishes, and participation in community and sporting activities. LSM groups 1 to 6 represent poor and middle class communities with incomes between R748 and R 3731 a month. LSM groups 7 to 10 have incomes between R5495 to R13 406 per month. They represent a small percentage of the population (15%).

Alan Goldstein (2002) (www.thedallasmorningnews.com), states that many Americans have purchased personal computers in recent years to take advantage of the World Wide Web. Electronic banking in the United States appears to be heading for the mainstream. About sixteen million U.S households used the Internet for banking in

2001 and the figure is expected to rise to twenty-one million homes this year. According to Jupiter Media Metrix this is expected to rise to forty-three million in 2006.

In South Africa about 15,7% of the population own personal computers (www.saarf.co.za). According to Mcleod and Planting (2001) (www.businessday.co.za), the South African online market is too small to support B2C e-commerce, except in a few small niches. Computer penetration at home is very low and where there is penetration, there are obstacles such as dial-up speeds. Most people access the Internet from work but in most instances employers only allow their staff access to certain websites. There are other factors at play in South Africa, preventing B2C growth. One is South Africa's high Internet access costs. The longer you're online the higher the cost of the connection. As the economy becomes tougher consumers become less confident and want to reduce telephone costs resulting in less time spent online (Mcleod & Planting 2001) (www.businessday.co.za). Lance Harris notes that observers have long maintained that South Africa, with its small population of Internet users and high telephone costs is not a good environment for ambitious online ventures (Harris 2001) (www.futurecompany.co.za). *Business Day* (2000) (www.businessday.co.za), states that in South Africa Internet banking is just one of the remote or convenience services a bank can offer its clients. 10 % of Nedbank clients bank online, 1% of ABSA clients, 8% of First National Bank clients and 2% of Standard Bank's clients. Online users are limited to those with access to a computer and Internet connectivity. Most of Nedcor's online users are self-employed professionals. Martin Pienaar, General Manager of Nedbank, says that many businesses have Internet connections which allow employees to make use of online banking, but it lowers the entry level of clients who bank online.

According to Bergen Peterson of the Columbia Credit Union, customers who use online banking are not necessarily richer but have multiple other reasons for doing so. Those who use electronic services tend to have more banking products per household. Steven Shipside (2000:2), says that online banking will eventually take the lion's share of the financial services market. Financial services like banking are suited to the Web's rapid delivery of information. According to him, combining this rapidity with free unmetered web packages which USA phone companies offer, will soon produce a society which won't hesitate to check the Web to get the best price before buying anything.

2.3.2 Age

Age groups can be treated as subcultures because people of different ages often share distinctive values, meanings and behaviours. Marketers must be cautious, however, about segmenting consumers on the basis of actual age. Many adult American consumers think of themselves as ten to fifteen years younger than they really are. Their behaviour and cognition is more related to their psychological age than their chronological age (Peter & Olson, 1994:363). The four major age groups recognised by marketers are (1) Teenagers, (2) Generation X'ers, (3) Baby Boomers, (4) The 50 and older market.

2.3.3 The Teen Market

Teenagers have an influence on household purchasers and also have their own discretionary purchasing power. It has been found that brand loyalty is established early among teenage shoppers. According to Peter & Olson (1994:363), this market is important for many products and services because there is a potential to develop brand loyalty which may last a lifetime. According to Pollit (2001)

(www.emerald.insight.com), a survey carried out in Britain shows that 74% of 15 to 19 year olds have a cellular telephone compared with only 52% of adults. Pollit recommends that marketers take time to understand and communicate with youngsters aged between 1 and 20, as they spend more than six hundred billion dollars *a year* in the USA. 10% of the South African population falls in the 15 to 19 age group (www.statssa.gov.za).

2.3.4 Generation X'ers

Generation X'ers were born between 1965 to 1976. They tend to find success and achievement in being at the cutting edge of technology. 43% own their own computers and the group as a whole makes up the heaviest core of Internet users. According to survey results posted on the website www.greenwhich.com, generation X users aged between 18 and 36, spend nearly one working day – 6,3 hours - online each week. The Internet is increasingly becoming the way to reach this group. According to Steve Shipside (2000:2), generation X'ers are more open to purchasing insurance from alternative channels than either baby boomers or seniors. He added that because younger consumers tend to spend more time online they are more comfortable with purchasing financial services products on the Internet. According to Bill Stoneman (2001:4), the greatest concentration of computer owners who have banked online in the USA is in the 18 to 34 year-old category, representing 30% of the market. Generation X'ers represent 16% of the South African population. (www.statssa.gov.za).

2.3.5 Baby Boomers

Baby Boomers are those born between 1946 and 1962. This group is now between early 40s and late 50s - the prime earning and spending years. Baby Boomers

represent 13% of the South African population (www.statssa.gov.za). The Baby boomer market is the most lucrative and challenging.

2.3.6 The Mature Market

The Mature Market represents consumers aged 50 and older. Members of the Mature Market are usually free of most of the financial burdens associated with child rearing, homeloans and furnishing homes. The fifty-and-older age group is resistant to change and the adoption of new products especially technology products. The reluctance of consumers, particularly older people, to change their banking habits is an inhibitor (Harris 2001) (www.futurecompany.co.za). 9,8% of the South African population falls within the 50 and 69 year old age group. (www.statssa.gov.za). According to South African Advertising and Research Foundation LSM groupings list, the 50+ age group falls under LSM group 1, representing a group that received a primary school education only. According to Bill Stoneman (2001:4), just 15% of the USA population aged 55 to 64, owns a computer and only 9% of this group banks online.

2.3.7 Education Levels

According to the population census of 1996, (www.statssa.gov.za), only 10% of the South African population, has a matric education. 1,7% of the population has a matric plus a certificate and 0,89% of the population has a matric and a university degree. Education levels play an important part in determining consumers' use of online banking.

2.3.8 Opinion Leadership

Opinion leadership is the process by which one person - the opinion leader - informally influences the actions or attitudes of others. Opinion leaders are the source

of both information and advice about their experience of a product. Motivation theory suggests that people may provide information to others to satisfy some basic need of their own. Opinion leaders may also be trying to reduce their own post-purchase dissonance. The purchaser may relieve their psychological discomfort by discussing it. Thus opinion leaders' true motivation may be self-involvement. Product involvement, social involvement and message involvement may also motivate them. Opinion leaders may be pleased to tell others about their disappointment with a product. Hence consumers experiencing speed problems or security breaches with Internet usage may choose to relay their experience to others. This contributes to some of the perceptions relating to safety and Internet banking.

2.4 Summary

Psychological as well as cultural forces influence consumer behaviour. The psychological factors influencing consumer behaviour are:

- Motivation
- Perception
- Attitude
- Perceived risk

Cultural factors influencing consumer behaviour are:

- Social class
- Age
- Education levels

Both internal and external factors influence the decision making process which in turn influences the consumer behaviour outcome.

CHAPTER 3 – RESEARCH METHODOLOGY

3.1 Introduction

This chapter details the research approach used in this study. It will elaborate on the sampling technique used, steps followed in the construction of the research instrument and the method used for data analysis.

3.2 Secondary Data

Research for this study, began with the exploration of secondary data. Journals, electronic resources and newspaper articles were reviewed. According to Cooper & Schindler (2000:140), the review of prior studies assists with the identification of methodologies which can be proved successful or unsuccessful. The hypotheses were built on information compiled from secondary sources. ✓

3.3 Sample Size

According to Schindler & Cooper (2000:163), the basic idea behind sampling is that by selecting some of the elements of a population, conclusions can be drawn about the entire population.

There is a trade off between the degree of confidence and degree of precision with a sample of fixed size. It is only when the sample size is allowed to vary that one can achieve both specified precision and specified degree of confidence in the result (Gilbert & Churchill, 1976: 338).

The sample size in this study is 100 First National Bank customers. Validity of a sample depends on two considerations: accuracy and precision (Schindler & Cooper, 2000:164).

Accuracy is the degree to which bias is absent from the sample. The research must account for systematic variance, that is variation in measures due to known or unknown influence, which causes scores to lean in one direction more than another. Bias in this particular study has been accounted for and is fully outlined in chapter one of this document.

Precision is a second criterion of a good sample design. Precision is measured by the standard error of estimate. The smaller the standard error of estimate, the higher the precision of a sample. Sampling error is what is left after all known sources of systematic variance have been accounted for (Schindler & Cooper, 2000:165). This has been accounted for under the analysis of results in appendix 1.

3.4 Complex Probability Sampling

According to Schindler and Cooper (2000:183) complex probability sampling is more efficient in a statistical analysis because it provides a given precision with a smaller sample size. A sample size of 100 is relatively small. It is also economically more efficient as it provides a desired precision at a lower cost. There are four alternative probability sampling approaches, one of them being stratified sampling.

3.4 Stratified Sampling

Stratified Sampling can be distinguished by the following procedure:

The parent population is divided into mutually exclusive and exhaustive subsets.

A random sample of elements is chosen independently from each group or subset (Gilbert & Churchill, 1979:317).

Stratified sampling increases a sample's statistical efficiency, provides adequate data for analysing various sub-populations and enables different research methods and procedures to be used in different strata. Stratified samples produce statistics which have a smaller sampling error.

First National Bank customers will be stratified according to the variable age group. There will be differences in income, education and living standards in each stratum. The two areas from which the samples will be drawn, represent distinct economic areas, one representing an upper-class neighbourhood and the other a low-to-middle socio-economic neighbourhood.

3.5.1 Proportionate Stratified Sampling

In Proportionate Stratified Sampling each stratum is properly represented so that the sample drawn is proportionate to the stratum's share of the total population (Schindler & Cooper, 2000:186). In this study the total sample size is 100. A sample of 50 respondents will be drawn from the First National Bank customers at the University of the Witwaterstrand. Those respondents are representative of the 18-to-30 age group. A sample of 50 will be drawn from the branch of First National Bank at Killarney Mall. Respondents of First National Bank Killarney Mall represent the 30-and-older age group.

Proportionate Stratified Sampling has been chosen because it again has a higher statistical efficiency than a simple random sample. It is simple to carry out and it provides a self-weighting sample.

3.6 Data Analysis

The following scales will be used: nominal scale which will identify age groups, occupation, user and non-user of online banking and if the participants are male or female. With nominal data, one collects information on a variable that naturally or by design can be grouped into two or more categories that are mutually exclusive and collectively exhaustive (Schindler & Cooper, 2000:205). Content validity has been established through a representative questionnaire which sufficiently covers the topic of investigation. Two independent experts reviewed the pilot questionnaire. A pilot questionnaire was tested on ten First National Bank customers.

Reliability is concerned with estimates of the degree to which a measurement is free of random or unstable error (Schindler & Cooper, 2000:215). Internal consistency within the questionnaire is used to establish reliability. The measuring instrument contains similar questions to which the subject can respond thus establishing consistent results. Researchers, guaranteeing the anonymity of respondents thus allowing them to provide honest answers, will establish internal validity.

The statistical test used will be Chi-Square test. The chi-squared test applies to discrete variables and is concerned with the question of whether or not the differences between an observed set of frequencies of occurrence of events and a theoretically expected set of frequencies are significant (Greensted, et al., 1988:123).

An interval scale will be used to determine attitude towards online banking and the risks involved. The following sample rating scales are used in developing the questionnaire: simple category scale, multiple choice single response scale, multiple choice multiple response scale, Likert scale and Semantic differential scale. The scales have been chosen to specifically test attitudes of respondents.

3.7 Questionnaire Construction

3.7.1 Focus Group

A focus group is a panel of people led by a moderator for 90 to 120 minutes. The facilitator guides the group in an exchange of ideas, feelings and experiences on a specific topic (Schindler & Cooper, 2000:142-143). The primary advantages of a focus group, as outlined by Schindler and Cooper (2000:142-143), is its ability to grasp, quickly and inexpensively, the core issues of a topic. Participants are allowed to respond in their own words rather than be restricted by a formal questionnaire.

A group was held with ten individuals over the age of 18. The main issues raised within this focus group relating to Internet banking were:

Safety

Convenience

Cost effectiveness

The discussion questions posed to the focus group were as follows:

Have you used Internet banking?

What are your feelings towards Internet banking?

What are your chief concerns?

Drawing from the responses and discussions at the focus group, a pre-test questionnaire was compiled.

3.7.2 Pre- test Questionnaire

The pre-test questionnaire was tested on fifteen First National Bank customers at the President Street West branch in the Johannesburg central business district. Being in the central business district, this branch attracts both the mature and the youth market.

The aim of the pre-test questionnaire was to establish the following: to test if the questions were of the proper scope and coverage; to identify double-barrelled questions; to test if the questions precisely tested the information required; and to test the respondents' willingness to answer sensitive questions. The pre-test questionnaire was also used to establish if a filter question was necessary. Filter questions counteract the tendency of respondents to answer a question even if they know nothing about the topic. /

The pre-test questionnaire identified sentences which respondents had difficulty in understanding hence questions 8, 10 and 13 were reconstructed to ensure clear understanding. The pre-test also established that language proved to be problematic for some respondents, therefore researchers were required to translate questions into an African language in certain instances. The pre-test aimed to establish if the questionnaire sufficiently covered the research topic. This resulted in an additional section within the questionnaire, investigating the frequency of use as well as factors preventing use. The questionnaire, other than the above two variations, sufficiently covered the topic, thus establishing content validity.

The length of the questionnaire was reduced, as respondents in the pre-test highlighted that the questionnaire was too lengthy.

The sequence of the questionnaire follows a movement from general to specific questions.

The questionnaire was redrafted and fellow instrument designers did a second level pre-test thus suggesting areas that could be improved upon.

3.8 Construction of the Final Questionnaire

The questionnaire was divided into five sections: (a) demographics, (b) Internet usage, (c) motivators, (d) perceived risk, (e) general.

3.8.1 Section A – Demographics

The target audience will be stratified based on the answers provided to question two in this section. Section A, guarantees respondents anonymity as names are not required, thus ensuring honest opinions and answers. This secures internal validity. Multiple choice scales are used to determine income and age. The multiple choice scale allows the respondent to select one or several alternatives (Schindler & Cooper, 2000:232). Respondents choose from a range thus ensuring that they do not have to disclose specific details, which might otherwise make them uncomfortable. Concurrent validity will be established by categorising respondents into age, gender and income groups. ✓

3.8.2 Section B – Internet Usage

A simple category scale, multiple choice multiple-response scale and a Likert scale was used in section B of the questionnaire. The simple category scale offers two mutually exclusive response choices (Schindler & Cooper, 2000:231). The Likert scale consists of statements which express either favourable or unfavourable attitudes toward the statement. Each response is given a numerical score to reflect its degree of attitudinal favourableness. Respondents choose one of five levels of agreement with 1 being the least favourable and 5 being the most favourable

(Schindler & Cooper, 2000:231). The main question in this section is “Have you ever used the Internet?” The section also tests the factors which will influence consumers to use the Internet.

3.8.3 Section C – Motivators

A multiple rating scale is used to establish the most important factors driving online banking. The multiple rating scale accepts a circled response from the respondent and the layout allows visualisation of the results (Schindler & Cooper, 2000:234).

3.8.4 Section D – Perceived Risk

A Likert scale is used to determine risks perceived by the consumer about online banking.

3.8.5 Section E – General

Multiple-choice multiple-response scales are used to establish frequency of usage as well as factors preventing use. Two open-ended questions were also posed in this section. To ensure reliability some of the choices posed in questions 9, 11 and 12 are similar. Consistent answers will ensure that the measure is reliable.

3.9 Data Collection

The questionnaire will be coded and the SPSS system will be use to analyse results.

3.10 Communication Approaches

Face-to-face interviews will be conducted with First National Bank customers at Killarney branch and at the University of the Witwaterstrand. Trained interviewers will perform the task, interviewing a sample of 100 respondents within one month.

The advantage of this technique is that the interviewer can pre-screen respondents to ensure that each fits the population profile. The disadvantage to interviewers is that due to the high crime rate, individuals visiting banks may be unwilling to talk to strangers. This should however be overcome by researchers wearing clothing which clearly identifies them as being part of First National Bank.

3.11 Summary

This chapter illustrates that a stratified sampling technique was used. It also details the scales used in the construction of the research instrument. An overview of the results of the focus group and the pre-test questionnaire is also given.

CHAPTER 4 – DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

The results of the statistical analysis are presented in this chapter.

A non-parametric test is used to test the hypotheses. A chi-square test is used to test for significant differences between the observed distribution of data among categories and the expected distribution based on the hypothesis.

Cross-tabulation is used to establish the factors which motivate/drive online banking. Cross tabulation is a technique for comparing two classification variables (Schindler & Cooper, 2000:470). The technique uses tables having rows and columns which correspond to the levels or values of each variables category.

Frequency tables and graphs are used to tabulate the data under sample demographic usage and perceived risk.

The data will be analysed in line with the three research objectives. The discussion will begin with a description of the demographic profile of the respondents to give the reader an understanding of who the respondents are.

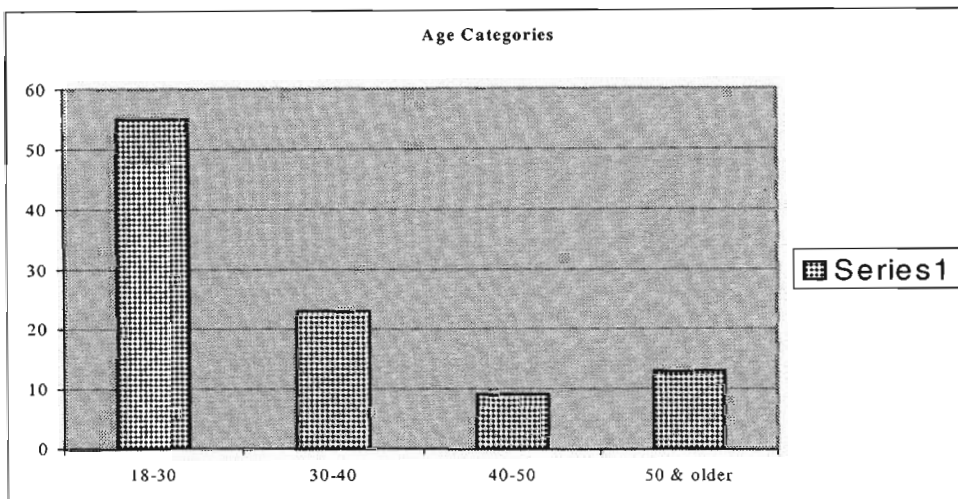
4.2 Sample Demographics

Of the sample of 100 respondents 57% were male and 43% were female.

Table 4.1: Gender of Respondents

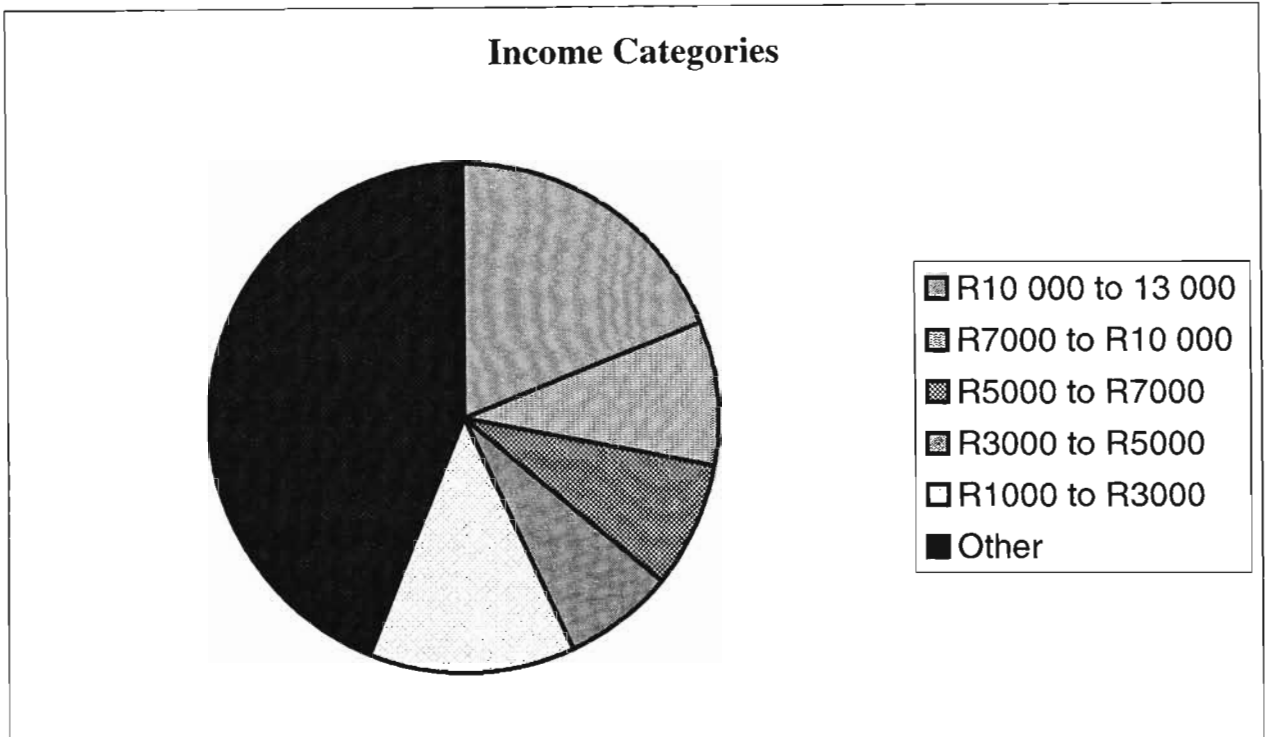
Option	Frequency	Percentage
Male	57	57
Female	43	43
Total	100	100

Figure 4.1: Age Category



55 % of respondents fell within the 18-to-30 age group, making up more than half the sample. 23% fell within the 30-to-40 age group, 9% fell within the 40-to-50 age group and 13% were grouped in the 50-and-older category. 45% of respondents were categorised in the over-30 category. This is in keeping with the stratified sampling technique. The strata selected were 18-to-30 age group and 30-and-older age category. Sufficient data received in both strata.

Figure 4.2: Income Category



Almost half the respondents chose the *other* option in response to the income category question. This is significant in that this question is sensitive and most respondents would be hesitant to reveal sensitive information. 36% of respondents fall between LSM groups 7 and 10, constituting middle-to-high social class grouping. Incomes in this group range from R5000 to R14 000 with the average age being 35 (www.saarf.co.za). This group is likely to have Internet access as well as computers. 20% fall between LSMs 1 and 6, constituting a low- to-middle income segment. A large portion of respondents falls in the low-income category with earnings between R1000 and R3 000 per month. This group is unlikely to have access to computers or the Internet.

Table 4.2: Education Level

Option	Frequency	Percentage
University/Technikon	53	53
Matric	35	35
High School	9	9
Other	3	3
Total	100	100

Results indicate that more than half of the respondents has a university or technikon education. 88% have a matriculation certificate. The high education levels are particularly significant as earlier research indicates that high levels of education enhance the consumer's ability to process more complex information and make decisions based on that (Hoyer & MacInnis, 2000:73-74). However an article revealed that consumers were not willing to make the paradigm shift and utilise online banking facilities (www.businessday.co.za). Consumers were not cognitively involved in learning to utilise the online banking offering. The results of this research reveal that despite the fact that 88% of respondents have a high education level, only 30% use the online banking facility. There appears to be no correlation between high educational levels and the use of online banking. This is perhaps an indication that consumers have not learnt how to use the facility.

4.2.1 Residence

38,6% of the sample live in the low-to-middle income areas of Alberton, Bellevue, Benoni, Braamfontein, Eldorado Park, Kagiso, Lenasia, Maraisburg, Observatory, Turffontein, Springs, Winchester Hills and Soweto. The largest portion of this 38,6% can be found in Soweto with 7,8% of people living in this area. 59,2% of respondents

live in middle-to-high income areas. These areas include: Bedfordveiw, Bryanston, Emmarentia, Fourways, Glenhazel, Glenvista, Greenside, Houghton, Illovo, Johannesburg North, Killarney, Midrand, Modderfontein, Northcliff, Norwood, Parkhurst, Parktown, Parkview, Randburg, Rivonia, Rosebank, Sandton and Saxonworld.

The largest portion of respondents in this category lives in Sandton and Randburg, both areas scoring 4,9% respectively. 59,2% of respondents live in areas typically regarded as being populated by LSM groups 7 to 10, where income and employment levels are high. Residents own vehicles and houses, and the ownership of durables includes computers, DSTVs and washing machines. Internet usage is also high. 38,6% of respondents live in areas populated by LSM 1 to 6. Residents use public transport. Incomes range from low to middle. Unemployment levels are high and residents do not own computers (www.saarf.co.za). A frequency table detailing the percentages of respondents in the respective areas can be found under Appendix 1.

4.3 Attitude and Perceptions of Online Banking

The following section details responses to questions about the respondents' attitudes and perceptions towards online banking.

Table 4. 3: Frequency of Internet users

Option	Frequency	Percentage
Yes	87	87
No	13	13
Total	100	100

Table 4.4: Users of Internet Banking

Option	Frequency	Percentage
Yes	30	30,3
No	69	69,7
Total	100	100

The results detailed in Table 4.3 represent responses to a question which aimed to establish the number of respondents who use the Internet only. The results in Table 4.4 are in response to a question aiming to establish the number of users of Internet banking, within the sample. Although 87% of respondents use the Internet, only 30% use Internet banking. There appears to be a correlation between high education levels and Internet usage, however high education levels are not a factor which influences the use of online banking.

Table 4.5: Factors Encouraging Online Banking

Option	Response
Free Internet access	48.3
Free access to a computer	35.6
Other	16.1
Total	100

The purpose of this question is to establish some of the factors which encourage the use of online banking facilities. 75 responses revealed that *free Internet access* and *access to a computer* are factors which would encourage use of online banking facilities. Some of the factors listed under the *other* option included guaranteed

security when processing transactions on the Internet and an increase in the number of personal transactions. In a separate qualitative question posed to respondents, 8 respondents reiterated that free Internet access would influence them to use the online banking facility.

Table 4. 6: Use of Traditional Banking Facilities

Option	Frequency	Percentage
Strongly agree	13	13
Agree	31	31
Neither agree nor disagree	24	24
Disagree	21	21
Strongly disagree	11	11
Total	100	100

This question explores responses to the statement: ‘I only bank at a branch’. A five point Likert scale allowed respondents to rate their feelings about traditional banking. Results indicate that 44% will only bank at a traditional bricks-and-mortar branch. It will therefore be difficult to convert these clients to the online banking option. However more than half the respondents did not see traditional banks as the only means to conducting their banking. This leads the researcher to assume that they would be willing to try the online banking.

Table 4.7: Perceptions of the Cost of Traditional Banking

Option	Frequency	Percentage
Strongly agree	8	8.1
Agree	22	22.2

Neither agree nor disagree	41	41.4
Disagree	22	22.2
Strongly disagree	6	6.1
Total	100	100

This question explores customer perceptions of the cost of traditional banking. 44% believe that it is cheaper to bank at a branch, indicating that it would be difficult to convert this portion of the sample to an online offering. Of significance is that 41% of respondents *neither agree nor disagree* to the statement that it is cheaper to bank at a branch. This is perhaps an indication that consumers are unaware of the differences in bank charges between traditional and online banking.

Table 4.8: Perceptions of Cost of Online Banking

Option	Frequency	Percentage
Strongly Agree	4	41.4
Agree	17	17.3
Neither agree nor disagree	37	37.8
Disagree	30	30.6
Strongly disagree	10	10.2
Total	100	100

The question aims to establish customers' perceptions of the cost of online banking. 40% of this sample *disagree* that it is expensive to bank online compared to a small 21% who *agree* that it is expensive to bank online. This is particularly significant as the results reveal a positive perception of the cost of online banking. Banks can exploit this perception through promoting convenience, cost effectiveness and value

for money in an attempt to convert 40% of customers to the online facility. Of significance also is that 37% *neither agree nor disagree* with the statement that it is expensive to bank online. With the highest scores in Tables 4.6 and 4.7 being the *neither agree nor disagree* option, it reaffirms that customers may be unaware of the differences in bank charges between traditional and online banks. In an independent qualitative question, respondents stated that reductions in monthly transaction costs would positively influence the use of online banking. This is an indication that cost plays an important part in the consumer decision-making process

Table 4.9: Frequency of Users of Both Internet and Traditional Banking.

Option	Frequency	Percentage
Strongly agree	6	6.1
Agree	27	27.6
Neither agree nor disagree	15	15.3
Disagree	35	35.7
Strongly disagree	15	15.3
Total	100	100

33 respondents use both Internet and traditional banking. Additional promotion of the facility could convert these customers to online banking only. 15 people are uncertain about the use of both branches and the Internet as a means to bank. Uncertainty could be an indication that customers are unsure of how to use the online banking facility, providing an opportunity for banks to offer training and promote the benefits of online banking in an attempt to convert these customers.

The multiple choice question investigating the uses of online banking, revealed the following:

Of the respondents who do use the online banking facility, *viewing accounts* received 34.8 responses and was the most popular choice. *Making payments* received 24.7 responses, *transferring funds* 28.1 responses and *viewing bank account details* received 11.2 responses.

4.4 Factors Motivating Online Usage

The results in this section will outline factors that encourage the use of online banking.

4.4.1 Cross Tabulations

Cross tabulation compares two classification variables. Contingency tables are constructed and the test determines if the classification variables are independent (Schindler & Cooper, 2000:470).

In this section, cross tabulations were done to establish the importance of reduced bank charges, travel savings, free Internet access and rewards offered by the bank in motivating consumers to bank online. The measurement used was a multiple rating scale with 1 being unimportant and 7 being important. The results are as follows:

4.4.2 Cross tabulation 1 – Reduced bank charges and the use of Internet banking.

Crosstab

			Q7 Use of internet banking		Total
			Yes	No	
Q11.1 Reduced bank charges	Unimportant	Count	1	3	4
		Column %	3.4%	4.4%	4.1%
		Total %	1.0%	3.1%	4.1%
	2	Count		1	1
		Column %		1.5%	1.0%
		Total %		1.0%	1.0%
	3	Count	1	4	5
		Column %	3.4%	5.9%	5.2%
		Total %	1.0%	4.1%	5.2%
	4	Count	2	4	6
		Column %	6.9%	5.9%	6.2%
		Total %	2.1%	4.1%	6.2%
	5	Count	4	8	12
		Column %	13.8%	11.8%	12.4%
		Total %	4.1%	8.2%	12.4%
	6	Count	3	14	17
		Column %	10.3%	20.6%	17.5%
		Total %	3.1%	14.4%	17.5%
Important	Count	18	34	52	
	Column %	62.1%	50.0%	53.6%	
	Total %	18.6%	35.1%	53.6%	
Total	Count	29	68	97	
	Column %	100.0%	100.0%	100.0%	
	Total %	29.9%	70.1%	100.0%	

The purpose of this question is to establish if reduced bank charges are a factor which would influence the use of Internet banking or not. 50% of respondents are not using Internet banking because they may believe that bank charges are too high. Of those respondents who do use online banking, 62% consider reduced bank charges as an important factor when banking online and reduced bank charges would motivate online banking usage.

4.4.3 Cross tabulation 2 – Travel Saving and the use of Internet banking

Crosstab

			Q7 Use of internet banking		Total
			Yes	No	
Q11.2 Travel Savings	Unimportant	Count	2	4	6
		Column %	6.9%	6.0%	6.3%
		Total %	2.1%	4.2%	6.3%
2		Count	3	2	5
		Column %	10.3%	3.0%	5.2%
		Total %	3.1%	2.1%	5.2%
3		Count	1	2	3
		Column %	3.4%	3.0%	3.1%
		Total %	1.0%	2.1%	3.1%
4		Count	4	4	8
		Column %	13.8%	6.0%	8.3%
		Total %	4.2%	4.2%	8.3%
5		Count	7	4	11
		Column %	24.1%	6.0%	11.5%
		Total %	7.3%	4.2%	11.5%
6		Count	2	18	20
		Column %	6.9%	26.9%	20.8%
		Total %	2.1%	18.8%	20.8%
Important		Count	10	33	43
		Column %	34.5%	49.3%	44.8%
		Total %	10.4%	34.4%	44.8%
Total		Count	29	67	96
		Column %	100.0%	100.0%	100.0%
		Total %	30.2%	69.8%	100.0%

The aim of this question is to establish if savings on travel costs could be a factor in influencing the use of Internet banking. Of those who do use the Internet, 34% indicate that saving on travel costs is a factor which influences online banking usage, while of the 67 people who do not use Internet banking, 49% rate travel savings as being an important factor in motivating use. In a separate question, 6 respondents rank convenience and time saving as factors which would influence the use of the product. Hence saving on travel costs would influence the use of Internet banking.

4.4.4 Cross tabulation 3 – Free Internet access and the use of Internet banking

Crosstab

			Q7 Use of internet banking		Total
			Yes	No	
Q11.3 Free internet access	Unimportant	Count		5	5
		Column %		7.6%	5.4%
		Total %		5.4%	5.4%
	2	Count	2	5	7
		Column %	7.4%	7.6%	7.5%
		Total %	2.2%	5.4%	7.5%
	3	Count		4	4
		Column %		6.1%	4.3%
		Total %		4.3%	4.3%
	4	Count	6	6	12
		Column %	22.2%	9.1%	12.9%
		Total %	6.5%	6.5%	12.9%
	5	Count	4	11	15
		Column %	14.8%	16.7%	16.1%
		Total %	4.3%	11.8%	16.1%
	6	Count	5	7	12
		Column %	18.5%	10.6%	12.9%
		Total %	5.4%	7.5%	12.9%
Important	Count	10	28	38	
	Column %	37.0%	42.4%	40.9%	
	Total %	10.8%	30.1%	40.9%	
Total	Count	27	66	93	
	Column %	100.0%	100.0%	100.0%	
	Total %	29.0%	71.0%	100.0%	

The purpose of this question is to establish if free Internet access is a factor in motivating the use of Internet banking. Again, of the sample who did use Internet banking, 37% rated free Internet access as important, while of the 66 who did not use Internet banking, 42% rated Internet access as an important factor in motivating the use of online banking. In an independent question, 8 respondents further stated that free Internet access would motivate them to use the facility. The results therefore indicate that free Internet access is a key factor in motivating the use of online banking. This information will assist banks in establishing the target market for online banking. Workers and students have access to free Internet usage.

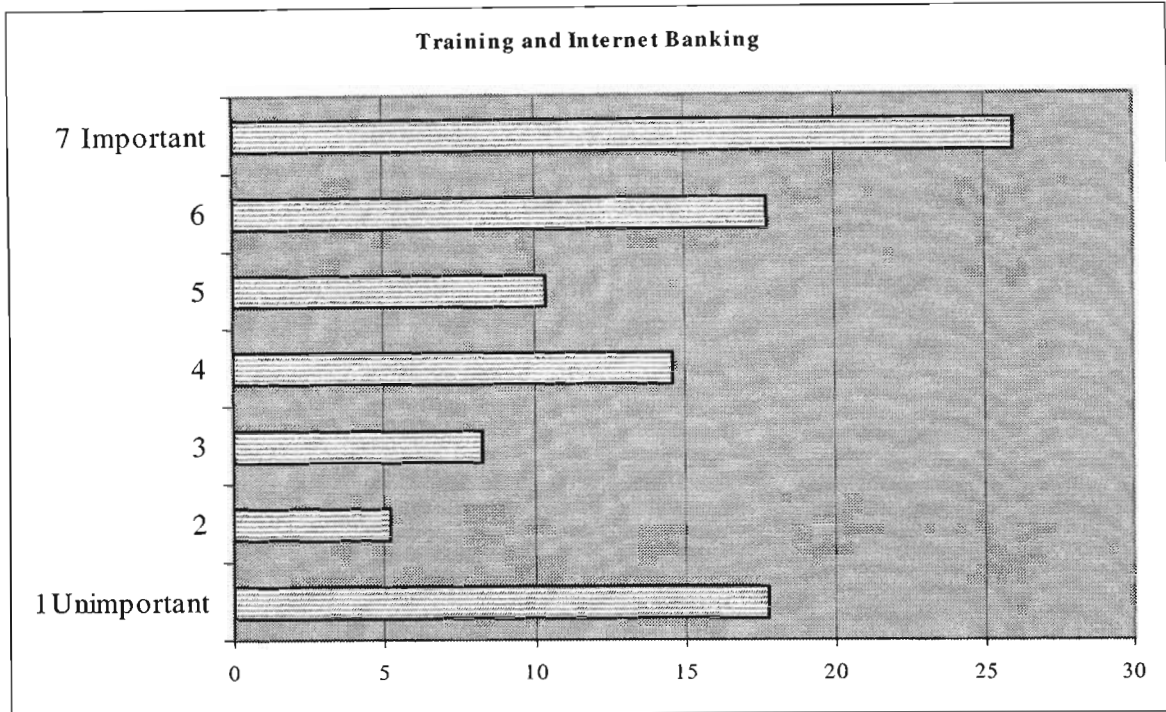
4.4.5 Cross tabulation 4 – Rewards offered by the bank for using Internet banking

Crosstab

			Q7 Use of internet banking		Total
			Yes	No	
Q11.7 Rewards offered by the bank	Unimportant	Count	3	7	10
		Column %	10.3%	10.6%	10.5%
		Total %	3.2%	7.4%	10.5%
	2	Count	2	8	10
		Column %	6.9%	12.1%	10.5%
		Total %	2.1%	8.4%	10.5%
	3	Count	2	4	6
		Column %	6.9%	6.1%	6.3%
		Total %	2.1%	4.2%	6.3%
	4	Count	2	14	16
		Column %	6.9%	21.2%	16.8%
		Total %	2.1%	14.7%	16.8%
	5	Count	3	6	9
		Column %	10.3%	9.1%	9.5%
		Total %	3.2%	6.3%	9.5%
	6	Count	6	11	17
		Column %	20.7%	16.7%	17.9%
		Total %	6.3%	11.6%	17.9%
Important	Count	11	16	27	
	Column %	37.9%	24.2%	28.4%	
	Total %	11.6%	16.8%	28.4%	
Total	Count	29	66	95	
	Column %	100.0%	100.0%	100.0%	
	Total %	30.5%	69.5%	100.0%	

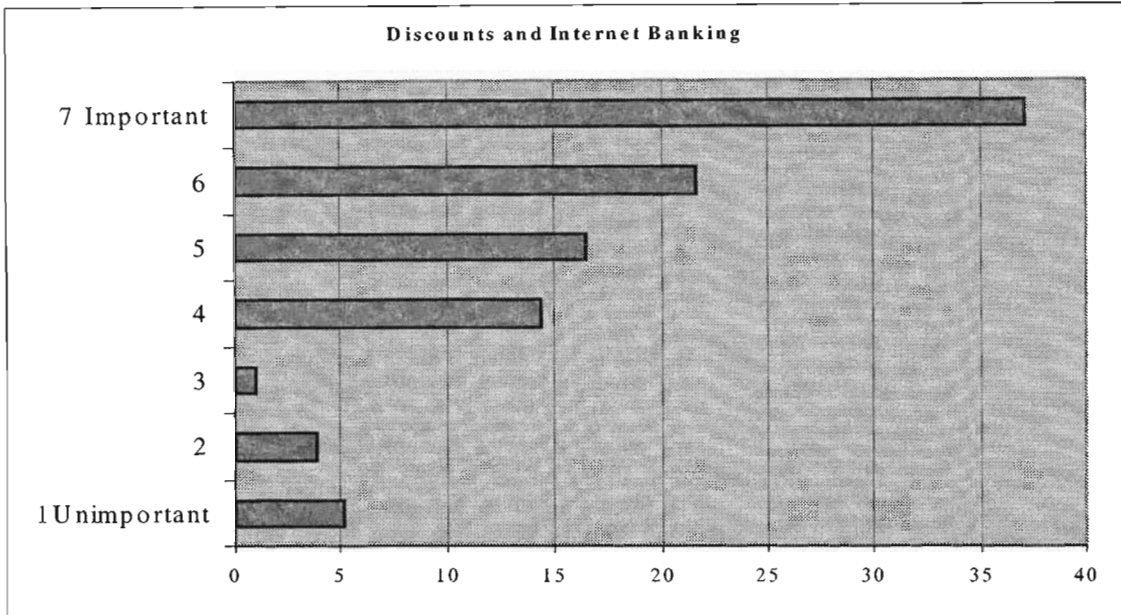
This question aims to establish if rewards offered by banks, would be a factor in influencing the use of Internet banking. Results again show that of those who do use online banking, 57% rank rewards offered banks as being a factor in using online banking. Of the 66 who do not use online banking, 40% saw rewards offered by banks as a factor that would motivate the use of online banking. In an independent question, 6 respondents stated that incentives, like free eBucks, would motivate the use of the online facility. Hence the results conclusively indicate that rewards offered by banks is definitely a factor which would motivate consumers to use the offering.

Figure 4.3: Training and Internet Banking



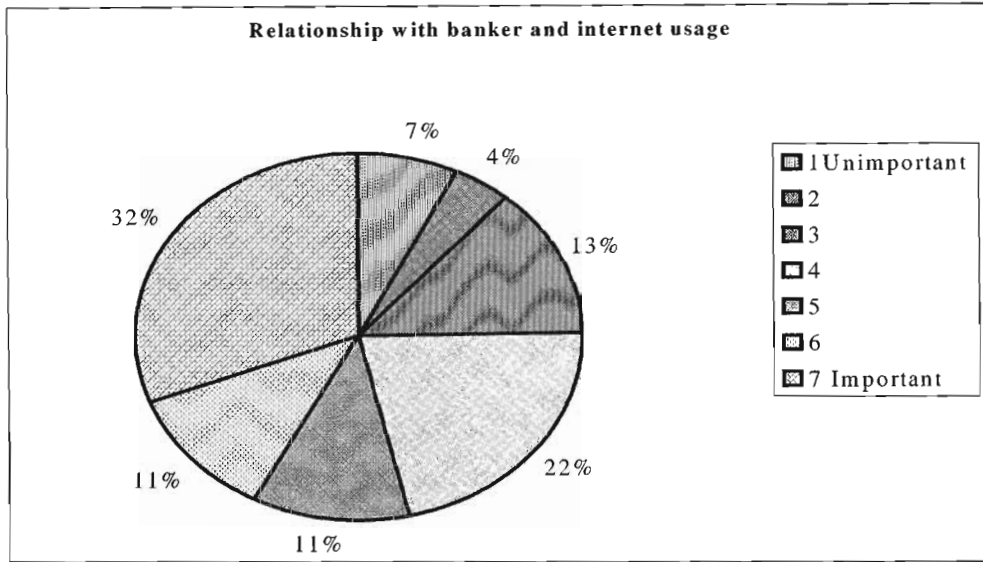
The question was posed to establish if training provided on the use of online banking is a factor in influencing the use of Internet banking. 43% of respondents saw training in the use of online banking as an important factor motivating the use of the service. In response to a qualitative question, 15 people stated that information should be provided on how to use online banking, as it would motivate use. 10 respondents also indicated that logon procedures should be simpler and websites should be more user friendly. So, despite the high education levels, a large portion of this sample see training as important. This can also mean that people are afraid to use online banking because they do not know how.

Figure 4.4: Discounts offered by Banks



This question again aims to probe if discounts offered for the use of online banking would influence the use of the product. In keeping with the results of the cross-tabulation, more than half the respondents saw it as an important factor in motivating online usage. This reaffirms the statement that it is one of the most important factors motivating the use of online banking.

Figure 4.5: Relationship with Traditional Bankers



This question explores the importance to respondents of their relationship with traditional bankers. More than a quarter of the respondents see the relationship as important hence making it difficult to convert this portion of the sample to the use of online banking. 22% however do not consider the relationship to be important. It is this portion of the sample who can be converted to the use of online banking.

Table 4.10.1: Access to a PC at Work and Online Banking Usage

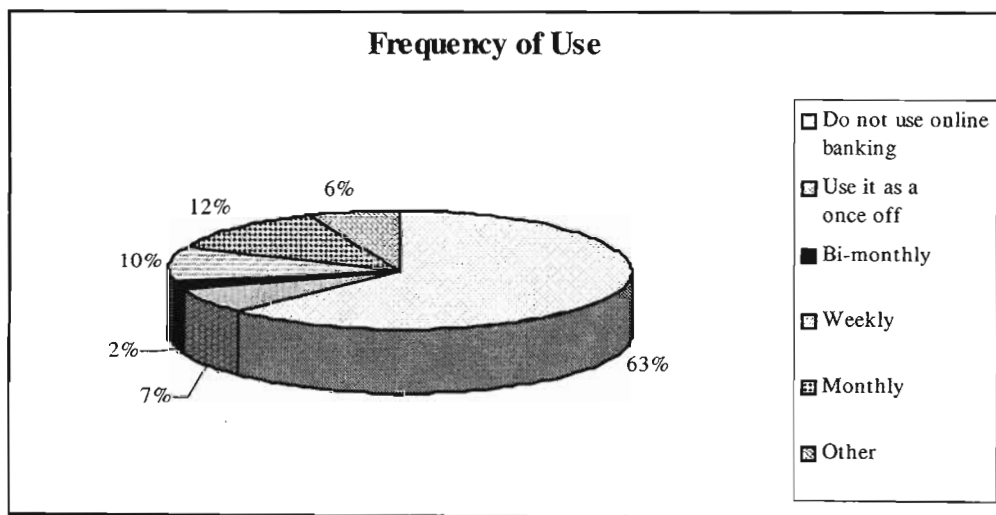
Option	Frequency	Percentage
1 Unimportant	4	4.2
2	4	4.2
3	7	7.4
4	15	15.8
5	18	18.9
6	13	13.7
7 Important	34	35.8

Total	100	100
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Table 4.10.2: Access to a PC at Home and Online Banking Usage

Option	Frequency	Percentage
1 Unimportant	2	2
2	4	4
3	4	4
4	12	12
5	17	17
6	18	18
7 Important	39	40
Total	100	100

Figure 4.10.3: Frequency of Online Use



Results of Tables 4.10.1, 4.10.2 and Figure 4.10.3 all indicate that access to a computer at home and work is vitally important when banking online. Personal computer penetration in South African homes is very low and this could be a reason why so many people do not bank online. However banks should target consumers who have access to a computer at work.

4.5 Factors Hampering the Use of Online Banking

The results presented in this section describe responses to questions examining the risks of online banking as perceived by the sample of respondents.

Figure 4.11: Safety of Traditional Banking

Option	Frequency	Percentage
Strongly agree	23	23
Agree	52	52
Neither agree nor disagree	11	11
Disagree	13	13
Strongly disagree	1	1
Total	100	100

The question aims to probe customers’ beliefs about the safety of traditional banking. An overwhelming 75% of respondents believe that it is safe to bank at a branch. This indicates an established perception in the mind of the consumer, making it difficult to convince customers to try the facility. Marketers will have to work hard to change the beliefs of customers, as negative perceptions influence the consumer decision-making process. This may again be a reason why the majority of this sample, choose not to bank online.

Figure 4.12: Safety of Online Banking

Option	Frequency	Percentage
Strongly agree	11	11
Agree	39	39.4
Neither agree nor disagree	25	25.3
Disagree	20	20.2
Strongly disagree	4	4.0
Total	100	100

This question investigates consumer beliefs about the safety of online banking. 50% of respondents believe that it is safe to bank online while 49% disagree, seeing online banking as unsafe. Despite only 30% of this sample using online banking, 50% agree that it is safe to use the facility. This is a positive indication for marketers of the product.

Figure 4.13: Disclosure of Account Details Online

Option	Frequency	Percentage
Strongly agree	2	2
Agree	20	20.2
Neither agree or disagree	27	27.3
Disagree	31	31.3
Strongly disagree	19	19.2
Total	100	100

This question aims to establish if respondents are comfortable disclosing credit card and account details online. In keeping with the results of Table 4.11, an overwhelming 77% were not comfortable with disclosing credit card and account details online. In a qualitative question posed to respondents, 17 people ranked confirmation of safety, and security of information on the Internet as being vital. Safety is undoubtedly at the forefront of the minds of consumers and consumers' perceptions of lack of safety on the Internet may be one of the reasons that 69% of this sample do not use online banking facilities despite high education and income levels.

Figure 4.14: Disclosure of Personal Information Online

Option	Frequency	Percentage
Strongly agree	5	5.1
Agree	25	25.3
Neither agree or disagree	33	33.3
Disagree	19	19.2
Strongly disagree	17	17.2
Total	100	100

This question aims to establish consumer's feelings about the safety of bank websites. Again 66% of respondents are not comfortable disclosing personal information online, reaffirming negative perceptions in the mind of the consumer regarding the safety of online use. This further indicates the task on the hands of banks, firstly to improve security online and secondly to attempt to change established perceptions. Results show that negative perceptions of safety on the Internet influence the decision-making process, resulting in a negative consumer behaviour outcome.

4.6 Hypotheses Testing

4.6.1 - Results: Age Category

AGEGRP Age category * Q7 Use of internet banking Crosstabulation

			Q7 Use of internet banking		Total
			Yes	No	
AGEGRP Age category	18 to 30 years	Count	15	40	55
		Column %	50.0%	58.0%	55.6%
		Total %	15.2%	40.4%	55.6%
	Over 30 years	Count	15	29	44
		Column %	50.0%	42.0%	44.4%
		Total %	15.2%	29.3%	44.4%
Total		Count	30	69	99
		Column %	100.0%	100.0%	100.0%
		Total %	30.3%	69.7%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided) p-value
Pearson Chi-Square	.538 ^b	1	.463

b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 13.33.

The chi-square is not significant (p value = 0.463 > 0.05) indicating no significant relationship between age and use of Internet banking. The table indicates that an equal number of respondents from both age groups banks online. The test therefore disproves the hypothesis.

4.6.2 – Results: Cost Category

It is expensive to use internet banking * Use of internet banking Crosstabulation

			Use of internet banking		Total
			Yes	No	
It is expensive to use internet bankingline	Strongly Agree/Agree	Count	3	18	21
		% within Use of internet banking	10.3%	26.5%	21.6%
		% of Total	3.1%	18.6%	21.6%
	Neither agree/disagree	Count	6	31	37
		% within Use of internet banking	20.7%	45.6%	38.1%
		% of Total	6.2%	32.0%	38.1%
	Strongly Disagree/Disagree	Count	20	19	39
		% within Use of internet banking	69.0%	27.9%	40.2%
		% of Total	20.6%	19.6%	40.2%
Total	Count	29	68	97	
	% within Use of internet banking	100.0%	100.0%	100.0%	
	% of Total	29.9%	70.1%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided) p-value
Pearson Chi-Square	14.256 ^a	2	.001

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.28.

The chi-square result is significant. The p value = 0.001 < 0.05. Of the people that bank online, 69% disagree that it is expensive compared to 3% who think it is expensive. The hypothesis is therefore accepted.

4.7 Summary

This chapter details the results of the statistical analysis and establishes consumer attitudes towards online banking, factors motivating use of the online banking facility and factors hampering the use of online banking.

Some of the attitudes revealed in the survey are:

- Free Internet access and access to computers are factors which influence online banking.
- Consumers believe it is cheaper to bank at a branch, however results also indicate uncertainty about the difference in bank charges between traditional and online transactions. Reduced bank charges are a key factor in motivating online use.
- Lack of training on the use of the online banking facility is preventing use of the facility.
- Consumers perceive online banking to be unsafe.
- Hypothesis testing showed no significant correlation between age and the use of online banking however it proved that consumers will be more inclined to use online banking services if they consider the service to be cost effective.

CHAPTER 5 – CONCLUSION

5.1 Introduction

This chapter outlines the findings in relation to the theory and will either prove or disprove the theory. In addition the chapter will draw from the findings to make conclusions.

5.2 Conclusions drawn on the influence of cultural factors on consumer behaviour

5.2.1 Social Class

Results of this study indicate that 59,2% of respondents belong to LSM groups 7 to 10, a grouping which has high education levels, high employment levels, high earnings and access to durables such as computers. However findings of this study indicate that lack of free Internet access and access to computers would be the reason for non-use of the online banking service. As stated earlier in the literature review, factors hampering B2C growth in South Africa are high Internet access costs and low computer penetration in homes, hence fewer people are using the online banking service. The results of this study validate the research. The research concludes that while social class plays an important part in influencing consumer behaviour, it has little impact in influencing the South African consumer to use the Internet banking facility.

5.2.2 Age

The chi-square test proved that age was not significant in the use of online banking.. The theoretical framework stated earlier showed that generation Xer's aged between 18 and 36 spend nearly 6,3 hours online each week. The mature market is resistant to

change and the adoption of new products especially technology. The literature review also revealed the reluctance of consumers, particularly older people, to change their banking habits is an inhibitor. Research quoted earlier showed that in the USA clients between 35 and 40 years of age are the main users of Internet banking while the users between 30 and 35 years old are in second place. This study however, shows no significant relationship between age and the use of Internet banking hence disproving the above findings.

5.2.3 Education

Education levels are regarded as playing a vital role in determining a consumer's use of the online banking service. More than half of this sample has a university or technikon education. However 69% of respondents do not use Internet banking. Responses to a qualitative question revealed that a lack of knowledge of the topic prevents use of the online facility. In a separate question respondents indicated that training is essential when banking online. This again indicates that high education levels do not necessarily influence a consumer to bank online.

Of the three cultural factors examined, results lead to the following conclusion:

Age, high social-class rankings and high educational levels do not positively influence the First National Bank customer in Gauteng, to utilise the online banking service.

5.3 Conclusions drawn on the psychological factors influencing consumer behaviour

5.3.1 Motivation

This research indicates that consumers see the following factors as being important in motivating them to use the online banking service. The factors are:

- Reduced bank charges for online transactions
- Reward and discounts offered by the banks for using their online banking facility
- Access to a computer at home and at work
- Training provided by the bank on the Internet banking process.

The literature review stated that, FirstRand aims to drive online usage by rewarding customers with the virtual currency, eBucks. The review also indicated that Standard Bank offers consumers a credit card facility with a reward scheme linked to an online shopping mall. The results of this research validate the thinking of these two major financial institutions. Training on the use of the online banking facility was seen as factor that would motivate use. This study showed that most respondents use the Internet but not online banking. This perhaps, reflects ABSA's decision to withdraw its free Internet offering in March of this year, as most subscribers were not ABSA online customers. Hence proving that ABSA subscribers of the free Internet offering were not cognitively involved in learning to use the offering. Training on the use of the online banking facility was seen as factor which would motivate use.

5.3.2 Perceived Risk

According to the results of this survey, factors which hamper online usage are:

- Consumers believe it is not safe to bank online
- Consumers are not comfortable disclosing credit card and account details online

- Respondents believe that it is not safe to disclose personal information on bank websites.

Further factors which prevent use:

- No Internet access
- No access to a personal computer.

The finding corroborates a research which earlier stated that South Africans are nervous about releasing credit card and banking details on the web hence financial institutions experience problems in enticing online customers. The findings are also in keeping with research conducted in the USA, stating the 60% of consumers are concerned about safety and security when banking online. Perceived risks associated with the offering do influence usage, as over 60% of the respondents do not use the online banking service, therefore allowing us to conclude that perceived risk negatively influences consumer behaviour.

5.3.3 Attitudes and Perceptions

Attitudes are learned and have a direct influence on consumer behaviour. Attitudes are shaped by personal experience, opinion leaders and the mass media. Results indicate that more than half of the respondents in this survey believes that it is safe to bank at a branch while 63% of the respondents indicate that they are uncertain about the safety of banking online. Results also reflect that a face-to-face relationship with traditional bankers is considered important to consumers. The literature review indicated that 63% of consumers, in the ten countries studied, had no interest in online banking as customer service is what really matters to them and they receive this at a traditional bank branch. Further research showed that most consumers are accustomed to conventional, traditional face-to-face contact with their banker. This habit is often difficult to break. Results of this study concur with this finding.

Respondents in this study believe that the speed of websites should improve, the logon process should be easier and the site should be more user friendly. Reports, quoted earlier in this document, found that consumers applying online continually experience time-out problems thus creating the perception that the whole process is long and drawn out.

The ABSA website was also quoted earlier in the document, as being slow and not user friendly. Research discussed in the literature review reveals that consumers expressed concerns about system reliability. Consumer perceptions and attitudes in this study reflect earlier findings.

The conclusion which can be drawn about consumers' attitudes and perceptions towards online banking in this study are as follows:

- Consumers are uncertain about the safety of banking online
- A relationship with a traditional banker is considered important
- Websites are slow and are not user friendly
- Convenience and time saving offered by online banking influence use.

Attitudes and perceptions do influence the use of online banking services, as negative perceptions of the product which are revealed in this study, justify the large number of respondents who do not use the product. There is an opportunity however, for banks to build on the positive perceptions of customers.

Of the three psychological factors examined, the following conclusions can be drawn.

There are numerous factors which will motivate consumers to use online banking facilities. These include rewards and discounts offered by banks as well as reduced bank charges. This then proves the theoretical findings which state that high motivation results in consumers engaging in buying behaviour. Perceived risks associated with an offering do negatively influence use of the product or service.

Established negative attitudes and perceptions about a service or offering do negatively influence consumer behaviour resulting in consumers not using the service or offering as documented in this study.

5. 4 Summary

This chapter reveals that cultural factors, such as age, social class and education do not influence consumer behaviour in the online banking industry in South Africa.

Factors such as reduced bank charges for online usage will motivate consumers to use online banking facilities thus resulting in a positive consumer behaviour outcome. Negative perceptions and attitudes influence the decision-making process, resulting in negative consumer behaviour outcomes.

CHAPTER 6 – RECOMMENDATIONS

6.1 Introduction

Drawing from the conclusions of this study the following recommendations can be made. Recommendations are made in line with the four P's in marketing: product, price, promotion and place.

6.2 Recommendations for First National Bank

6.2.1 Product

- Banks must improve the speed of online websites through the use of enhanced web servers.
- Websites should be user friendly with clear instructions for users. The use of illustrations will reach all levels.
- Banks should install security features such as encryption devices, which safeguard sensitive information.

6.2.2 Price

- A key factor which will drive the use of online banking in this country is cost effectiveness. Hence, a reduction in the cost of online transactions can motivate consumers to use the facility.
- Banks could introduce price bands. Customers' who process large volumes of transactions online, should receive a discount on transaction charges.
- Customers could receive free statement updates via Short Message Services (SMS's).
- First National Bank could offer free eBucks to new online users for an initial period.

6.2.3 Promotion

- The target market is workers who are computer literate and have access to computers at work. Consumers of all ages can be targeted. The target market could also include small and medium businesses in South Africa.
- Awareness should be created about the differences in traditional and online bank charges through advertisements on radio, television and newspapers.
- Promotions could be held at branches, offering prizes to customers who sign up and use the online facility.
- In order to overcome consumers' negative perceptions about online safety, First National Bank should promote the positives of the service, such as convenience and time saving, and should begin a marketing campaign which makes online banking the new buzz word.
- Consumers' fears can be allayed through the use of a celebrity, like IT whizz – kid Mark Shuttleworth, to endorse the online banking product.

6.2.4 Place

- Banks could target businesses and establish relationships with them. The benefits of online banking can be illustrated to the owners of the company.
- First National Bank should target workers with access to computers. The lack of free Internet access can be overcome if the online banking site is listed as an option on company websites.
- First National Bank could penetrate new markets through the use of company Intranet sites as people may be encouraged to open First National Bank accounts in order to utilise the online banking facility.

- First National Bank could visit companies and provide training on the use of computers, Internet and more importantly online banking. The company will benefit from having its staff educated on the use of computers and First National Bank will benefit from creating brand awareness.

6.2 Recommendation for future study

- Investigate if usage of online banking has increased, a year from the date of this study.
- Investigate if the measures implemented to motivate usage have been successful.

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8. Appendix 1

Frequencies

Q1 Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	57	55.9	57.0	57.0
	Female	43	42.2	43.0	100.0
	Total	100	98.0	100.0	
Missing	System	2	2.0		
Total		102	100.0		

Q2 Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 to 30	55	53.9	55.0	55.0
	30 to 40	23	22.5	23.0	78.0
	40 to 50	9	8.8	9.0	87.0
	50 or older	13	12.7	13.0	100.0
	Total	100	98.0	100.0	
Missing	System	2	2.0		
Total		102	100.0		

Q3 Income category

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	R10 000 to R13 000	19	18.6	19.0	19.0
	R7000 to R10 000	9	8.8	9.0	28.0
	R5000 to R 7000	8	7.8	8.0	36.0
	R3000 to R 5000	7	6.9	7.0	43.0
	R 1000 to R 3000	13	12.7	13.0	56.0
	Other	44	43.1	44.0	100.0
	Total	100	98.0	100.0	
Missing	System	2	2.0		
Total		102	100.0		

Q4 Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	University or Technikon	53	52.0	53.0	53.0
	Matric	35	34.3	35.0	88.0
	High School	9	8.8	9.0	97.0
	Other	3	2.9	3.0	100.0
	Total	100	98.0	100.0	
Missing	System	2	2.0		
Total		102	100.0		

Q5 Residence

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	2.9	2.9	2.9
Alberton	2	2.0	2.0	4.9
Bedfordview	3	2.9	2.9	7.8
Bellevue	1	1.0	1.0	8.8
Benoni	2	2.0	2.0	10.8
Boksburg	1	1.0	1.0	11.8
Braamfontein	4	3.9	3.9	15.7
Bryanstan	5	4.9	4.9	20.6
Eastwood	1	1.0	1.0	21.6
Eldarado Park	1	1.0	1.0	22.5
Emmarentia	1	1.0	1.0	23.5
Fairlands	1	1.0	1.0	24.5
Fourways	3	2.9	2.9	27.5
Glenhezel	1	1.0	1.0	28.4
Glenvista	1	1.0	1.0	29.4
Greenside	1	1.0	1.0	30.4
Heidelberg	1	1.0	1.0	31.4
Houghton	3	2.9	2.9	34.3
Illovo	1	1.0	1.0	35.3
JHB	3	2.9	2.9	38.2
JHB North	1	1.0	1.0	39.2
Kagiso	2	2.0	2.0	41.2
Kenilworth	1	1.0	1.0	42.2
Kensington	1	1.0	1.0	43.1
killamey	3	2.9	2.9	46.1
Krugersdorp	1	1.0	1.0	47.1
Lenasia	2	2.0	2.0	49.0
Leondale	1	1.0	1.0	50.0
Lovehill	1	1.0	1.0	51.0
Maraisburg	2	2.0	2.0	52.9
Melville	1	1.0	1.0	53.9
Midrand	2	2.0	2.0	55.9
moderfontein	1	1.0	1.0	56.9
mondeor	1	1.0	1.0	57.8
Northcliff	2	2.0	2.0	59.8
Norwood	2	2.0	2.0	61.8
Obsevatory	1	1.0	1.0	62.7
Parkhurst	1	1.0	1.0	63.7
Parktown	2	2.0	2.0	65.7
Parkview	2	2.0	2.0	67.6
Randburg	5	4.9	4.9	72.5
Rivonia	1	1.0	1.0	73.5
Roodepoort	1	1.0	1.0	74.5
Rosebank	1	1.0	1.0	75.5
Sandton	5	4.9	4.9	80.4
Saxonworld	4	3.9	3.9	84.3
Soweto	8	7.8	7.8	92.2
Springs	1	1.0	1.0	93.1
Turfontein	1	1.0	1.0	94.1
Victory Park	1	1.0	1.0	95.1
Vryberg	1	1.0	1.0	96.1
Wendywood	1	1.0	1.0	97.1
Westcliff	1	1.0	1.0	98.0
Westdene	1	1.0	1.0	99.0
Winchester Hills	1	1.0	1.0	100.0
Total	102	100.0	100.0	

Q6 Use of Internet

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	87	85.3	87.0	87.0
	No	13	12.7	13.0	100.0
	Total	100	98.0	100.0	
Missing	System	2	2.0		
Total		102	100.0		

Q7 Use of internet banking

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	30	29.4	30.3	30.3
	No	69	67.6	69.7	100.0
	Total	99	97.1	100.0	
Missing	System	3	2.9		
Total		102	100.0		

Multiple Response

Group \$Q8 Factors that will make you use Internet

Pct of Category label Cases	Code	Count	Pct of Responses
Free Internet access 66.7	1	42	48.3
Free Access to a computer 49.2	2	31	35.6
Other 22.2	3	14	16.1
-----		-----	-----
138.1	Total responses	87	100.0

39 missing cases; 63 valid cases

Q9.1 Bank only at a branch

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	13	12.7	13.0	13.0
	Agree	31	30.4	31.0	44.0
	Neither Agree or Disagree	24	23.5	24.0	68.0
	Disagree	21	20.6	21.0	89.0
	Strongly Disagree	11	10.8	11.0	100.0
	Total	100	98.0	100.0	
Missing	System	2	2.0		
Total		102	100.0		

Q9.2 Only bank online

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	10	9.8	10.0	10.0
	Neither Agree or Disagree	35	34.3	35.0	45.0
	Disagree	38	37.3	38.0	83.0
	Strongly Disagree	17	16.7	17.0	100.0
	Total	100	98.0	100.0	
Missing	System	2	2.0		
Total		102	100.0		

Q9.3 Cheaper to bank at a branch

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	8	7.8	8.1	8.1
	Agree	22	21.6	22.2	30.3
	Neither Agree or Disagree	41	40.2	41.4	71.7
	Disagree	22	21.6	22.2	93.9
	Strongly Disagree	6	5.9	6.1	100.0
	Total	99	97.1	100.0	
Missing	System	3	2.9		
Total		102	100.0		

Q9.4 Expensive to bank online

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	4	3.9	4.1	4.1
	Agree	17	16.7	17.3	21.4
	Neither Agree or Disagree	37	36.3	37.8	59.2
	Disagree	30	29.4	30.6	89.8
	Strongly Disagree	10	9.8	10.2	100.0
	Total	98	96.1	100.0	
Missing	System	4	3.9		
Total		102	100.0		

Q9.5 Use both branches & internet to bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	6	5.9	6.1	6.1
	Agree	27	26.5	27.6	33.7
	Neither Agree or Disagree	15	14.7	15.3	49.0
	Disagree	35	34.3	35.7	84.7
	Strongly Disagree	15	14.7	15.3	100.0
	Total	98	96.1	100.0	
Missing	System	4	3.9		
Total		102	100.0		

Multiple Response

Group \$Q10 What do you use online banking for?

Pct of Category label Cases	Code	Count	Pct of Responses
Viewing acc 86.1	1	31	34.8
Viewing cheque acc 27.8	2	10	11.2
Making Payments 61.1	3	22	24.7
Transferring funds 69.4	4	25	28.1
Other 2.8	5	1	1.1
-----		-----	-----
247.2	Total responses	89	100.0
66 missing cases;	36	valid	cases

Q11.1 Reduced bank charges

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unimportant	4	3.9	4.1	4.1
	2	1	1.0	1.0	5.1
	3	5	4.9	5.1	10.2
	4	6	5.9	6.1	16.3
	5	12	11.8	12.2	28.6
	6	17	16.7	17.3	45.9
	Important	53	52.0	54.1	100.0
	Total	98	96.1	100.0	
Missing	System	4	3.9		
Total		102	100.0		

Q11.2 Travel Savings

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unimportant	6	5.9	6.2	6.2
	2	5	4.9	5.2	11.3
	3	3	2.9	3.1	14.4
	4	8	7.8	8.2	22.7
	5	11	10.8	11.3	34.0
	6	20	19.6	20.6	54.6
	Important	44	43.1	45.4	100.0
	Total	97	95.1	100.0	
Missing	System	5	4.9		
Total		102	100.0		

Q11.3 Free internet access

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unimportant	5	4.9	5.3	5.3
	2	7	6.9	7.4	12.8
	3	5	4.9	5.3	18.1
	4	12	11.8	12.8	30.9
	5	15	14.7	16.0	46.8
	6	12	11.8	12.8	59.6
	Important	38	37.3	40.4	100.0
	Total	94	92.2	100.0	
Missing	System	8	7.8		
Total		102	100.0		

Q11.4 Training

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unimportant	17	16.7	17.7	17.7
	2	5	4.9	5.2	22.9
	3	8	7.8	8.3	31.3
	4	14	13.7	14.6	45.8
	5	10	9.8	10.4	56.3
	6	17	16.7	17.7	74.0
	Important	25	24.5	26.0	100.0
	Total	96	94.1	100.0	
Missing	System	6	5.9		
Total		102	100.0		

Q11.5 Discounts

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unimportant	5	4.9	5.2	5.2
	2	4	3.9	4.1	9.3
	3	1	1.0	1.0	10.3
	4	14	13.7	14.4	24.7
	5	16	15.7	16.5	41.2
	6	21	20.6	21.6	62.9
	Important	36	35.3	37.1	100.0
	Total	97	95.1	100.0	
Missing	System	5	4.9		
Total		102	100.0		

Q11.6 Relationship with banker

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unimportant	7	6.9	7.2	7.2
	2	4	3.9	4.1	11.3
	3	13	12.7	13.4	24.7
	4	21	20.6	21.6	46.4
	5	11	10.8	11.3	57.7
	6	11	10.8	11.3	69.1
	Important	30	29.4	30.9	100.0
	Total	97	95.1	100.0	
Missing	System	5	4.9		
Total		102	100.0		

Q11.7 Rewards offered by the bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unimportant	10	9.8	10.4	10.4
	2	10	9.8	10.4	20.8
	3	6	5.9	6.3	27.1
	4	17	16.7	17.7	44.8
	5	9	8.8	9.4	54.2
	6	17	16.7	17.7	71.9
	Important	27	26.5	28.1	100.0
	Total	96	94.1	100.0	
Missing	System	6	5.9		
Total		102	100.0		

Q11.8 Access to a PC at work

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unimportant	4	3.9	4.2	4.2
	2	4	3.9	4.2	8.4
	3	7	6.9	7.4	15.8
	4	15	14.7	15.8	31.6
	5	18	17.6	18.9	50.5
	6	13	12.7	13.7	64.2
	Important	34	33.3	35.8	100.0
	Total	95	93.1	100.0	
Missing	System	7	6.9		
Total		102	100.0		

Q11.9 Access to a PC at home

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unimportant	2	2.0	2.1	2.1
	2	4	3.9	4.2	6.3
	3	4	3.9	4.2	10.4
	4	12	11.8	12.5	22.9
	5	17	16.7	17.7	40.6
	6	18	17.6	18.8	59.4
	Important	39	38.2	40.6	100.0
	Total	96	94.1	100.0	
Missing	System	6	5.9		
Total		102	100.0		

Q11.10 Other

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	4	1	1.0	25.0	25.0
	5	1	1.0	25.0	50.0
	Important	2	2.0	50.0	100.0
	Total	4	3.9	100.0	
Missing	System	98	96.1		
Total		102	100.0		

Q12.1 Safe to bank at a branch

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	23	22.5	23.0	23.0
	Agree	52	51.0	52.0	75.0
	Neither Agree or Disagree	11	10.8	11.0	86.0
	Disagree	13	12.7	13.0	99.0
	Strongly Disagree	1	1.0	1.0	100.0
	Total	100	98.0	100.0	
Missing	System	2	2.0		
Total		102	100.0		

Q12.2 Safe to bank online

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	11	10.8	11.1	11.1
	Agree	39	38.2	39.4	50.5
	Neither Agree or Disagree	25	24.5	25.3	75.8
	Disagree	20	19.6	20.2	96.0
	Strongly Disagree	4	3.9	4.0	100.0
	Total	99	97.1	100.0	
Missing	System	3	2.9		
Total		102	100.0		

Q12.3 Disclose credit card & ac details online

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	2	2.0	2.0	2.0
	Agree	20	19.6	20.2	22.2
	Neither Agree or Disagree	27	26.5	27.3	49.5
	Disagree	31	30.4	31.3	80.8
	Strongly Disagree	19	18.6	19.2	100.0
	Total	99	97.1	100.0	
Missing	System	3	2.9		
Total		102	100.0		

Q12.4 Disclose personal info. Online

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	5	4.9	5.1	5.1
	Agree	25	24.5	25.3	30.3
	Neither Agree or Disagree	33	32.4	33.3	63.6
	Disagree	19	18.6	19.2	82.8
	Strongly Disagree	17	16.7	17.2	100.0
	Total	99	97.1	100.0	
Missing	System	3	2.9		
Total		102	100.0		

Q13 Frequency of online use

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Weekly	10	9.8	10.3	10.3
	Monthly	12	11.8	12.4	22.7
	Bimonthly	2	2.0	2.1	24.7
	Once-off	7	6.9	7.2	32.0
	I do not use internet banking	60	58.8	61.9	93.8
	Other	6	5.9	6.2	100.0
	Total	97	95.1	100.0	
Missing	System	5	4.9		
Total		102	100.0		

Multiple Response

Group \$Q14 What would make us use online banking?

Pct of Category label Cases	Code	Count	Pct of Responses
No Internet 39.4	1	26	23.4
No computer 34.8	2	23	20.7
No money 24.2	3	16	14.4
No computer training 13.6	4	9	8.1
No Internet training 22.7	5	15	13.5
Others 33.3	6	22	19.8
-----		-----	-----
168.2	Total responses	111	100.0

36 missing cases; 66 valid cases

Appendix2

AGEGRP Age category * Q7 Use of internet banking Crosstabulation

			Q7 Use of internet banking		Total
			Yes	No	
AGEGRP Age category	18 to 30 years	Count	15	40	55
		Column %	50.0%	58.0%	55.6%
		Total %	15.2%	40.4%	55.6%
	Over 30 years	Count	15	29	44
		Column %	50.0%	42.0%	44.4%
		Total %	15.2%	29.3%	44.4%
Total		Count	30	69	99
		Column %	100.0%	100.0%	100.0%
		Total %	30.3%	69.7%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided) p-value
Pearson Chi-Square	.538 ^b	1	.463

b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 13.33.

Appendix 3

Expensive to bank online * Use of Internet banking

It is expensive to use internet banking * Use of internet banking Crosstabulation

			Use of internet banking		Total
			Yes	No	
It is expensive to use internet bankingline	Strongly Agree/Agree	Count	3	18	21
		% within Use of internet banking	10.3%	26.5%	21.6%
		% of Total	3.1%	18.6%	21.6%
	Neither agree/disagree	Count	6	31	37
		% within Use of internet banking	20.7%	45.6%	38.1%
		% of Total	6.2%	32.0%	38.1%
	Strongly Disagree/Disagree	Count	20	19	39
		% within Use of internet banking	69.0%	27.9%	40.2%
		% of Total	20.6%	19.6%	40.2%
Total		Count	29	68	97
		% within Use of internet banking	100.0%	100.0%	100.0%
		% of Total	29.9%	70.1%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided) p-value
Pearson Chi-Square	14.256 ^a	2	.001

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.28.

Appendix:4
Reduced bank charges * Use of Internet banking

Crosstab

			Q7 Use of internet banking		Total
			Yes	No	
Q11.1 Reduced bank charges	Unimportant	Count	1	3	4
		Column %	3.4%	4.4%	4.1%
		Total %	1.0%	3.1%	4.1%
	2	Count		1	1
		Column %		1.5%	1.0%
		Total %		1.0%	1.0%
	3	Count	1	4	5
		Column %	3.4%	5.9%	5.2%
		Total %	1.0%	4.1%	5.2%
	4	Count	2	4	6
		Column %	6.9%	5.9%	6.2%
		Total %	2.1%	4.1%	6.2%
	5	Count	4	8	12
		Column %	13.8%	11.8%	12.4%
		Total %	4.1%	8.2%	12.4%
6	Count	3	14	17	
	Column %	10.3%	20.6%	17.5%	
	Total %	3.1%	14.4%	17.5%	
Important	Count	18	34	52	
	Column %	62.1%	50.0%	53.6%	
	Total %	18.6%	35.1%	53.6%	
Total	Count	29	68	97	
	Column %	100.0%	100.0%	100.0%	
	Total %	29.9%	70.1%	100.0%	

Appendix: 5
Travel Savings * Use of Internet banking

Crosstab

			Q7 Use of internet banking		Total
			Yes	No	
Q11.2 Travel Savings	Unimportant	Count	2	4	6
		Column %	6.9%	6.0%	6.3%
		Total %	2.1%	4.2%	6.3%
2		Count	3	2	5
		Column %	10.3%	3.0%	5.2%
		Total %	3.1%	2.1%	5.2%
3		Count	1	2	3
		Column %	3.4%	3.0%	3.1%
		Total %	1.0%	2.1%	3.1%
4		Count	4	4	8
		Column %	13.8%	6.0%	8.3%
		Total %	4.2%	4.2%	8.3%
5		Count	7	4	11
		Column %	24.1%	6.0%	11.5%
		Total %	7.3%	4.2%	11.5%
6		Count	2	18	20
		Column %	6.9%	26.9%	20.8%
		Total %	2.1%	18.8%	20.8%
Important		Count	10	33	43
		Column %	34.5%	49.3%	44.8%
		Total %	10.4%	34.4%	44.8%
Total		Count	29	67	96
		Column %	100.0%	100.0%	100.0%
		Total %	30.2%	69.8%	100.0%

Appendix 6
Free Internet access * Use of Internet banking

Crosstab

			Q7 Use of internet banking		Total
			Yes	No	
Q11.3 Free internet access	Unimportant	Count		5	5
		Column %		7.6%	5.4%
		Total %		5.4%	5.4%
	2	Count	2	5	7
		Column %	7.4%	7.6%	7.5%
		Total %	2.2%	5.4%	7.5%
	3	Count		4	4
		Column %		6.1%	4.3%
		Total %		4.3%	4.3%
	4	Count	6	6	12
		Column %	22.2%	9.1%	12.9%
		Total %	6.5%	6.5%	12.9%
	5	Count	4	11	15
		Column %	14.8%	16.7%	16.1%
		Total %	4.3%	11.8%	16.1%
6	Count	5	7	12	
	Column %	18.5%	10.6%	12.9%	
	Total %	5.4%	7.5%	12.9%	
Important	Count	10	28	38	
	Column %	37.0%	42.4%	40.9%	
	Total %	10.8%	30.1%	40.9%	
Total	Count	27	66	93	
	Column %	100.0%	100.0%	100.0%	
	Total %	29.0%	71.0%	100.0%	

Appendix 7

Rewards offered by the bank * Use of Internet banking

Crosstab

			Q7 Use of internet banking		Total
			Yes	No	
Q11.7 Rewards offered by the bank	Unimportant	Count	3	7	10
		Column %	10.3%	10.6%	10.5%
		Total %	3.2%	7.4%	10.5%
	2	Count	2	8	10
		Column %	6.9%	12.1%	10.5%
		Total %	2.1%	8.4%	10.5%
	3	Count	2	4	6
		Column %	6.9%	6.1%	6.3%
		Total %	2.1%	4.2%	6.3%
	4	Count	2	14	16
		Column %	6.9%	21.2%	16.8%
		Total %	2.1%	14.7%	16.8%
	5	Count	3	6	9
		Column %	10.3%	9.1%	9.5%
		Total %	3.2%	6.3%	9.5%
6	Count	6	11	17	
	Column %	20.7%	16.7%	17.9%	
	Total %	6.3%	11.6%	17.9%	
Important	Count	11	16	27	
	Column %	37.9%	24.2%	28.4%	
	Total %	11.6%	16.8%	28.4%	
Total	Count	29	66	95	
	Column %	100.0%	100.0%	100.0%	
	Total %	30.5%	69.5%	100.0%	

Appendix 8

Research Questionnaire

The aim of this questionnaire is to obtain a clear understanding of customer attitudes towards online/Internet banking.

Demographic Details

1. Gender

Male
Female

2. Age category

18 to 30	
30 to 40	
40 to 50	
50 or older	

3. Income category

R10 000 to R13 000	
R7000 to R10 000	
R5000 to R 7000	
R3000 to R 5000	
R 1000 to R 3000	
Other	

4. Educational qualifications

University/ Technikon	
Matric	
High School	
Other (Specify)	

5. Area of residence _____

Internet Usage

6. Have you ever used the Internet?

Yes
No

7. Have you ever used the Internet to do your banking?

Yes
No

8. If no, what factor/s will make you use the Internet? (You can tick more than one option)

FreeInternet access	
Free Access to a computer	
Other (Specify)	

9. To what extent do you agree/ disagree with the following statements:

	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
I will only bank at a branch					
I will only use Internet banking					
It is cheaper to bank at a branch					
It is expensive to use Internet banking					
I utilise both branches and the Internet to bank					

10. If you answered Yes to using online/Internet banking, what do you use Internet/online banking for?
(You can select more than one option)

Viewing account statements	
Viewing cheque account balances	
Making payments	
Transferring funds	
Other, please specify	

Motivators

11. On a scale of 1 to 7 please rate how important or unimportant each of the following factors would be to you, if you banked online.

	Importa nt 7	6	5	4	3	2	Unimport ant 1
Reduced bank charges for online transactions							
Saving on petrol, bus, taxi fare in travelling to a branch							
Free Internet access							
Training on use of the Internet							
Discounts offered by the bank on Telkom telephone charges							
Face to face contact with my banker is important							
Rewards offered by the bank eg free e-bucks							
Having access to a PC at the office							
Having access to a PC at home							
Other, please state and rate							

Perceived Risk

12. To what extent do you agree or disagree with the following statements:

	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
It is safe to bank at a branch					
It is safe to bank online					
I am comfortable disclosing credit card and account details on the Internet					
Bank websites are safe to disclose personal information					

General

13. How often do you use online/Internet banking?

Weekly	
Monthly	
Bi-monthly	
Once-off	
I do not use Internet(on-line banking)	
Other	

14. What would make you use online/ Internet banking more often?

15. Can you suggest factors that prevent you from using on-line /Internet banking?

I do not have Internet access	
I do not have a computer at home	
I do not have money to buy a computer	
I do not know how to use a computer	
I do not know how to use the Internet	
Other (Specify)	

16. Additional comments

Thank you for you time and your responses.