The delicate balance of internet banking and bricks and mortar offices
A study on bank services offered in Visby

Authors: Yasir Ali and Asif Niaz
Subject: Master Thesis in Business Administration 15 ECTS
Program: Master of International Management
Gotland University
Spring semester 2010
Supervisor: Mathias Cöster
Abstract.

Internet banking has an impact on banking performance as well as customer’s daily life. Customers are getting more used to use Internet banking services because the Internet is so popular and common available, it is more convenient and comfortable for customers to use banking services on the Internet. Hereby Internet banking also helps to improve banking service and increasing banks profitability by reducing costs. It also increases the overall value of the banks services by providing convenience, reliable, faster, cheaper services. The purpose of study is to find out which services customer prefers to execute the Internet bank and which services customers prefer to execute through branch office and based on this, what combination of services are desirable for banks customers in Visby. Finding shows that young and educated people are more frequently users of Internet banking for balance inquiry and for viewing the transaction history of his/her account. For some services customers prefer to visit branch office when opening a new account, deposit money, insurances service and loan activities. Banks encourage their customers to use online services but there is need that there are some activities that customer must go to the branch office.

Keywords: Internet Banking, customer usage, electronics services.
# Table of Contents

1. **INTRODUCTION.** .......................................................................................................................... 1
   1.1 BACKGROUND ......................................................................................................................... 2
   1.2 RESEARCH PROBLEM ............................................................................................................ 3
   1.3 PURPOSE AND RESEARCH QUESTION ................................................................................. 3
   1.4 LIMITATION OF THE STUDY ............................................................................................... 4

2. **RESEARCH DESIGN.** .................................................................................................................. 5
   2.1 RESEARCH STRATEGY ............................................................................................................ 5
   2.2 RESEARCH APPROACH ......................................................................................................... 5
      2.2.1 Inductive versus Deductive Research Approach ................................................................. 5
      2.2.2 Quantitative versus Qualitative Research methods .......................................................... 6
   2.3 SURVEY STUDY .................................................................................................................... 6
   2.4 SAMPLE OF POPULATION .................................................................................................... 7
   2.5 LIMITATIONS AND ITS IMPACT ON RESEARCH ............................................................... 7

3. **LITERATURE REVIEW.** .......................................................................................................... 8
   3.1 E-BANKING AND INTERNET BANKING ................................................................................ 8
      3.1.1 E-Banking or electronic banking ...................................................................................... 8
      3.1.2 Internet banking .............................................................................................................. 9
   3.2 ADAPTATION OF ELECTRONIC BANKING TECHNOLOGY .................................................. 11
   3.3 CUSTOMER ATTITUDE.......................................................................................................... 12
      3.3.1 Perceived usefulness and current fulfillment of customer needs ....................................... 13
      3.3.2 Perceived benefit ............................................................................................................. 13
      3.3.3 Effort expectancy and perceived ease of use .................................................................... 14
   3.7 FACILITATING CONDITIONS AND SECURITY, PRIVACY AND TRUST ................................ 14
   3.8 PERCEIVED RISK ................................................................................................................ 15
      3.8.1 Financial risk ................................................................................................................... 16
      3.8.2 Security and privacy risk .................................................................................................. 16
      3.8.3 Tim risk ............................................................................................................................ 16
   3.9 SUMMARY OF PREVIOUS STUDIES ..................................................................................... 16

4. **CUSTOMERS VIEW ON BANKING SERVICES.** ...................................................................... 18
   4.1 INFORMATION OF AGE, GENDER, LEVEL OF EDUCATION AND INCOME .......................... 18
      4.1.1 Gender Effect ...................................................................................................................... 19
      4.1.2 Age Effect .......................................................................................................................... 19
      4.1.3 Education Effect ............................................................................................................... 19
      4.1.4 Income Level Effect .......................................................................................................... 19
   4.2 PART TWO OF THE QUESTIONNAIRE .................................................................................... 20
      4.2.1 How long have you been using Internet banking services? ............................................ 20
      4.2.2 How often using Internet banking related to Age. ............................................................ 20
      4.2.3 How often using Internet banking related to education .................................................... 21
4.2.4 Do you think using internet banking reduce the number of visits to the bank office? ..................22
4.2.5 What kind of services are you using from Internet banking? ..........................................................22
4.3 Part Three of the Questionnaire. ...........................................................................................................23
  4.3.1 Internet banking is more convenient than bank office .................................................................24
  4.3.2 Internet banking is more reliable than bank office ........................................................................24
  4.3.3 By using internet banking I get safer and more secure service than from bank office .............24
  4.3.4 Easily available all the information that needed .............................................................................25
  4.3.5 Internet banking transactions can be done faster than at a bank office ....................................25
  4.3.6 Privacy by using internet banking ..................................................................................................25
  4.3.7 Usage of Internet banking services is cheaper than using services at bank offices ..................25

5. Analysis. ..................................................................................................................................................26
  5.1 Bank services preferred through Internet banking. ............................................................................26
    5.1.1 Balance Inquiry and Transaction history. ....................................................................................26
    5.1.2 Bill Payment, Getting Information and Fund Transfer. ...............................................................26
  5.2. Bank services prefer to use through branch office banking. ............................................................27
    5.2.1 Loan application, Insurance Services and Open new account. ..................................................27
  5.3 Combinations of service should be beneficial for banks in Visby ....................................................28

6. Conclusion ................................................................................................................................................30

Reference List: ...........................................................................................................................................31

Appendix A ..................................................................................................................................................36

Questionnaire: ...............................................................................................................................................36
List of Tables

Table 3-1: Source: Different forms of banking in electronic banking 10
Table 3-2: Sources: Factors influencing the adoption of internet banking 16
Table 4-1 Demographic characteristics 18
Table 4-2-1 How long having internet banking 20
Table 4-2-1 How often using Internet banking related to Age 20
Table 4-2-2 How often using internet banking related to Education 21
Table 4-3 Use of internet banking reduce the visit of bank office 21
Table 4-4 Services offer by internet banking 21
Table 4-3 Using internet banking services and its features. 22

List of Figures.

Figure 3-1: Source: the different banking channels 10
Figure 3-3 A model defining customers’ choice of online and bank office services 17
Figure 4-3 Using internet banking services and its features. 24
1. Introduction.

This chapter includes an introduction and a detailed background of the topic and defines the area of the research topic. At the end of this chapter it includes the research problem discussion and specific research question.

Internet banking is a financial services accessed via the internet. Generally when information technology (IT) is combines with the functions of banks and financial institutions, it is called electronic banking.\footnote{According to the Oxford dictionary (2004), electronic banking transactions carried out electronically (via the Internet), without involving the physical deposit or receipt of cash or checks; maintenance of a bank account by means of computer and telecommunications equipment and software} Internet banking is the use of Internet as a delivery channel in which to perform the banking activity, for example, transferring money, bills payment, balance inquiry, transaction history, loan applications, and insurance services. (Bankers online, 2010).

According to Karjaluoto, et al. (2002), electronic banking refers to the internet banking. Internet has a great impact on electronic banking services; it can be done with no delay and geographic remoteness. From all over the world customers have access easily by 24 hours a day and seven days a week. This provides many opportunities to a bank as well as customers. Daniel, (1999, p.74) defines electronic banking as “the delivery of banks' information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone or digital television”.

Banks are the most considerable organizations where IT has been used in present days and that create new routes through which customers can transact their accounts and interact with their bank (Hughes, 2003). From many years, due to technological development, financial services have been enabl to sell their products through remote distribution channels, e-banking is one of these channels which provide their services to customers (Boyes and Stone, 2003).

Beans, (1999), argue that electronic banking is becoming a necessity of banks for increasing their market share and satisfied their customers because people (customers) are feeling more comfortable with online bank services.
Although customers have an interest to use internet banking and online services available on the Internet, there still are some percentage of customers that either do not to use internet banking or only partially use it.

1.1 Background

Internet banking gives opportunity to its customers to performance different kind of functions’ electronically through bank web sites. Initially when internet banking was introduced it was only used for marketing their products and services through bank web sites. Moreover with the passage of time and the advancement of technology to meet the demands of customer’s banks introduce electronic transaction technologies. Many banks both public and private sector have come forwards to use internet banking and perform their mainly activities through electronically like banking transaction such as writing checks, paying bills transferring funds, printing statements, and inquiring about account balance (Lee, 2009).

Internet banking is comprehensive and have a strong influence by changes in such technology, deregulation of many parts of finance, the appearance of new banking institutions, economic reformation, the environmental changing motivate banking industry to reestablish the banking structure which is more profitable and reducing expenditure cost and implement good command of control (You, et. al., 2007).

Similarly taking market advantages banks also introducing new technology to reduce cost of operations and administration expenses which includes management of accounts, administration of statements, and other paper based expenses. These kinds of developments made to increase value chain or may be help to more focus on customers. As such many customers services are now delivered online at low cost which improves efficiency and effectiveness. Similarly there are also other benefits such as knowledge about customers’ activities, automation of credit checks, and possibilities to combine different kind of services (Humphreys, 2000).

Moreover internet banking offer an outstanding opportunity for selling banking services and products which increase banks competitive positions and fulfill customers demands and provide new distribution channels and help to improves the business image and minimize cost (Currie, 2000; Lam & Burton, 2005).
1.2 Research Problem.

Electronic banking has impact on banking performance by influencing the nature of relationship between banks and their customers. Arm length interaction with customers over the web is totally different from the interaction with customers in branch office; this kind of difference has impact on banks performance as well as customer. (De Young et al., 2001). Similarly, Feinberg, et. al. (2002) stated nowadays as customers are getting more likely to use websites because of the internet, it is more connivance and customers are feeling more comfortable with web businesses. However those consumers who are not using web will use tomorrow and those who have never purchased today will buy tomorrow on the web.

Some of the banks have only online services through internet banking for example ICA-banken\(^2\) or Skandiabanken\(^3\) have only online services, and the customers of those banks have only online facilities, no bank office or physical presence exist for banking services. Some online banks are traditional banks that offer additional online services, but still the customers have to go to the bank office for some banking services.

Based on above arguments an investigation is to be made the impact of internet banking on customers’ choice. In our view although it is important for customer to use internet banking services, there are some areas in which bank offices are still working. Banker encourages their customers to use internet banking services, however there are additional services that customers has to go to the branch like opening and closing accounts, forgone currency exchange which requires customers presence to the bank office for these services.\(^4\)

1.3 Purpose and Research question.

The purpose of the study is to gain knowledge on what customers find beneficial with online bank services and services offered by bank office. Based on this identify a proper balance of online bank services and bank office services that bank customers on Visby prefer. To reach this purpose following questions are developed.

\(^2\) ICA-banken is one type of a bank that provides only the internet banking services this means that they have no bank office. The ICA name comes from the grocery chain of stores in Sweden, mwww.icabanken.se

\(^3\) Skandiabanken is another example of a bank that does not have traditional bank offices that only available on the internet. www.skandiabanken.se

\(^4\) According to the information provided by Anders Ahlin Manager Swedbank Visby and its web site that is www.swedbank.se.
1. What kind of services do bank customers in Visby prefer to exercise as internet banking services?
2. What kind of services do bank customers in Visby prefer to exercise as branch banking services?
3. What combination of service offerings could be beneficial for banks on Visby?

1.4 Limitation of the study.
This study is restricted to a geographical limited in Visby Gotland. At the same time the data collected through the questionnaire is from those customers who are living in Visby, and have the relationship to one of the banks located in Visby i.e. Swed Bank, Nordea Bank, Handelsbanken and Länsförsäkringar Bank. Due to time and budget constraint Small sample size is also a limitation of the study.
2. Research Design.

This chapter provides a framework for the data collection. The objective of this chapter is to describe and discuss the research methodology that is used for research; it outlines research strategy and sampling.

2.1 Research Strategy.

Yin (2003), says that different strategies are available for collecting and analyzing empirical data, which include Experiment, Survey, History, Archival Analysis and Case study. To find out the answer of research question, it is necessary to follow research strategy. The research strategy depends on the characteristics of the research question. The strategy contains different types of research methods and tools that are relevant to accomplish the research. The main goal of this study is to find out what kind of bank services are more frequently used by customers through internet banking and at bank offices. The strategy of this research is survey based through questionnaire. The most important reason to employ this strategy is that our research is based on the customer’s attitude and data is collected directly from the customers.

2.2 Research Approach.

2.2.1 Inductive versus Deductive Research Approach.

There are two different theories for research, two different ways for drawing conclusions to conduct a research, according to Bryman & Bell, (2007) the two most important methods for gathering knowledge are inductive\(^5\) and deductive\(^6\) theory. When deciding which approach to adopt Saunders et al. (2000) suggest a number criteria. The first and most important thing is the nature of the research topic. If a lot of literature is available about the topic, it is suitable to use deductive approach. In opposition if the topics is new and less literature are available, it is appropriate to use inductive approach. The second factor is availability of time for the research. In our case we are using inductive methods in order to find conclusion on the basis of data that we gather from the questionnaire filled by the bank customers in Visby. It is also appropriate for us because of limited time for the research.

\(^5\) The induction process means that the survey starts with observations that will be interpreted and has the possibility to end in creation of new theories

\(^6\) The deduction process starts with the reading of theory and after reading theory hypothesis are formulated and tested in the reality
2.2.2 Quantitative versus Qualitative Research methods

Research methods are normally divided into two main types quantitative and qualitative. Ghauri et al. (1995). The quantitative method consists of the systematic empirical studies which involve quantifying through the assistance of mathematics and statistics Bryman and Bell, (2007). In quantities method data is collected and transformed into numbers which are empirically tested in order to see if there exists a relationship or not. Hereby quantitative method is the numerical integration of the data. On the other hand qualitative methods mostly refer to the case studies where the collection of information can be received from few studying objects (Bryman and Bell, 2007).

Here we are using qualitative methods. Qualitative methods more emphasize on understanding, interpretation, observation in natural setting and closeness to data (Ghauri et al., 1995). According to Baryman and Bell (2007) qualitative research is an appropriate approach for research in business and management administration. Furthermore, a qualitative approach will be more suitable in order to fulfil the purpose of the research.

The difference between making a qualitative or quantitative study is that the qualitative study goes to the heart of the problem and has an inductive approach. The quantitative research design reaches a broader part of the problem and has a more deductive approach (Bryman & Bell, 2007). The reason for us to choose a qualitative method is that we intend to gain better understanding from customers’ point of view on what balance they prefer. We are collecting data from a questionnaire survey. To develop the questionnaire authors need to know what kinds of services banks in Visby provide its customer through internet banking and bank office. For this purpose authors met with a manager at Swedbank and collected information about internet and bank office services, and on the basis of this information we developed questionnaire.

2.3 Survey Study

To answer the problem formulation, we have chosen to do a survey study on the bank customers in Visby; there are different kinds of bank customers with different perceptions which give us different views about the usage of internet banking services.
2.4 Sample of Population.

The survey was conducted randomly. According to (Bryman & Bell, 2007) random sample is the simple form of probability sample in which each unit of population has an equal chance to participate. Authors choice will be made through convenience; means contact with people that are easily available. It considers to distribute the questionnaire that it filled by both gender of population, different age group, people from different educational background, different profession/occupation and income level.

The final questionnaire was divided into three parts. First part is to gather general information and second part consist of specific information about the internet banking. Third part of questionnaire about the benefits of internet banking and its usage. General information include the gender, age, education, profession or occupation and income status and specific information is about the perception of respondent about internet banking, it related to the usage of internet banking for example frequency of use of internet banking, preferred way for a service either bank office or internet banking, the respondent’s point of view of different terms using internet banking for example privacy, security and time saving etc. The five point scale is used for statements of the third part that ranging from “1” for strongly agree, “2” for agree, “3” for no opinion, “4” for disagree and”5” for strongly disagree.

2.5 Limitations and its Impact on Research

Following are the limitations of the research.

1. Sample size is the limitation as we have a sample size of 75 respondents.
2. Research has a geographic limitation that research has only conducted for the Visby bank respondents.
3. The research questionnaire is not equally distributed to all the respondents of the age levels, education and profession.

Due to shortage of time and resources we decided to collect data from 75 respondents, this limitation may have impact on results like it’s not truly representative of the whole customer’s point of view about internet and branch banking services. Similarly, geographical limitation has also effect on the research. Finally education, income level, and age have also effect on the research because these factors are changing with the passage of time
3. Literature Review

In this chapter all the basic terminologies of electronic banking and internet banking are presented, also outlined are online banking acceptance studies, customers need, their attitude towards internet banking, perceived ease of use, perceived risk, awareness, security, privacy and trust.

The purpose of Internet banking is help to improve electronic banking used by customers, services providers, and other parties. The quality in Internet banking is one of the important aspects of the whole Internet banking service (Rowley, 2006). An analysis of the previous studies shows the quality in Internet banking services helps to meet the requirements of customers such as accuracy, security, privacy during transaction. According to customer attitude (e.g. Joseph et. al., 1999), and few others studies employed that it is importance to evaluate this kind of factors which effect customer attitude (Miranda, 2006). Furthermore it is stated that national environment also has effect on customer attitude to adoption of Internet banking. National environment help consumer to analysis and evaluate his/her surrounding and differentiate the services quality. It also shows the trend of customers toward the usage of technology and socio economic conditions (Brown et al., 2004 and Pikkaraine et al., 2004).

3.1 E-Banking and Internet banking

3.1.1 E-Banking or electronic banking

Electronic banking is a higher platform to just banking via the Internet, it consist of several distribution channels. The very simple form of e-banking is described as the provision of information or services provided by a bank via a computer, telephone, or mobile phone to its customers. (Daniel, 1999). Burr (1996) describe e-banking as an electronic connection between bank and customer in order to prepare, manage and control the financial transactions. It allows a banking customer to access their bank accounts for transaction purpose. Furthermore according to Daniel (1999) electronic banking has four different channels; PC banking, Internet banking, managed network and TV banking. It is important to know that Internet banking is browser based. As Karjaluoto, et al. (2002) says the main electronic delivery channel in banking is the Internet based banking, it accessed by via a personal computer. However TV based banking, managed network and telephone banking do not play such a big role today.
According to Lee & Lee (2000) Internet banking is process which provides opportunity to customers to perform his/her financial matter through electronic process without visiting bank office. They state that initially it became possible due to the advent of ATM, debit cards, direct deposit, and direct payment. This kind of service provided opportunities to customer to feel more convenient and due to this customer can save his /her time when doing financial transaction and also save money by reducing cost.

According to Lee (2008) argue that in late 1990 Online banking introduced, due to emergence of internet and banking sector improved its performance and existing services as well. Particularly for customer point of view, internet banking makes it easier for customer to manage its financial matters, through Internet banking customers made their transaction easily.

According to Bellis (2003) the banking industry is one of the pioneers of adopting innovation to reduce the cost and also improved services for its customers. He stated that during 1950 it was the American banks that started the usage of technology by introducing the (EMRA) electronic reducing method of accounting processing system and (MICR) magnetic ink character recognition. He stated that technology further improved in banking sector during 1960 & 1970. Similarly Bellis (2003) states that technology adaptation trend among customer was also very low before 10 to 15 years, although Internet banking was exist from since last 30 years in different forms but it become clear for customer after 1990.

3.1.2 Internet banking

Internet banking means that banking services such as production information, balance inquiry of account, loan application, transfer of money and many more are provided by the bank through the Internet. As Internet banking is become more popular, there is some discussion about the disappearance of the traditional banking. Wah (1999) argues that traditional banks in the future will not disappear. Instead the new technology will helps the traditional banks to care of their customers in an efficient way; furthermore Internet banking is useful for customers. The different types of electronic banking are summarized in below Table.
<table>
<thead>
<tr>
<th>Form of banking</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC banking</td>
<td>The customer installs banking software on his or her personal computer. The customer has access to his or her account with that specific software.</td>
</tr>
<tr>
<td>Internet banking</td>
<td>Customer can access his or her bank account via the Internet using a PC or mobile phone and web-browser.</td>
</tr>
<tr>
<td>TV-based banking</td>
<td>The use of satellite or cable to deliver account information to the TV screens of customers</td>
</tr>
<tr>
<td>Telephone-based banking</td>
<td>Customers can access their bank and account via SMS and as well as by ordinary phone using services of interactive voice responses (IVR).</td>
</tr>
</tbody>
</table>

Table 3-1: Source: Different forms of banking in electronic banking (Daniel 1999)

There are different channels for using the banking services, limited interaction between a bank and its customers are taking place in bank offices, while Internet banking and mobile banking are the most flexible banking channels that has no limitation of time and location. The bank office is the primary channel for some banking products and services as it offers secure physical location for the transaction (Hadden et al., 2002).

Figure 3-1: Source: the different banking channels (Hiltunen, et al., 2002)

There are some features that increase the customer’s value of using Internet banking. According to Daniel (1999) these features are convenience to use, increased choice of access to the bank, control over their banking activities, speed of the transactions and security of financial transactions. From the customer's point of view, Internet banking makes available a full range of
services that are not offered in bank offices (Karjaluoto, 2002). It is possible to use customize banking services because of modern Internet technology for every individual customer (Mattila, 2001).

From a bank point of view the benefits of Internet banking are cost savings, cross selling, third-party integration, it reaches new segments of the population, efficient way to provide services and problem resolution, and provide satisfaction to the customers (Hiltunen et al., 2004; Joseph, 1999). In general, it can be stated that Internet banking is a time and money saving practice, it provides convenience and accessibility to the customers as well as the banks, and has a positive impact on customer satisfaction (Karjaluoto, 2002; Mattila, 2001).

3.2 Adaptation of electronic banking technology
According to Lee (2008), that there are two different theoretical approaches understanding customer’s behavior towards adoption of electronic banking technology. First approach is focused on customer characteristic which are linked to the time factor. It shows how much time customer will take to adopt new technology innovation. A second approach is related to the consumer predisposition such as overall feeling, attitude, perception, or intention towards usage of given technology. According to Rogers (1965, p.107) innovation spread in society through S – curve (this curve shows the rate at which population adopts an innovation). This model help to understand that consumers adopt the new innovation as it move towards the product maturity stage. This model also includes five characteristics of innovation that influence consumer acceptance. These are relative advantage (i.e., the benefit of innovation is greater than what it is replacing), compatibility (i.e., an innovation fits into a specific society), simplicity (i.e., an innovation is easy to understand and use), compatibility (i.e., the benefit of using an innovation can be tried before purchase).Similarly, the degree to which innovation satisfy these five qualities determines the like hood and also the speed of innovation. This DI model may be used in order to understand of consumer electronic banking and technology acceptance (Daniel, 1999; Lee & Lee, 2000).

Furthermore Lee (2000) states that a similar useful perspective is the technology adaptation model (TAM) which is proposed by Davis (1989) this model is the extension of the theory of reasoned action (TRA) which is related to the adaptation of computer in the workplace. According to this theory consumer overall feeling or attitude towards the usage of new
technology is based on systems or procedures that are of his /her interest Davis (1989). This model also relates to the consumer ease of use and perceived technology usefulness which effect individual attitude towards the usage of new technological innovation. Moreover, Lassar & Lassar (2005) states that these studies are related to identify the consumer perspective and also to find out consumer perspectives which motivated the customer to use this kind of technology. Furthermore, Lee & Lee (2000) found out some customers are not adopting new technology as they are not willing to use this systems because they are less likely to prefer relationship based system like face to face interaction. According to different researchers the most important factor which influences the adaptation of technology is education and income level. The impact of education and income has a significant impact on customer behavior to adopt new technology like Internet banking. (Dainal, 1999; Lee & Lee, 2000; Karjaluoto et al., 2002). Sathye (1999) argue that education and wealthy customers are more willing to adopt internet banking as compared to uneducated or low income consumer. Similarly studies show that age has also a significant impact on the usage of internet banking Younger customer are more frequently uses of Internet banking as compared to older people. He stated that age has also impact on different kind of banking system, like older people are more likely to use PC banking and younger people who are less than 35 are more likely to use internet banking (Karjaluoto et al., 2002; Lee & Lee, 2000).According to Kolodinsky et al. (2004) the gender has also effect on the usage of technology, different studies shows that men are more actively adopt new technology then women.

3.3 Customer attitude

Clark and Mills (1993) argues that it depends on customers attitude what kind of interaction he/she want to established with service provides, Some customer are more willing to establish personal relationship with bank and therefore prefer to face to face interaction, as compared to others are focused on service quality they are not conscious about personal interaction. He stated that its means customers who prefer personal interaction wants to develop social and psychological relation with his bank that’s means electronic banking will not impact on his/her behavior. Similarly on the other hand those customers who are more focused on service quality and system will enjoy the benefits on electronic banking services. According to Lancaster (1966) he describe that attitude is the driver for customer utility and its attributes. Similarly Triandis (1979) describe attitude can be positive or negative towards adaptation of products or services.
He further states that attitude gives awareness about the benefits of Internet-banking, adaptation features, banks electronic features, risk, customer attitude and personal preferences. Thus technology adaptation model (TAM) about Customer attitude suggest that attitude it is depend upon the personal salient beliefs and his/her behaviors of the individual. Polatoglu and Ekin (2001) argue about the customer attitude is the combination of his/her beliefs about the product or services, importance of the product or services attributes towards taking decision. Costumer attitude towards Internet banking in term of perception regarding product information, type of payment systems, services offered by the bank, risk factors, personalization or privacy, visual appeal, navigation, etc. also influence his or her decision. (Hernandez and Mazzon, 2007; Eriksson et al., 2005; Jaruwachirathanakul and Fink, 2005).

3.3.1 Perceived usefulness and current fulfillment of customer needs

The Waallis (1997) report states that customers only try to find out the products or services from which he/she gain maximum profit. Thus for the adaptation of Internet banking, it is important for banks to offer services which motivate the customers to adopt them. The importance of perceived usefulness is recognized in the field of Internet banking (Guriting and Ndubisi, 2006; Jaruwachirathanakul and Fink, 2005; Eriksson et al., 2005; Laforet and Li, 2005; Polatoglu and Ekin, 2001; Liao and Cheung, 2002). According to Davis et al., (1992), perceived usefulness indicate customer’s perceptions towards the usage of a technology that will improve his/her performance. Pikkarainen et al. (2004) applied technology adaptation model (TAM) in Finland found nowadays Internet banking is a more innovative and user friendly service technology, which gives customer more independence in performing banking transactions, obtaining information on financial advices and purchasing other kind of products or services. Furthermore Gerrard and Cunningham (2003) states that perceived usefulness also depend on banking services they offered like checking balance, paying utility bills, applying for a loan, transferring money, obtaining other kind of information etc.

3.3.2 Perceived benefit

Huang et al. (2005) states that nowadays online banking is consider as the most effective banking transaction methods because it provides many benefits as compared to traditional banking channels offered to the customers. Similarly Lee (2008) writes that there are two kinds of perceived benefits which can be divided into direct and indirect advantages/benefits.
According to Lee (2008) argue that direct advantages means tangible benefits that customers recive by using Internet banking, for example, lower transaction cost, faster transaction speed, and increased information transparency. In Internet banking wide range of financial benefits means to offer some benefits to the customer like lower transaction handling fee, higher deposit rate, opportunities to win different kind of prizes etc. Secondly, the faster transactions speed save customers time because there is less need for paper work. Thus, Internet banking manages this system with the help of websites and through electronic data. Third advantage is that internet banking helps to customers to monitor his performance any time and to confirm delivery automatically. Internet banking gives comfortable access to their bank accounts, less services charges and time saving. Similarly Change (2002) argues that internet banking has lower transaction charges and highly speeds of services when compared with branch banking.

Lee (2008) states that indirect benefits are less tangible and it’s difficult to measure them. For example, Internet banking helps customer to execute banking transactions anytime from anywhere of the world and enjoy 24-hours services, customer can pay his bill through internet , and also offer customer more benefits about investment in different sectors. It also offer different kind of others information like news about stock etc.

3.3.3 Effort expectancy and perceived ease of use
Perceived ease of use is the degree to which a person accepts as accurate and deiced to used, this method used on the bases of low cost for an individual (Davis et al., 1989; Gefen and Straub, 2000; Gahtani, 2001). According to Rogers (1962) affirmed perceived ease of use is a term shows the levels of degree to which technological innovation is perceived that not difficult to understand, easily to learn and to understand how to operate it. Consult (2002) points out that perceived ease of use is providing opportunities and motivates the willingness of customers to try to use the new innovation and analysis its benefits. He also argue as drivers of electronic growth the perceived ease of use which it is a combination is to provides easy internet access, the availability of banking services more secure and high stander of banking services to the customers.

3.7 Facilitating conditions and security, privacy and trust
According to Hernandez and Mazzon (2007) the image of Security and privacy is dependent on the customer thinking what he/she think about company and his/her beliefs about company that
organizational and its technical expertise that made by the organization to make sure the security and privacy of customers data. The importance of security and privacy for the acceptance of internet banking has been noted in many banking studies. According to Chen and Barens (2007) lack of security and privacy were a significant hurdle when adaptation an Internet banking, he further explore the customer has a strong believe on banks but they are not confident about technology (Howcroft et al., 2002). According to many studies (e.g. Hernandez and Mazzon, 2007) people are more conscious about privacy and security issues and it is an important barrier for internet services. Suh and Han (2002) also suggest that trust is an important for understanding personal behavior and is more important for Internet banking.

3.8 Perceived risk
According to (Lin, 2008) states many researches show that perceived risk has effect on consumer decision making process. Featherman and Pavolu (2003) that perceived risk is a kind of risk where customers are not able to get desired result. However there are different kind of perceived of risk and it’s depends upon the product or services. He states that regarding Internet banking customer does not e.g. face any threat about his or her life. According to (Lee, 2008) there are different kinds of perceived risks in online banking which shows in table.3-2

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial risk</td>
<td>The probability that a purchase results in loss of money as well as the subsequent maintenance cost of the product</td>
</tr>
<tr>
<td>Security and Privacy risk</td>
<td>Potential loss of control over personal information, such as when information about you is used without your knowledge or permission. The extreme case is where a consumer is “spoofed” meaning a criminal uses their identity to perform fraudulent transactions</td>
</tr>
<tr>
<td>Time risk</td>
<td>Consumers may lose time when making a bad purchasing decision by wasting time researching and making the purchase, learning how to use a product or service only to have to replace it if it does not perform to expectations</td>
</tr>
</tbody>
</table>
Table 3-2: Sources: Factors influencing the adoption of internet banking (Lee, M., 2008)

3.8.1 Financial risk
Financial risk is defined as a monetary loss is misuse of bank account or transaction error. According to Kuisma et al. (2007) most of the customers are afraid because they loss his or her money while performing transaction on internet banking. He also stated that it happened due to lack of the guarantee from the internet banking system. So, customer faced difficulties when transaction error is happened.

3.8.2 Security and privacy risk.
According to Reavley (2005) Security and privacy risk is defined as a risk which occurs due to fraud or hacker that is hacking the security system of an Internet banking users. Hacking is one kind of activity which that is used to order to collect sensitive information about customers, for example customer password his user name, credit card number, card details etc. Littler and Melanthiou (2006) argue that these kind of activates provide monetary loss to the customers and therefore many customer believe that they are afraid from theft during the usage of Internet banking services.

3.8.3 Tim risk
According to Forsythe and Shi (2003) time and convenience risk is the loss of time and inconvenience due to delays of receiving the payment of any others difficulties to perform the task timely. They stated that there difficulties are faced during online experiences can be consider as a time/convenience, Web page complication or because of the web sites are not user-friendly and customer feels difficulties.

3.9 Summary of previous studies.
In this figure 3.3 the different perspective presented in this chapter are summarized into a model for analysis of customers’ profile. The customers can require services either online or via bank office. Factors influencing choice are internet banking services, adaptation of technology, perceived usefulness and customer security and perceived risk. Internet banking services offered initiate the customer to go online in the first case. Adaptation of technology influence the customers perceived usefulness of online services and further also perceived security and risk. Depending on customers age, gender, level of education and income these factors may vary and
the balance of services offered by banks online and at a bank office have to be adjusted depending on the customers profile.

Figure 3.3. A model defining customers’ choice of online and bank office services
4. Customers view on banking services.

In this chapter we present the data collected from the questionnaire developed for this thesis. In total 75 respondents living in Visby participated.

4.1 Information of age, gender, level of education and income.

Part one consists of basic variables like gender, age, education and income level. Below is the table for the number of respondent percentage wise answers of first part.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Classification of Variables</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>40</td>
<td>53.33</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>35</td>
<td>46.67</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>Less than 20 years</td>
<td>8</td>
<td>10.67</td>
</tr>
<tr>
<td></td>
<td>21 to 30 years</td>
<td>23</td>
<td>21.33</td>
</tr>
<tr>
<td></td>
<td>31 to 40 years</td>
<td>14</td>
<td>18.67</td>
</tr>
<tr>
<td></td>
<td>41 to 50 years</td>
<td>13</td>
<td>17.33</td>
</tr>
<tr>
<td></td>
<td>51 to 60 years</td>
<td>11</td>
<td>14.66</td>
</tr>
<tr>
<td></td>
<td>More than 60 years</td>
<td>6</td>
<td>8.00</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td>Educational level</td>
<td>Illiterate</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>School level</td>
<td>18</td>
<td>24.00</td>
</tr>
<tr>
<td></td>
<td>Graduation level</td>
<td>30</td>
<td>40.00</td>
</tr>
<tr>
<td></td>
<td>Master's level or above</td>
<td>27</td>
<td>36.00</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td>Monthly income (in SEK)</td>
<td>5,000 to 15,000</td>
<td>15</td>
<td>20.00</td>
</tr>
<tr>
<td></td>
<td>16,000 to 30,000</td>
<td>28</td>
<td>37.33</td>
</tr>
<tr>
<td></td>
<td>31,000 to 50,000</td>
<td>19</td>
<td>25.33</td>
</tr>
<tr>
<td></td>
<td>51,000 to 80,000</td>
<td>10</td>
<td>13.33</td>
</tr>
<tr>
<td></td>
<td>81,000 and more</td>
<td>3</td>
<td>4.00</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>75</td>
<td></td>
</tr>
</tbody>
</table>

Table 4-1: Demographic characteristics

We distribute this questionnaire among 75 respondents in Visby and following are the findings: Also divide our questionnaire into three parts; first part consists of the personal information of the respondents for example gender, age education and income. The first part also interrelates with the second and third part of the questionnaire.
4.1.1 Gender Effect

Our first variable is about the gender of the respondent, authors tried to distribute in such a manner that equally distribute in both respondents male and females. Table 4-1 shows that there are total 75 respondents and out of that 40 are male respondents and 35 are female respondents. Male respondents are 53 % and Females are 47 % customers in Visby are used Internet banking services.

4.1.2 Age Effect

Second variable is the age of the respondents, authors made a scale to divide into six categories of age, as Table 4-1 shows that the category less than 20 years of age there are 8 respondents which are 11 % of total sample size; second category is more than 20 year of age and less than or equal to 30 years of age there are 16 respondents and having 21 % of the response. The third category starts from 31 years of age of the respondents and it’s up to 40 years, in this category there are 14 number of respondent and its percentage is 19 %. Category four includes 15 respondent having age of 51 years to 60 years and 20 % is the result. The last category is more than 61 years there are 9 respondents in this category having 12 percent customers in Visby are used internet banking services. Response from questionnaire reveal that the dominate age group in using Internet banking services is 20-50 years in Visby.

4.1.3 Education Effect

Third variable is the education and it also divided into categories of scale for inquiring the respondent’s education. The scales are; a respondent is illiterate or school level of education, a graduation degree and the last masters or above education level. There is no respondent that illiterate as shown in table 4-1. Results from the respondents shows that customers have the graduate level found to be the most user of internet banking which is almost 40% of the respondent. Furthermore 18 respondents have master’s degree or above education that is 24% of the sample size of the customers of Internet banking users in Visby.

4.1.4 Income Level Effect

The fourth variable is income level of the respondent as shown in Table 4-1. We have divided into the five levels. A majority of those who answered, 57.33% had income below 30,000 SEK per month. Compared to average income level on Gotland this indicates that the majority in our survey are similar to average income in the municipality.
4.2 Part Two of the Questionnaire

Part II of the questionnaire is consisting of those questions that provide the information of respondents using internet banking; the question starts from “How”.

4.2.1 How long have you been using Internet banking services?

<table>
<thead>
<tr>
<th>Question</th>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>How long have you been using Internet banking</td>
<td>Less than a year</td>
<td>9</td>
<td>12.00</td>
</tr>
<tr>
<td>services?</td>
<td>Between 1 to 2 years</td>
<td>13</td>
<td>17.33</td>
</tr>
<tr>
<td></td>
<td>Between 2 to 3 years</td>
<td>14</td>
<td>18.67</td>
</tr>
<tr>
<td></td>
<td>Between 3 to 4 years</td>
<td>18</td>
<td>24.00</td>
</tr>
<tr>
<td></td>
<td>More than 4 years</td>
<td>21</td>
<td>28.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>75</td>
<td></td>
</tr>
</tbody>
</table>

Table 4-2-1: How long having internet banking.

The first question in part II is how long have you been using internet banking services? The authors divide the answer into different scales as shown in table 4-2. Now for understanding of the results that we add the respondents that are using internet banking services between 2 to more than 4 years, there are 53 respondents and having 71% of result; it means that most of the internet banking user are mature customers and they know the benefits of using internet banking services.

4.2.2 How often using Internet banking related to Age.

<table>
<thead>
<tr>
<th>Question</th>
<th>Age</th>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>How often are you using Internet banking services?</td>
<td>Less than 30 year</td>
<td>Daily</td>
<td>6</td>
<td>8.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Once in a week</td>
<td>9</td>
<td>12.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Once in a month</td>
<td>16</td>
<td>21.33</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td>41.33</td>
</tr>
<tr>
<td></td>
<td>31 to 50 years</td>
<td>Daily</td>
<td>5</td>
<td>6.66</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Once in a week</td>
<td>9</td>
<td>12.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Once in a month</td>
<td>13</td>
<td>17.33</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td>37.66</td>
</tr>
<tr>
<td></td>
<td>Above 51 years</td>
<td>Daily</td>
<td>2</td>
<td>2.66</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Once in a week</td>
<td>6</td>
<td>8.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Once in a month</td>
<td>9</td>
<td>12.00</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td>22.66</td>
</tr>
</tbody>
</table>

Table 4-2-2: How often using Internet banking related to Age.
Second question in part II of the questionnaire is how often are you using internet banking services related to age? This question inquires the frequency of the use of internet banking services. Its scale is divided into the daily, or once in a week, or once in a month or the last any other. The results are shown in table 4-2-2. If we just add the frequency of users less than 30 years, numbers the results shows that 42% of the respondents use internet banking services once or twice in a month, 37.66% of the respondent belong the age group of 31-50 years. Similarly, 22.66% respondent age group is above 51 years. Now if we add first two groups than results shows that majority of respondents are young and uses internet banking it due to monthly paying bills or check online balances of their salary or some other things; results shows that minimum numbers of respondents are either frequently use of the internet banking services (daily) or casually use of the internet services (may be once in a six month or once in a year).

4.2.3 How often using Internet banking related to education

<table>
<thead>
<tr>
<th>Question</th>
<th>Education</th>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>How often are you using internet banking services?</td>
<td>School level</td>
<td>Daily</td>
<td>2</td>
<td>2.67</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Once in a week</td>
<td>5</td>
<td>6.67</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Once in a month</td>
<td>5</td>
<td>6.67</td>
</tr>
<tr>
<td></td>
<td>Graduation level</td>
<td>Daily</td>
<td>7</td>
<td>9.33</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Once in a week</td>
<td>9</td>
<td>12.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Once in a month</td>
<td>15</td>
<td>20.00</td>
</tr>
<tr>
<td></td>
<td>Master's level or above</td>
<td>Daily</td>
<td>6</td>
<td>8.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Once in a week</td>
<td>14</td>
<td>18.67</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Once in a month</td>
<td>12</td>
<td>16.00</td>
</tr>
</tbody>
</table>

Table 4-2-3: How often using Internet banking related to education

It is also shown that the level of education move forward to the how often use of banking Internet services? Less the education is related to less use of banking internet services. We categorized the education in three levels (as shows in table 4-2-3) the percentage result of each level is mention in above table. Respondent that have the less education are less use of Internet banking services it shows in table 4-2-3 that respondents that have a school level of education less frequently use of internet banking, more the education are more frequency of use the banking Internet services
4.2.4 Do you think using internet banking reduce the number of visits to the bank office?

<table>
<thead>
<tr>
<th>Question</th>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you think using internet banking reduce the number of visits to the bank office?</td>
<td>Yes</td>
<td>67</td>
<td>89.33</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>8</td>
<td>10.67</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>75</td>
<td></td>
</tr>
</tbody>
</table>

Table 4-2-4: Use of Internet banking reduces the visit of bank office.

The respondents view regarding the usage of Internet banking and visiting bank office; results shows that most of the population has the point of view that if they are using Internet banking it reduce to go to the bank office as shown in table 4-5. There are 10% of the population says the answer No.

4.2.5 What kind of services are you using from Internet banking?

<table>
<thead>
<tr>
<th>Question</th>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>What kind of services are you using from internet banking?</td>
<td>Balance inquiry</td>
<td>66</td>
<td>88.00</td>
</tr>
<tr>
<td></td>
<td>Transaction history</td>
<td>66</td>
<td>88.00</td>
</tr>
<tr>
<td></td>
<td>Bill payment</td>
<td>52</td>
<td>69.33</td>
</tr>
<tr>
<td></td>
<td>Get information of products</td>
<td>39</td>
<td>52.00</td>
</tr>
<tr>
<td></td>
<td>Fund transfer</td>
<td>30</td>
<td>40.00</td>
</tr>
<tr>
<td></td>
<td>Insurance Service</td>
<td>5</td>
<td>6.67</td>
</tr>
<tr>
<td></td>
<td>loan application</td>
<td>4</td>
<td>5.33</td>
</tr>
<tr>
<td></td>
<td>other services</td>
<td>2</td>
<td>2.67</td>
</tr>
<tr>
<td></td>
<td>stop payment</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Open new account</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>register complaints</td>
<td>0</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Table 4-2-5: Services offer by internet banking.

It is a question about the choice of the respondent that what kind of services he/she mostly like to use when using internet banking services? To help the respondent’s we provide a list of services; it is a list of the most common services that banks offer as internet services. The results are shown in above Table 4-6. The majority of customers in Visby uses Internet banking services for balance inquiry and view the transaction history of an account. 88% of the population use Internet banking for balance inquiry or to checking his/her accounts transaction history. 69% of the population using Internet banking services for bill payment and 52% people using internet banking for getting information about other products and services. Another, service is fund
transfer 40% people use internet banking services for transfer of money. Internet banking offers services for loan application and insurance services but we have only minimum numbers of respondents are use Internet banking for these services. Also stop payment and new account opening are available but not even a single respondent says that they are using that service on the Internet banking, it is off course not very frequently use of services.

**4.3 Part Three of the Questionnaire.**

Third part of the questionnaire consists of the habits of the respondents using Internet banking services and their point of view of using Internet banking services. There are several number of statements about the internet banking and having scale of Strongly agreed, Agreed, Neutral, Disagree and Strongly disagree As shown in table 4-3.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet banking is more convenient than bank office it available 24 hours service and anywhere.</td>
<td>52%</td>
<td>31%</td>
<td>14%</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>Internet banking is more reliable than bank office.</td>
<td>35%</td>
<td>30%</td>
<td>30%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>By using Internet banking I get safer and secure service than from bank office.</td>
<td>20%</td>
<td>35%</td>
<td>7%</td>
<td>30%</td>
<td>8%</td>
</tr>
<tr>
<td>I get all the information that I need for taking care of my banking transactions more conveniently from Internet banking than from bank office.</td>
<td>29%</td>
<td>33%</td>
<td>27%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Internet banking transactions can be done faster than bank office.</td>
<td>46%</td>
<td>28%</td>
<td>20%</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>I keep my privacy by using Internet banking, so that other people don’t know about my transaction.</td>
<td>22%</td>
<td>35%</td>
<td>15%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>To use Internet banking services is cheaper than by using services by bank office</td>
<td>19%</td>
<td>17%</td>
<td>51%</td>
<td>10%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Table 4-3 Using Internet banking services and its features
4.3.1 Internet banking is more convenient than bank office

First statement shows the respondents view about the convenient services; by convenient authors means that 1) internet banking services are 24 hours available rather than bank office has the opening and closing timing; it normally available 8 hours per day, also closed on Saturday and Sunday. 2) Someone can access internet banking services anywhere as a bank office has a particular geographic address. There are 52% respondents that are strongly agreed and 31% are agreed; this means that 83% of the respondents agreed with this statements. There is only 3% of respondents are not agreed with the statements.

4.3.2 Internet banking is more reliable than bank office

There are 35 percent respondents that strongly agreed with this statement and 30 percent who are agreed which means that a total 65% of the respondents agreed with the reliability factor of using Internet banking. There are 30% of the respondents who are neutral this means that their opinion neither agreed nor disagreed.

4.3.3 By using internet banking I get safer and more secure service than from bank office

There are 55% of the respondents that agreed with the statement that Internet banking has provide better services than from bank office but 38% of the respondents are disagreed with the
4.3.4 Easily available all the information that needed
To get the information of different banking product and services on Internet is a best source as per the results of the statement; the results shows that there are 29 % of the respondents are strongly agreed with the statement. 33 % of the respondents are agreed with the statement; this means that there are 62 % of the respondents that are agreed with the statement and are using internet banking service to get information about the banking products, services, new features and many more. There are 27 % of the respondents are neutral. Population that are disagree with the statement is only 11 % and it may be because of less use of internet or difficulty to find the information that required, it also linked with the education of the respondent; less the education is feel difficulty to use the internet.

4.3.5 Internet banking transactions can be done faster than at a bank office
To the transaction faster we mean that to save the time spent to go to the bank office, making a queue and request for the transaction. It’s with the help of Internet banking done transaction with no delay. 74 % of the respondents agreed with the statement and are only 6 % of the respondents disagreed with the statement.

4.3.6 Privacy by using internet banking
By privacy, we mean that no one can seen the transaction and your financial activities .There are 57 % of the respondents who agreed with the statement but on the other side 28 % of the respondents disagreed with the statements and also 15 % of the respondents are neutral.

4.3.7 Usage of Internet banking services is cheaper than using services at bank offices.
Using a bank services have service charges on performing transactions, i.e., to pay the bills from a bank there are many ways either pay bill by Internet banking or to visit to the bank office or use telephone banking. But there are different service charged when paying bills. 36 % of the respondents agreed with the statement and 13% of the respondents are disagreed.
5. Analysis.

5.1 Bank services preferred through Internet banking.

To find out the answer of our research question authors provide a list of services to the respondent’s. It is the list of services that a bank offers by Internet banking and bank office.

5.1.1 Balance Inquiry and Transaction history.

The results are shown in table 4-2-5. The most common Internet banking services are frequently used by customers is balance inquiry and information of transaction history of an account. These two services are more popular among banks customers in Visby. According to Lee & Lee (2000), Internet banking services provide opportunities to customer to perform his/her financial matter through electronic process without visiting bank office. (Table 4-2-2 & 4-2-33) shows that majority of young and higher educated people are uses Internet banking services. This study shown that age and education has a significant impact on the usage of Internet banking customers who are younger and well educated are more likely to use Internet banking services among customer with low level of education. Sathye (1999), that age has also a significant impact on the usage of Internet banking younger customer are more frequently use Internet banking and trend is more popular in younger people as compare to older people. One an important reason is that according to technology adaptation model stated that younger and educated people are easily learn about technological and they have not face any difficulty during its usage. Lassar (2005), studies are related to identify the consumer perspective motivated the customer to use this kind of technology. Table 4-3 results show that 84 % peoples are using Internet banking services due to convenient and availability, 65 % peoples use internet banking services due to good service as compare to bank office. This kind of service provide opportunities for customers and they feel more convenient and easy access, due to these convenience customer can save his /her time when doing financial transaction and also save money by reducing bank visit. Similarly, the results show that maximum percentage of the respondents are using Internet banking for balance inquiry and view transaction history. Similarly, 74 % peoples using internet banking because they think it is faster the bank banking.

5.1.2 Bill Payment, Getting Information and Fund Transfer.

Furthermore, majority of people in Visby using this Internet banking services for the bill payments, getting information and fund transfer. Lee & Lee (2000), initially it became possible
due to the advent of ATM, debit cards, and direct payment. According to Bielski (2007), that a now day’s Internet banking has gained significant importance in daily life of customers especially online bill payment systems. He stated that by 2010 about half of US household will pay at least one bill online which shows the trend of Internet banking. Another service is transfer of money. This study shows that people mostly prefer Internet banking system for his/her bill payment and they try to avoid visiting bank office for bill payment. Similarly, this study shows Internet banking customers are increasing day by day which shows people decision making process are influence by the technological innovation and customers are ready to shift from branch banking to Internet banking. As the results in Table 4-2-2 shows young people are more frequently users of internet banking services as compare to older peoples. According to Lee (2008), that customers receive some benefits by using Internet banking, for example, lower bank charges for bill payments, faster transaction speed. There are only 30 respondents that use internet banking services for fund transfer or its 40 percent of the population. Gerrard and Cunningham (2003), perceived usefulness also depend on banking services they offered like checking balance, paying utility bills, applying for a loan, transferring money, obtaining other kind of information etc. There are 57 percent of the respondents who agreed Internet banking services are safe and secured for payments. According to Lin (2008), many researches show that perceived risk has effect on consumer decision making process. Similarly Hernandez and Mazzon (2007) that people are more conscious about privacy and security issues and it is an important barrier for internet services.

5.2. Bank services prefer to use through branch office banking.
To find out the answer of the second research question what kind of services customers in Visby more prefer on branch office. There are some services also available on internet banking but respondents have a less frequency to use those services on the Internet banking and want to go to the bank office; for example, results shows in Table 4-2-5 that customer prefer to go to bank for open new account, register complaint, stop payment, loan application and insurance services.

5.2.1 Loan application, Insurance Services and Open new account.
As mention in Table 4-2-5 peoples are more likely to prefer to visit bank office for loan application, opening new account and insurance services. This result shows that customers’ attitude towards the usage of Internet banking dependent on his/her interests. Like, consumer attitude related model shows that consumer ease of use perceived technology usefulness or is
complication will affect consumer attitude towards the usage of internet banking services. Our finding shows that different customer have different interests and for that, people are likely to visit branch office for face to face interactions with bank management before going to apply for loan, insurance service or new account opening. Furthermore Lee & Lee (2000), find out some customer are not adoption new technology or not willing to use this system because they are less likely to adopt the new system and more prefer to relationships based system like face to face interaction. However, Sathye (1999) argue that well educated customers are more willing to adopt Internet banking as compare to low level educated consumer.

Furthermore Table 4-3 shows that 28% of customers are not using internet banking due to privacy and security risk. This study results show some people are not technology user friendly and they are not feel comfortable to use internet services. Chen and Barens, (2007), that lake of security and privacy were to be significant hurdle to adaptation of Internet banking services. He further explore the customer has a strong believe on banks. Many studies (e.g. Hernandez and Mazzon, 2007), people are more conscious about privacy and security issues and it is an important barrier for adopting online services and they prefer to use branch office.

5.3 Combinations of service should be beneficial for banks in Visby.
To find out the answer of over third research question what combination of services offering could be beneficial for banks on Visby? Result shows in Table 4-7, the combinations of internet banking services more frequently used in Visby banks are balance inquiry and Transaction history, the usage of these two services are 88 % among Visby customer. Huang et al., (2005), nowadays internet banking is consider as the most effective banking transaction methods because it provides many benefits as compared to traditional banking channels offered to the customers. This study shown these two services are more popular among Visby bank customers. The second combinations of Internet banking services are bill payments, getting information about products and fund transfer the usage of these services are mostly 69 % for bill payment, 52 % of getting information about products and 40 % for fund transfer. This combination also beneficial for banks, by offering these kind of facilities customer are able to deposit his/her utility bills at anytime from anywhere and also get information about different product which banks offers for its customers. It also helps banks to provide better service for its customers and increase profit margin. Lee (2008), Internet banking helps customer to execute banking transactions anytime
from anywhere of the world and enjoy 24-hours services, customer can pay his bill through internet, and also offer customer more benefits about investment in different sectors. It also offer different kind of others information.

The third combinations of Internet banking services are Insurance services and loan application the usage of these services are mostly 6.67% for insurance services and 5.33% for loan application respectively. The fourth combinations of Internet banking services which are not frequently use through Internet banking are open new account and register complaints the usages of these services are mostly zero % for both. Clark and Mills (1993), it depends on customers attitude what kind of interaction he/she want to established with service provides, Some customer are more willing to establish personal relationship with bank and therefore prefer to face to face interaction, as compared to others are focused on service quality they are not conscious about personal interaction. Its means customers who prefer personal interaction wants to develop social and psychological relation with his bank that’s means Internet banking will not impact on his/her behavior. Similarly on the other hand those customers who are more focused on service quality and system will enjoy the benefits on Internet banking services.

Finding shows that first and second combinations are more beneficial for Internet banking services and more popular in Visby bank customers. Similarly third and fourth combinations are not frequently used through branch office and peoples are more prefer to visit branch office for these. Therefore a proper balance for bank customers in Visby could be that banks make it more easier to use those services which customer are not frequently using through Internet banking i.e. loan application and insurance service, opening a new account, closing account. Finding shows majority of customer visit branch office for these services, and hereby the convenience for this type of services could be approved. For example, longer office hours and benefits such as discounts when using service at the office. Similarly, majority of customers use Internet banking for viewing transaction history of their account, balance inquiry, bill payment, getting information about other products and service and money transfer. Of course this depends on aspects such as age and gender and therefore it could be beneficial for banks to come up with some kind of analysis of customer groups and what kind of services these require. One challenge for banks is to get the young people of today to become tomorrow’s profitable customers. But how do the banks reach out to them if they never set their feet in the bank office?
6. Conclusion

This study shows that people like to use the Internet banking services and get several benefits by using it. Finding shows that people more frequently exercise Internet banking for balance inquiry and to view the transaction history of his/her account. Some factors influencing the customer choice of Internet banking services are adaptation of technology, perceived usefulness, customer security and perceived risks. Adaptation of technology influence the customers perceived usefulness of online services and further also perceived security and risk. Depending on customers age, gender, level of education and income these factors may vary and the balance of services offered by banks online and at a bank office have to be adjusted depending on the customers profile. Education also plays an important role in using Internet banking services. The more educated a customer is the more comfortable he is to the use of the Internet; less the education tends to be a less user of Internet banking services. We have found different combinations in our finding by using these factors. There are specific percentages of the people that are on the extreme case either only go to the bank office or only use of Internet banking services for financial transactions i.e. for opening a new account, deposit the money and insurance services they prefer to go to branch office. Our study showed that most of the respondents are willing to use Internet services because it is more convenient and faster for customer and these feature of Internet banking has great benefits for bank customers in Visby. Usage of the technologies for banking services is important as it saves time and resources but we cannot neglect the importance of bank offices.
Reference list:


Hadden, R. & Whalley, A., (2002). The Branch is dead, long live the Internet! (or so you'd have thought if we hadn't listened to the customer). *International Journal of Market Research*, 44(3), pp.283-297.


Appendix A

Questionnaire:
We are students at Gotland University in the program of master in international management. The purpose of this questionnaire is to get information related to online banking services and its impacts on customer’s behaviors. The data will be used as an input in our master thesis. Your reply will be kept confidential.

1. Gender:
   □ Male
   □ Female

2. Age:
   □ Less than 20 years
   □ 21 to 30 years
   □ 31 to 40 years
   □ 41 to 50 years
   □ 51 to 60 years
   □ More than 60 years

3. Your educational level: ____________________________________________

4. Your Profession/occupation: _______________________________________

5. How much is your monthly income (in SEK)?
   □ 5,000 to 15,000
   □ 16,000 to 30,000
   □ 31,000 to 50,000
   □ 51,000 to 80,000
   □ 81,000 and more

6. How long have you been using internet banking services?
   □ Less than a year
7. How often are you using internet banking services?
   - Daily
   - Once in a week
   - Once in a month
   - Other _________________________________

8. Do you think using internet banking reduce the number of visits to the bank office?
   - Yes
   - No

   If not, why? _________________________________

9. Does internet banking improve your relationship with the bank?
   - Yes
   - No

10. What kind of services are you using from internet banking?
    - fund transfer
    - balance inquiry
    - bill payment
    - stop payment of your cards
    - transaction history
    - send request for the products of the bank
    - open a new account
    - loan application
    - insurance services
    - other services _________________________________

11. Please tick one of each statement by using of internet banking than branch visit?
<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet banking is more convenient than bank office it available 24 hours service from anywhere.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internet banking is more reliable than bank office.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By using internet banking I get safer and secure service than from bank office.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I get all the information that I need for taking care of my banking transactions more conveniently from internet banking than from bank office.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internet banking transactions can be done faster than bank office.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I keep my privacy by using internet banking, so that other people don’t know about my transaction.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use Internet banking services is cheaper than by using services by bank office</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. Have you shift your bank to another bank because of poor bank online services?
   □ Yes
   □ No

   If yes specify reason? _____________________________________________________________

13. Are you satisfied with your bank by using internet banking services?
    □ Yes
    □ No

14. What changes do you think bank need to make it more convenient using internet banking?
    Any suggestion to improve internet banking

   Thank you for giving time.