Chapter 42
Internet Banking Adaptation Behavior

Shumaila Yousafzai
Cardiff University, UK

ABSTRACT

How and why individuals use Internet banking (IB) has attracted a great deal of academic attention. This chapter reviews the literature on IB behavior through the lenses of nine adoption theories. This review suggests that IB adoption is a complex and multifaceted process; joint consideration of customers' personal, social, psychological, utilitarian, and behavioral aspects is essential; managers and system developers should undertake a customer-centric approach focusing on managing belief formation rather than directly influencing behavior. However, IB research is in an inconclusive state, and is far from unanimity regarding the approaches and conceptualizations used to understand the beliefs that truly influence IB behavior. There is limited research dealing with the role of interventions that can assist managers in making effective decisions to speed the adoption process. An understanding of customer's cognitive, emotional, and contextual processes is more important than adoption itself and will ultimately result in the intended behavior.

INTRODUCTION

The 1980s witnessed a marked shift in the banking services' distribution channels due to the emergence of new technologies that simplified remote access to banks i.e. telephone banking, ATMs, debit cards, access via proprietary software installed on PCs, internet banking, and mobile banking. Given the information-intensive nature of its operations and services, the banking sector is relatively amenable to innovative technologies (Polasik and Wisniewski, 2009). With the development of asynchronous and secure transaction technologies, an increasing number of banks

worldwide are broadening their service capabilities and reaching out to their customers by offering low-cost, self-service automated channels, i.e. Internet Banking (IB) as a transactional and informational medium. Although decisions about integration of technology in financial services delivery are made at corporate level, the availability of new and complex technology such as IB does not necessitate the level or magnitude of change. A critical aspect illustrating successful implementation is the acceptance of this technology at individual level i.e. customers' adoption pattern.

In order to be successfully adopted and utilized, IB must offer clear-cut benefits for users (e.g. how easy or useful it is to use or how compatible it is with an individual's lifestyle and past experiences). Furthermore, benefits are seen as a necessary but alone are insufficient conditions toward understanding IB behavior (Lasser *et al*., 2005). Customers' individual differences (demographics or personality traits) should also be considered along with various social, psychological and contextual influences in understanding the final adoption behavior. Customers' IB behavior is indeed a complex process as its adoption depends on congruence between functional, utilitarian and technological aspects of IB and the social, psychological, economical and contextual characteristics of users. This perspective asserts that IB adoption is primarily an outcome of a learning or communications process and a fundamental step in examining this process is the identification of factors that play an important role in the adoption of IB. The following points characterise IB as a complex and innovative technology:

- IB requires an interaction between an innovative medium of service delivery (Internet) and an intangible service (high in credence qualities).
- IB relies on an advanced telecommunication infrastructure (PC, Internet, and Mobile phone), which creates dependencies with other components of the techno-

logical system availability and experience with such technologies.
- The complexity of IB can create learning barriers.
- The successful implementation of IB requires a considerable user mass to be efficiently deployed.

IB LITERATURE

Since its growth in popularity in the late 1990s, IB has attracted attention of both academics and practitioners resulting in an extensive research quest to seek an understanding of *how* and *why* individuals choose to adopt or to resist IB. Consequently, a dominant part of IB literature has focused on the demand aspect or the process by which adoption or rejection occurs. This research stream has been studied through holistic and quantitative causal models and theories from adoption and diffusion literature which explain key dependent variables of interest, that is, *behavioral intention to use* and *use*. Behavioral intention is defined as "a person's subjective probability that he will perform some behavior" (Fishbein and Azjen 1975, p. 288). Use is generally measured by the frequency, duration, and intensity of IB usage. The role of intention as a predictor of adoption behavior is critical and has been well-established in IB and information systems research (Taylor and Todd, 1995).

IB behavior literature can be categorised into two main levels of conceptualization. The first approach attempts to understand IB behavior through the lenses of adoption and diffusion theories. They postulated that IB attributes are relevant determinants of attitudes towards the use, intention to use and actual adoption of IB. Although these theories address different aspects of the influences on behavioral change (i.e. IB adoption), they share the main assumption that an individual's decision to adopt IB is not based on a single (one-time) event and the route leading to this decision does not take place in a vacuum.

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