



A STUDY ON HOW TECHNOLOGY INFLUENCES THE BANKING HABITS OF YOUTH

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1. INTRODUCTION

The recent developments in banking technology have transformed banking from the traditional brick and- mortar infrastructure like staffed branches to a system supplemented by other channels like automated teller machines, credit-debit cards, internet banking, online money transfer etc. However, the access to such technology is youth centered in our society. Since the beginning of 21st century we have experienced that growth of communication technology and its effects are as powerful as it were never before. The invention of the cell phone, appearance of computers, laptops and internet communication have become a vital link in communicating with others and thereby in banking communication too. It has become inseparable part of our life or impossible to escape from them. The younger generation or Y generation all over the world is growing up in a world, where the Internet, cell phones and other technology dominates the communication and it is an integral part of everyday life.

In short, 'Bank' for everything is the banking habit of Y generation. The study is focusing on the influence of technology on banking habits of youths. The term banking habit here is defined as the way the customers are availing technology induced banking services and the frequency and intensity of such usage. The focus of this study is to know the status of technology induced banking habit among youth.

2. OBJECTIVES OF THE STUDY

- To study the influence of technology in Banking Habits
- To identify various factors influencing the selection of Mode of Banking

3. METHODOLOGY

Primary data of 150 people is used for the study, collected through a survey by convenience sampling method (The sampling units were selected according to the convenience) and appropriate statistical tools are applied to analyze the data. The data were collected through structured questionnaire.

4. REVIEW OF LITERATURE

Corrocher (2002) investigated on the determinants of the internet technology adoption for the provision of banking services in the Italy and also studied the relationship between the internet banking and the traditional banking activity, as they perceived as substitutes or complements by the banks. According to the results, banks seem to perceive Internet banking as a substitute for the existing branching structure, although there is also some evidence that banks providing innovative financial services are more inclined to adopt the innovation than traditional banks. Technology has had a remarkable influence on the growth of service delivery portions.

Rajesh Kumar Srivastava (2007) observe that the perception of the consumers of a bank can be changed by awareness program, friendly usage, less charges, proper security, and the best response to the services offered. The study also provides the kind of correlation between different factors. It is well proven that the surrounding influences the individual's behavior or in India only environment that surrounds the public determines the behavior and decisions of the individuals regarding banking style. So if consumer sees most of their colleagues or friends who surround him using Internet banking then it may influence his decision to follow Internet banking option.

Ratten V (2012) has studied on a conceptual model that attempted to conceptualize the antecedent factors that influence a youth's intention to use mobile banking. A social cognitive theoretical framework was utilized to understand the proposed relationships in the conceptual model. A portion of this conceptual model highlights that more research work is required on understanding the intentions of a youth to use mobile banking. Implications for the banking sector were promulgated, which stresses the importance of using innovative media campaigns to encourage youths to use mobile banking.

Sharma, Surinder, Singh and Ramandeep (2011) observed that Internet is significant for redefining and reshaping the various concepts in all spheres of life including banking. To acquire ease, swiftness and downsizing, ICT banking has a forceful edge over the competitors. Moreover it homogenizes qualitative services, swell market share, and on the whole get better eminence. So ICT has become an appropriate pedestal for banking sector.



Munusamy, Jayaraman, De Run, Ernest Cyril, Chelliah, Shankar, Annamalah and Sanmugam (2012) studied on demographic determinants of ICT banking and found that younger consumers are more likely to adopt ICT banking. The study states that consumers in the age group below 25 years old are the major contributor to ICT banking.

Kim et.al (2012) made a study based on the Technology Acceptance Model (TAM) which examines the factors that influence the intention to use Smartphone banking by surveys and analyzing the findings gathered from previous mobile banking related researches. Furthermore, this research identifies the issues of security risk and trust in using Smartphone banking in addition to its perceived ease of use and perceived usefulness as key factors suggested under TAM. The findings from the study explains such less common usage of Smartphone for account checking transactions than account transfer transactions, by showing that the key factors, i.e. perceived ease of use and perceived usefulness have greater impact in account check than in account transfer, and trust has greater impact on account transfer transactions than account check transactions in Smartphone banking.

Saranya JI Anitha K, and S.Vasanth (2014) observed that most of the customers are into ICT Banking for various services like checking account status, bill payments, fund transfer, etc., but still they are doubtful of its safety. It was also noted that ICT banking is known for its convenience and easy access.

5. THEORY AND CONCEPTS

5.1 Generation Y

The UNO defines Y generation as “those born between 1981 and 2000, has been portrayed as the next big generation, an enormously powerful group that has the sheer numbers to transform every life stage it enters”. This generation was brought up during the ‘empowerment’ years where everyone won and everyone got a medal. They are raised by parents who nurtured and structured their lives; they were drawn to their families for safety and security. In addition, they were also encouraged to make their own choices and taught to question authority.

Generation Y is also the first to grow up with computers and the Internet as a significant part of their lives. Constant experience in the networked world has had a profound impact on their style in approaching problem-solving situations. This generation is coming with networking, multiprocessing, and global-minded skills that the traditionalists and baby boomers could not have imagined. The advent of interactive media such as instant messaging, text messaging, blogs, and especially multi player games have generated new skills and styles of collaborating in the generation X and the generation Y to such degree that it has made them different.

5.2 Youth

The United Nations, for statistical purposes, defines ‘youth’, as “those persons between the ages of 15 and 24 years, without prejudice to other definitions by Member States”.

According Ministry of Youth Affairs, Govt. of India, ‘youth’ was defined a person of age between 13-35 years In National Youth Policy-2003, but in the current Policy Document, the youth age-group is defined as 15-29 years with a view to have a more focused approach, as far as various policy interventions are concerned.

5.3 Banking Habit

The term ‘banking habit’ can be defined in numerous ways depending on the context of study. So here the term ‘banking habit’ is defined as the way the customers are availing technology induced banking services and the frequency and intensity of such usage.

5.4 Technology and Banking

Computers are getting more sophisticated. They have given banks a potential they could only dream about and have given bank customers high expectations. The changes that new technologies have brought to banking are enormous in their impact on officers, employees, and customers of banks. Advances in technology are allowing delivery of banking products and services more conveniently and effectively than ever before - thus creating new bases of competition. The advantages accruing from computerization are three-directional - to the customer, to the bank and to the employee.

IT has increased the level of competition and forced them to integrate the new technologies in order to satisfy their customers such as Self-inquiry facility, Remote banking, any time banking- anywhere banking, Tele banking, Electronic Banking, etc. Furthermore as information is centralized and updates are available simultaneously at all places, single-window service becomes possible, leading to effective reduction in waiting time.

6. ANALYSIS AND INTERPRETATIONS

6.1 Factors Influencing selection of mode of Banking

Table: 1 Gender * Mode of Banking Cross tabulation

		Preference of Mode of Banking			Total
		Mobile Banking	Internet Banking	Direct Banking	
Gender	Male	33	43	19	95
	Female	6	32	17	55
Total		39	75	36	150

Source: Primary Data

The table 1 shows that the major segment of Y generation is favoring online (mobile/internet) banking rather than traditional banking (76 %).

Table:2 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.497	2	.005
Likelihood Ratio	11.512	2	.003
Linear-by-Linear Association	8.357	1	.004
N of Valid Cases	150		

Ho: Gender and preference of mode of banking is Independent

H1: Gender and preference of mode of banking are dependent

The table 2 is showing Chi-Square test of independence. As the P value is less than 0.0051 the Ho rejected at 5% level of significance. It refers that, 80% of the male respondents prefer online banking, whereas only 69% of the female respondents prefer online banking, which indicate that the gender difference influence choice for mode of banking.

Table: 3 Conveniences for Transacting

Attributes	Percentage of respondents		Cumulative Percentage
	SA	A	
Convenience of dealing with electronic equipments	43.3	45.3	88.7
Convenience of Time	52	32.7	84.7
Convenience in processing the transaction	44.7	35.3	80
Convenience of reduced cost	30	43.3	73.3
Inconvenience in traditional banking mode	33.3	31.3	64.7

Source: Primary Data

From the table 3 it is clear that convenience of dealing with the electronic equipments is most influencing factor to choose online banking, i.e. approximately 89% of respondents prefers online banking due to this reason. In addition, convenience of time and processing of transaction are two major attractions of online banking.

Table: 4 Accessibility as an Influencing Factor

Attributes	Percentage of respondents		Cumulative Percentage
	SA	A	
Access to electronic devices	48	38	86
Access to internet	44.7	41.3	86
Access to bank websites/Apps	34.7	48.7	83.3
Access to banking services about 24*7 a week	46	32.7	78.7
Difficulty in accessing traditional banking mode	19.3	44.7	64

Source: Primary Data

Almost all attributes under accessibility factor are greatly contributing to the choice of online banking.

Table: 5 Safety of the Transaction

Attributes	Number of respondents		Cumulative Percentage
	SA	A	
Safety of money	32	48.7	80.7
Safety of account details	33.3	35.3	68.7
Safety of recovery in case of wrong choice	16.7	43.3	60
Safety to have verification of each transaction personally	22	50	72
Feel of insecurity in traditional banking mode	8	32	40

Source: Primary Data

Y generation is conscious about security of the transactions they do. Table 5 shows that 80 percent of them are making their choice based on safety of money, 69 percent of them are choosing online because of safety of account details and 60 percent due to recovery ease.

Table : 6 Influence of others Lifestyle

Attributes	Number of respondents		Cumulative Percentage
	SA	A	
Influence to use Smart technology	46	40.7	86.7
Influence to use online services	47.3	36	83.3
Influence to use latest Apps	45.3	34	79.3
Influence to save time and money	46	41.3	87.3

Source: Primary Data

Table 6 shows the how others have influenced the youth to follow modern banking methods. All the attributes are influencing equally on an approximation that is 87 percent of them are influenced by smart technology and to save money and time that others do.

6.2 Factors Influencing Intensity of usage of Banking Facility

Table: 7 Factors Influencing Intensity of usage of Banking Facility

Attributes	Percentage of Respondents					
	Very Frequently	Frequently	C.F	Rarely	Very Rarely	C.F
Ticket Booking(online)	15.3	27.3	42.7	34	23.3	57.3
Online Recharge	30.7	31.3	62	20	18	38
Payment of Bills/Transfer of Funds (online)	14	32.7	46.7	33.3	20	53.3
E- Shopping	38.7	37.3	76	16	7.3	24
Account statements(online)	14.7	29.3	44	28	28	56
Depositing(offline)	14	25.3	39.3	40.7	20	60.7
Payment of Bills/Transfer of Funds (offline)	14.7	30	44.7	34	21.3	55.3
Account statements(offline)	11.3	26.7	26.7	35.3	26.7	73.3

Source: Primary Data

Majority of the respondents are frequently using banking for online recharge and online shopping. The same services are also used by the respondents very frequently too. Offline depositing and offline account statements are the two services which are least preferred by youth. The payment/transfer of funds is the most preferred offline banking service by the youth. Hence it can be inferred that the technological advancement has increased intensity of usage of banking services and it has reduced the intensity use offline banking too.



Conclusion

This study was an attempt to understand the influence of technology in banking habits youth. Y generation prefers mobile or internet banking than traditional banking due to several reasons. Since this generation has an inborn bond with computer/mobile phone and internet, they perceive it is convenient to deal with technology induced banking modes. On the contrary, Majority of Y generation says that it is inconvenient to deal with traditional mode of banking.

The influence of others to save time and money is the next best factor of popularity to bank online by youth. Round the clock access to banking services and easy access to bank apps/websites are other important attractions to online banking, majority expressed. Though the youth perceive online transactions are secure and favorable, they are not denying the security of traditional banking, which means they observe both the modes are secure alike. The intensity of technology induced banking facilities are higher, compared to traditional or offline version of the same, which may be backed by the above reasons.

So it is clear that the technology influenced Y generation to transact through banks and explore different dimensions of banking habit.

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