Behavioural Intention to use Social Media among the Banking Sector in Sri Lanka

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ABSTRACT

The waves of Social media have started flowing across Sri Lanka creating an everlasting effect. Researchers have highlighted the pivotal role played by the social media during the Presidential elections concluded in 2015 by enabling citizens to engage on discussions of national importance and by overcoming government placed restrictions and bans on traditional media. The climax of the Social media politics was witnessed during the General Elections concluded in 2015, where majority of politicians ran social media campaigns to get themselves elected/ re-elected.

With the Sri Lankan government's ambitious plan to provide affordable Internet for all citizens together with initiatives such as Google's Project Loon, the current Internet penetration of 25.8% (as at 31st Dec 2014) and Facebook penetration of 15.4% (as at 15th Nov 2015) could increase dramatically with in next couple of years. This has the potential to disrupt many existing businesses including the banking sector as citizens will continue to demand better value and increased efficiencies through digital platforms.

Despite the potential, the usage of social media among the banking sector remains relatively low. Many banking customers are reluctant to consume financial services through social media. The aim of this paper is to devise a framework to understand the determinants of consumer intention to use social media among the banking sector in Sri Lanka based on the Technology Acceptance Model (TAM).

Keywords - social media, technology acceptance model, financial sector, banking sector, disruptive technology

1.0 INTRODUCTION

The Banking sector encompasses the flow of capital in an economy. This entails the set of institutions, instruments and the regulatory framework, which permits transactions to be made by incurring and settling of debts by extending credits [1]. Overall, the financial sector encompasses the banking services, lending and mortgage services, stock and commodity exchanges and financial and investment services including real-estate. In order for the economy to grow, the growth of the banking sector in a country plays a pivotal role. Hence, any disruptive innovation using social media in the banking sector could have a serious impact on any country's economy. Traditionally banks have been slow to adopt change; and their existence has been through physical branches.

Financial industry has been a risk averse industry by nature, and coupled with tight regulations and compliance requirements the social media adoption has been low [2]. However, the trends are changing and the financial services sector has realized that the technology platforms have improved thus providing better reliability and trust, and awareness among employees and employers have also increased and they have realized that there is a tremendous potential in social media for the financial sector if they get it right [3].

However, it has been customary for banks to maintain their existence predominantly via physical branches while been slow to adopt change [4]. Further, many consumers believe that banks have become too big, and they have lost the customer intimacy once they had started [5] focussing on maximizing profits without providing basic customer service [6]. Further, technology

giants such as Facebook and Google (termed as disruptors) have also started slowly entering into the financial sector, threatening the already troubled banking sector [7,8].

2.0 LITERATURE REVIEW

2.1 Technology Acceptance Model (TAM)

The Technology Acceptance Model is considered as one of the prominent models to explain and predict user adoption of new technology [9]. TAM is considered as an extension to the Theory Reasoned Action (TRA) [10], which was proposed by Fred Davis for his doctoral thesis at MIT Sloan School of Management [11].

The TAM can be used to explain how a user's actual use of technology is influenced by his/ her behavioral intentions, attitudes, perceived ease of the system and perceived usefulness of the system [12]. Further, according to the diagram 1, the TAM suggests that external variables impact the intention to use and the actual use of the system through the mediated effect of perceived usefulness and perceived ease of use. Further, one's actual use of a new system is impacted by user's behavioral intentions, attitude, perceived usefulness of the new system and perceived ease of use of the new system.

As suggested by Davis (1989) [12], the future research of Information systems usage needs to address other variables that impact usefulness, user acceptance and ease of use. Researchers have extended the TAM by adding new constructs such as perceived credibility [13, 14], perceived financial cost [15], perceived self-efficacy [16, 17] and perceived enjoyment [18] etc.

3.0 CONCEPTUAL FRAMEWORK

The proposed conceptual model is based on the Technology Acceptance Model (TAM) as depicted in figure 1.

3.1 Perceived Risk of Social Media

Cox & Rich (1964) [19] defines the perceived risk as the nature and the amount of risk perceived by a consumer while contemplating a buying decision. In a research conducted in the United States [19] among 52 departments, specialty stores and 4129 women over 20 years old, it has identified that the need for convenience in shopping, means to shop by telephone (having a charge account) and the way in which the respondent perceived risks inherent in shopping by phone are positively correlated with telephone shopping. Importantly, many women have described not getting what they want as the biggest perceived risk. Cox & Rich (1964) [19] recommends reducing this uncertainty by providing information about products via other mediums such as newspapers, placing knowledgeable store clerks who are conversant with what the store is selling, ability for the single store clerk to complete the order without the phone call been transferred. However, most of the suggested risk reduction techniques will incur an additional cost to the department store/ specialty store.

Alsoufi & Ali (2014) [20] in an empirical research conducted in Bahrain among 400 respondents on Customers' perception of m-banking adoption have highlighted that perceived risk has a significant correlation with both perceived ease of use and perceived usefulness. Further, the researchers recommend the banks that the focus to be given to the risks which could impact day to day transactions performed through mobile devices in order to enhance the customer trust.

In contrast, Daud et al (2011) [21] have shown that perceived risk has no significant association with intention to adopt mobile banking in an empirical research conducted in Malaysia based on the extended Technology Acceptance Model (TAM) among 300 banking users.

H1: There is a relationship between Perceived Risk (PR) and Behavioral Intention to use Social Media (BITUSM)

3.2 Perceived Cost of Social Media

Kumbhar (2011) [22], evaluated factors affecting brand perception in e-Banking in India among 200 participants. He defines the perceived value as the

compression between price paid and the utility derived by the service while the cost effectiveness is defined as the price, charges levied by the bank, telco or the service provider.

Fathima & Muthumani (2015) [23] have evaluated factors contributing to Internet Banking acceptance in India among 350 participants. The researchers have shown that there is a significant correlation among the perceived cost and intention to use Internet banking.

According to Shanmugam et al (2014) [24], the perceived financial cost is insignificant in deciding the behavioral intention to adopt mobile banking. This is supported by other researchers including Luarn and Lin (2005) [14], Cruz et al. (2010) [25]; Yao and Zhong (2011) [26].

H2: There is a relationship between Perceived Cost (PC) and Behavioral Intention to use Social Media (BITUSM)

3.3 Perceived Advantage of Social Media

Singh et al (2010) [27] discovered that the time critical consumers consider the always on functionality is the most essential feature that attracts them to use mobile banking. This could be of special importance here as the consumers who are using social media are always logged on to the particular platform, compared to a mobile banking application where a consumer may log-in only when required.

Nyeko et al (2014) [28] have shown that relative advantage is positively correlated with SMS banking adoption in an empirical research conducted in Uganda. Further, the research shows that the influence of relative advantage of SMS banking adoption on individual intention is also moderated by the gender.

Sakal et al (2011) [29] have highlighted that both the financial organizations and users can use the power of Web 2.0 applications to increase flow of information both in internal and external context.

H3: There is a relationship between Perceived Advantage (PA) and Behavioral Intention to use Social Media (BITUSM)

3.4 Perceived Ease of Use of Social Media

Asfour & Haddad (2014) [30] in an empirical research conducted in Jordan to determine the impact of Mobile Banking on Enhancing Customers' E-Satisfaction has identified that ease of navigation is positively correlated with the customer's e-satisfaction. The researchers further elaborate that ease of navigation would increase the customers' convenience, thus by encouraging more usage and satisfaction.

A research conducted in Pakistan [31] among 120 banking consumers on modern banking and customer satisfaction, suggest that ease of use has a moderate relationship with the customer satisfaction.

Fathima and Muthumani (2015) [23] in an empirical research conducted in India to determine the factors influencing the Internet Banking acceptance have shown that perceived ease of use plays as a predominant factor in deciding Internet banking acceptance.

H4: There is a relationship between Perceived Ease of Use (PEOU) and Behavioral Intention to use Social Media (BITUSM)

3.5 Perceived Usefulness of Social Media

Shanmugam et al (2014) [24], who conducted an empirical research among participants in 3 universities in Malaysia to determine the antecedents of behavioral intention to use mobile banking, have found out that perceived usefulness has a positive effect on behavioral intention to use mobile banking. Further, perceived usefulness positively correlates with attitude towards using mobile banking.

In an empirical research conducted in India [22] among 200 participants, researchers have shown that the convenience and the brand perception are

positively correlated on a study on factors affecting the customer satisfaction in e-Banking.

Daud et al (2011) [21] have shown that perceived usefulness as a key antecedent of the intention to adopt mobile banking in an empirical research conducted in Malaysia based on the extended Technology Acceptance Model (TAM).

H5: There is a relationship between Perceived Usefulness (PU) and Behavioral Intention to use Social Media (BITUSM)

3.6 Behavioural Intention to Use Social Media and Social Media Usage

Masreak et al (2012) [32] suggests that consumer's intention to adopt mobile banking could be increased provided that the trust in mobile phone technology, trust in mobile telecommunication provider and trust in mobile banking service provider can be increased.

A research done in South Africa [33] on consumer behavior, acceptance and adoption strategies using the modified version of the decomposed theory of planned behavior suggests that variables attitude, perceived behavioral control and subjective norms have a positive correlation towards consumer's adoption of mobile apps.

Nyeko et al (2014) [28] in an empirical research to determine the factors influencing the SMS banking adoption have highlighted that there is strong positive relationship between financial cost, quality of Internet connectivity, complexity and trialability as far as SMS banking adoption is concerned. While age and gender also has played a significant influence.

H6: There is a relationship between Behavioral Intention to Use Social Media (BITUSM) and Social Media Usage (SMU)

3.7 Demographic Characteristics: Knowledge and Age

A research done in the United States to determine the factors influencing the technology acceptance for communications has identified the gender as a significant moderating variable [34] indicating that the impact on perceived usefulness on behavioural intention is slightly stronger for males in comparison to females. However, there is no notable impact from experience as a moderator.

Hong et al (2013) [35] in an empirical survey conducted in Malaysia on factors influencing the adoption of Internet banking, have found that income and education are significantly influencing the adoption of internet banking. However, age and gender are not significantly impacting the adoption of internet banking.

Nyeko et al (2014) [28] in an empirical research to determine the factors influencing the SMS banking adoption have highlighted significant role played by the demographic variables age and gender.

H7: Age moderates the relationship between Behavioural Intention to Use Social Media (BITUSM) and Social Media Usage (SMU)

H8: Knowledge moderates the relationship between Behavioural Intention to Use Social Media (BITUSM) and Social Media Usage (SMU)

The definitions of each variable is listed in the table 1. Based on the literature review, a conceptual framework was developed as depicted in figure 2.

4.0 METHODOLOGY

The proposed research is of quantitative and the research instrument (the questionnaire) will be prepared based on the literature review. The population of the research consists of whoever having subscribed to a social media feed (Facebook page) of a bank operating in Sri Lanka. The research is not conducted to measure the behavioral intentions to use social media in relation to a particular bank, respondents will be randomly approached at offices, cafes, banks, shopping

centers, educational establishments, etc. A pilot survey will be carried out followed by informal discussions with the participants to obtain feedback and ascertain whether the constructs fulfil both validity and reliability requirements.

The stability and consistency of the instrument is shown via reliability measurements using the Cronbach's alpha. Thus the Reliability ensures the consistency of the findings, while the validity is concerned on whether the findings are in line with "what they are appear to be about". Factor analysis for the constructs perceived risk, perceived cost, perceived advantage, perceived ease of use, perceived usefulness will be calculated using SPSS Software. The five constructs are considered as the independent variables in the conceptual model. These constructs are measured on a 5 point Likert scale ranging from strongly agree (denoted by 5) to strongly disagree (denoted by 1).

The relationship among behavioural intention to use social media (BITUSM) and Social media usage (SMU) will be performed using regression analysis. The moderation effect of age and knowledge on the relationship among the behavioural intention to use social media (BITUSM) and social media usage (SMU) will also be tested using regression analysis.

5.0 DISCUSSION

The Social Media adoption among the Sri Lankan banking sector still remains relatively low compared to Malaysia or Singapore despite government's ambitious plan of providing Internet connectivity to every citizen [36]. This will no doubt increase the Social Media adoption among the citizens, thus forcing the banks to innovate to deliver better services while minimizing the costs while becoming more customer centric.

This research will also help banks to understand the causal factors influencing the Social Media adoption among citizens, thus enabling banks to address these in the software applications provided or to launch awareness campaigns to address customers concerns on Information Security or Data privacy. Overall, the banks will be able to use findings of this research to fine tune their marketing strategies.

In order to serve the millennials effectively and efficiently, the banks need to modernize themselves by adopting appropriate technology or perish [37]. Both the banking sector and the social media represents mutually supportive forces which could be harnessed for mutually supportive outcomes.

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APPENDIX

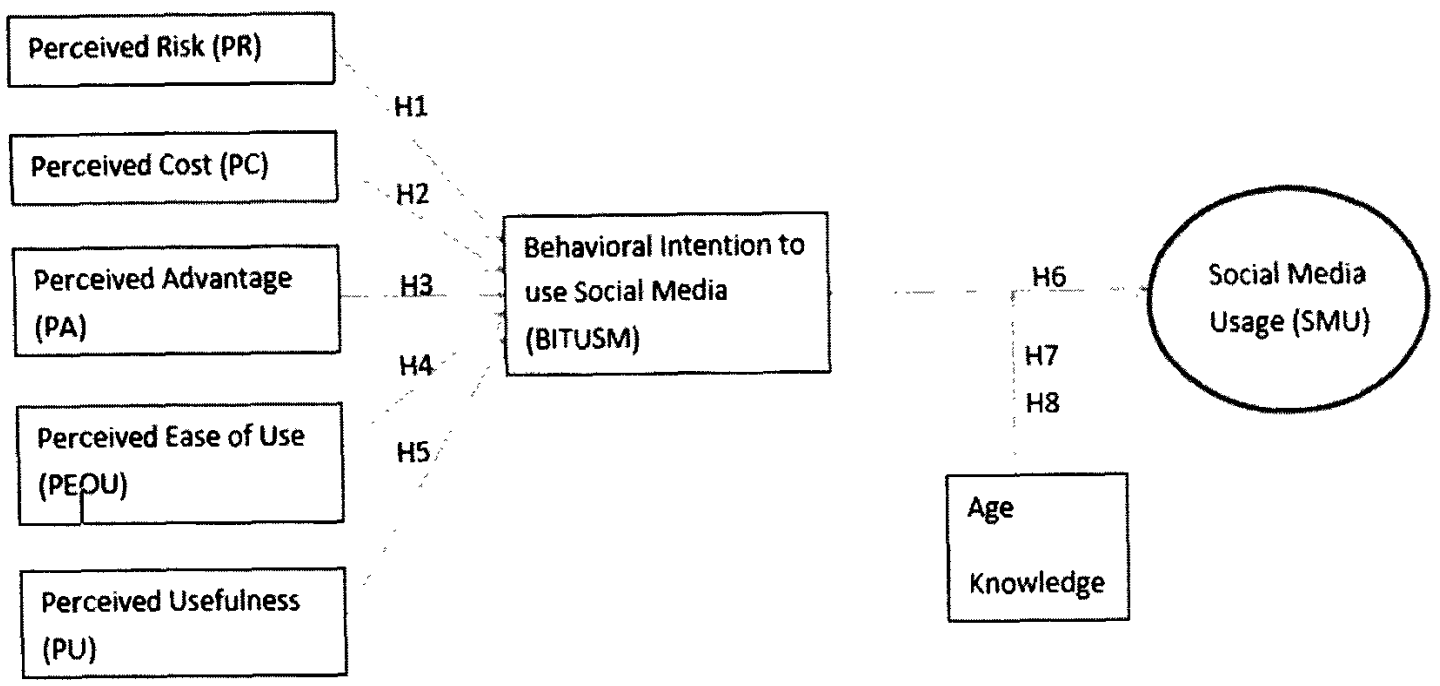

Figure 1: The Technology Acceptance Model [12]

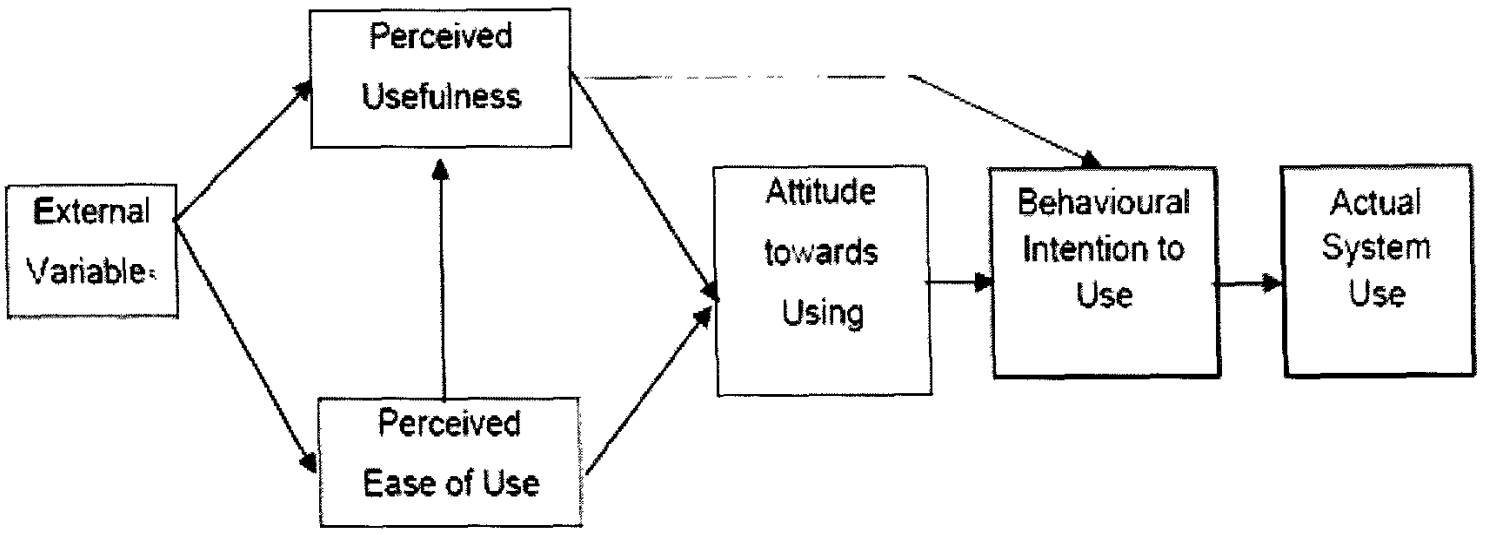

Figure 2: The Conceptual Framework

No:	Variable	Definition
1	Perceived Risk	The nature and the amount of risk perceived by a consumer while contemplating a buying decision (Cox & Rich, 1964)
2	Perceived Cost	The cost associated with adopting the particular technology platform
3	Perceived Advantage	The degree to which an innovation is perceived better than the ideas it supersedes (Rogers, 2003).
4	Perceived Ease of Use	The degree to which a person has confidence in the fact that using a particular technology will be free of effort (Davis et al., 1989)
5	Perceived Usefulness	The degree to which an individual considers that using a specific technology will enhance his or her job performance (Davis et al., 1989).
6	Behavioral Intention to Use (Social Media)	Person's perceived likelihood of using the new system
7	(Social Media) Usage	The actual usage of the new system

Table 1: Definitions of the Variables