

An Investigation into Effectiveness of E-banking in Sri Lanka

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“This dissertation is submitted in partial fulfillment of the requirement of the Degree of M.Sc in Information Technology of the University of Moratuwa”

Declaration

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Abstract

In recent years, e-banking has been growing rapidly and it has taken a leading role in commercial banking sector. E-banking offers banks a new distribution channel. In Sri Lanka, many banks are providing services to their customers using e-banking based on customers' demand to access banking services online. On the other hand competitive pressures also require banks to offer e-banking services. It is important at this juncture to investigate the extent to which these e-banking services have been successful in achieving the objectives of the banks and satisfying the customers.

In this context, effectiveness of e-banking is an essential requirement for customers as well as banks in a highly competitive commercial banking and e-commerce environment. The main purpose of this research study is to investigate the effectiveness of e-banking in the banking sector in Sri Lanka.

The conceptual model of this research is formulated by considering e-banking effectiveness as a dependent variable on the independent variables of customer attitude towards e-banking, scope of e-banking applications, level of e-banking service quality, security of e-banking, profitability of e-banking, considering e-banking as a strategic tool, level of customer relationship management and operational efficiency of e-banking. Questionnaires are distributed among e-banking customers and banks to obtain an understanding of the relationship between the above variables based on their opinions. Data are analyzed using software SPSS version 14.

Correlations analysis is performed to ascertain the association between the dependent variable (level of e-banking effectiveness) and the independent variables mentioned above. Multiple regression analysis is used to confirm the same, and identify the degree of influence of individual variables on the level of e-banking effectiveness. Results reveal that there are positive relationship between level of e-banking effectiveness and all independent variables. Multiple regression analysis reveals that each of the variable influence such as customer attitude towards e-banking, scope of e-banking applications,

level of customer relationship management and operational efficiency of e-banking on level of e-banking effectiveness as a predictor is negligibly small except profitability of e-banking.

According to the multiple regression the strength of predictability of profitability of e-banking is weakened, very low and not significant. Therefore this variable has been excluded in the multiple regression analysis.

Hence, this research has proved that security of e-banking, level of service quality of e-banking and considering e-banking as a strategic tool are the major predictors of the level of e-banking effectiveness in Sri Lanka. Though there is a range from low to fairly moderate correlation between level of e-banking effectiveness and each of the variables, customer attitude towards e-banking, scope of e-banking applications, profitability of e-banking, customer relationship management and operational efficiency of e-banking, the analytical results suggests that these variables are not major predictors of level of e-banking effectiveness. These findings will be useful when developing and implementing e-banking strategies in future to further improve the level of e-banking effectiveness in Sri Lanka.

Abbreviations

LEE -CP - Level of E-banking Effectiveness - Customer's Perspective

LEE - BP - Level of E-banking Effectiveness - Bank's Perspective

ATE - Attitude Towards E-banking

SEA - Scope of E-banking Applications

ESQ - E-banking Service Quality

SEB - Security of E-banking

PEB - Profitability of E-banking

EST - E-banking as a Strategic Tool

CRM - Customer Relationship Management

EOE - E-banking Operational Efficiency



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