

Who's afraid of Internet banking?

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New research reveals attitudes to Internet banking vary according to gender and race.

When it comes to banking by computer, men and women have different perceptions about what matters. And whether customers are Asian, European or Polynesian may also affect their acceptance – or otherwise – of the advantages and risks.

Auckland-based Dr Gurvinder Shergill and research student Bing Li, from Massey University's Commerce Department, analysed age, ethnicity, gender, education and earnings of customers in relation to what they consider important about I-banking and what services they use.

The study says growth in Internet banking is crucial for banks to survive and remain competitive. But that growth is dependent on customers' perceptions of how secure it is and the quality of service of banks' websites.

A survey of 200 banking customers who use Internet banking at some time shows that less than five per cent do it daily and barely a quarter would log on to their accounts more than a few times a week. Most used Internet banking for only the most basic purposes, to check their account balances or bank statements. About 44 per cent made transfers between their accounts and fewer than 19 per cent used their bank's website to make payments.

Dr Shergill says in a highly-competitive environment it's vital for banks to reduce staffing costs so they can attract customers with lower interest rates and account fees. Internet banking provides that opportunity but it depends on customer confidence in the system's security.

"People are still scared to use I-banking in an extensive way, fearing their information might be leaked or somebody else may steal the information. Stories of people having their accounts or personal computers hacked into would

have heightened such fears." Building confidence requires strategies from banks that recognise what matters most to different customers.

The study found women regard privacy protection and ethical standards more seriously than men. Customers of European origin have higher expectations of privacy than Asian customers and higher expectations of ethical standards than Maori. Customers of Maori, Asian and other ethnic backgrounds regard speed of response by bank websites as more important than do European New Zealanders.

Dr Shergill says marketing strategies by Internet banks need to take those varying perceptions and expectations into account, not assume all customers have the same views. Banks also need to find ways to assure more customers that on-line transactions are both convenient and safe.

The study is believed to be a first: Dr Shergill has been unable to find any similar systematic study of Internet banking or customer attitudes to it.

Source: Massey University

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