Perceptions of electronic banking among Congolese clients of South African Banks in the Greater Durban area

Submitted in fulfilment of the requirements of the degree of
Master of Technology: Marketing
in the Faculty of Management Sciences at the
Durban University of Technology

Tshibamba Billy NGANDU
MTech: Marketing

NOVEMBER 2012

APPROVED FOR FINAL SUBMISSION

…….. ……..
SUPERVISOR: Prof RB Mason Date
PhD, MBL, BA, PG Dip Adv&Mkt Res, Dip MktMgt,
PG Cert in T & L in HE.

…… ……
CO-SUPERVISOR: Dr M Maharaj Date
DCom, MCom, BCom Honours,
Post graduate Diploma in Education.

DECLARATION

I confirm that this dissertation is my own original work and comprises a synthesis of information from a variety of sources, all of which has been faithfully acknowledged in the text along with primary data, gleaned from a survey undertaken by myself.

This research has not been previously accepted for any degree and is not being currently submitted for candidature in any other degree.

……..

Tshibamba Billy NGANDU

……

Date

ABSTRACT

Online banking in the financial sector has revolutionised the banking industry. This study aims to determine the perception of electronic banking, from the consumer`s perspective among Congolese consumers using South African banks in the Greater Durban area. Banks are competing on the basis of technology and service offering to win a sizeable share of the online market. Congolese consumer is a good target market, however, very little is known about the factors influencing Congolese consumer behaviour in the online banking sector in Durban.

An understanding of the demographic profile, factors prompting the use of electronic banking and motivators influence the adoption of electronic banking. Analyses of Congolese customers adopting electronic banking will facilitate the formulation of marketing strategies to foreign nationals in South Africa. The empirical section of the study involved data collection through the use of self-completion questionnaires administrated by the researcher. A survey was conducted in the greater Durban area using convenience sampling methodology and 288 completed questionnaires were collected by the researcher.

The key findings revealed that the demographic profile (gender, area of residence, marital status, and income categories) influences the adoption of electronic banking as a segmentation basis. It was interesting to note that most of respondents were married and reside in Central Durban and South Durban. Furthermore, psychological factors (motivators, attitudes, perceptions and perceived risk) were found to influence the adoption of electronic banking to a large extend. Interestingly, cultural factors (social class, age and education level)play a significant role in the adoption of electronic banking by Congolese customers of South African banks. The findings also revealed that the driving force for the adoption of electronic banking was that respondents have a job which requires them to have a bank account. Most of the banks in South Africa offer free internet banking to their clients.

Since convenience sampling method was used, the findings of this study may not be generalised. Based on the findings of this study it is apparent that the customer analysis of banking clients should be examined on a regular basis. A customised strategy for foreign national customers residing in South Africa should be developed on a regular basis.

DEDICATION

This research dissertation is dedicated to my exceptional parents, Jean-Sebatien Tshibamba-Tshiunza and Rosalie Musuamba-Tshibamba; to my special precious wife Ange Mbemba-Ngandu; to my lovely son Melchis Tshibamba-Ngandu and future children for their belief in me. It is with your love, support, guidance and encouragement that I have been able to reach this goal.

ACKNOWLEDGEMENTS

This study has been a challenging, but an interesting experience for me. It involved, planning, consulting, and conducting the field work, processing the results and computer laboratory work. It has been a real learning experience more than just an academic experience. However, the completion of this study would have been impossible, had it not been for the assistance offered by various people.

Over the last two-years several people have been involved in assisting me in the completion of this dissertation. I would like to express my gratitude to them for their contribution towards this work.

I would like to thank my precious supervisor **PROFESSOR ROGER MASON**, for the time spent reviewing the manuscript and your valued guidance, as well as for your endless patience in answering my endless question. It is truly appreciated.

I would also like to thank my exceptional co-supervisor **Doctor Mandusha Maharaj** for your valued guidance like a mother, as well as for your endless patience in answering all my questions; to all the staff in DUT – especially in the Department of Marketing, specifically DR. J.P. Govender.

To my family and friends, many thanks for your support.

To the many people who participated in this study; without whom this study would not have taken place.

Finally, thank you to my parents, precious wife and lovely son for your continued encouragement and support.

TABLE OF CONTENTS

CHAPTER ONE

INTRODUCTION TO THE STUDY **PAGE**

1.1	INTRODUCTION	1
1.2	PROBLEM STATEMENT	3
1.3	AIMS AND OBJECTIVE	3
1.3.1	Main-objective	4
1.3.2	Sub-objective	4
1.3.3	Variables	4
1.4	RATIONALE OF THE STUDY	4
1.5	SCOPE OF THE STUDY	5
1.5.1	Delimitations	5
1.5.2	Limitations	6
1.6	RESEARCH METHODOLOGY AND DESIGN	6
1.6.1	Research design	6
1.6.2	Target population	6
1.6.3	Study population	7
1.6.4	Sample size	7
1.6.5	Sample type	7
1.6.6	Data collection	8
1.6.7	Questionnaire	8
1.6.8	Validity and reliability	9
1.6.8.1	Face validity	9
1.5.8.2	Reliability	9
1.6.9	Analysis of data	10
1.7	OUTLINE OF THE STUDY	10
1.8	CONCLUSION	12

CHAPTER TWO

ELECTRONIC BANKING

2.1	INTRODUCTION	13
2.2	BANKKING BACKGROUND	13
2.2.1	History of banking	14
2.2.2	Origin of the word bank	15
2.2.3	Definition of the bank	15
2.2.4	Type of banks	16
2.3	BANKING IN SOUTH AFRICA	17
2.3.1	South African banking structure	17
2.3.2	Major Banks in South Africa	18
2.4	ONLINE BANKING	19
2.4.1	Advantages of online banking	20
2.4.2	Disadvantages of online banking	21
2.4.3	The benefits of online banking to banks and customers	21
2.4.3.1	Benefits to banks	21
2.4.3.2	Benefits for customers	23
2.5	ELECTRONIC BANKING	23
2.5.1	Diffusion of innovation	24
2.5.1.1	The influence of innovation on the adoption of electronic banking	25
2.5.1.2	Relative advantage of innovation on the adoption of electronic banking	25
2.5.1.3	Compatibility	27
2.5.1.4	Complexibility	28
2.5.1.5	Trialability	29
2.5.1.6	Observability	29
2.5.2	Categories of adopters	30
2.5.2.1	Innovators	30
2.5.2.2	Early adopters	30
2.5.2.3	Early majority	31

2.5.2.4 Late majority 31
2.5.2.5 Laggards 31
2.5.3 Adoption process 31
2.5.4 Factors influencing e-banking adoption 32
2.5.4.1 Perceived benefits of e-banking 33
2.5.4.2 Perceived risk in e-banking 33
2.5.4.3 Perceived risk components in e-banking 34
2.6 ELECTRONIC BANKING IN THE WORLD 35
2.7 ELECTRONIC BANKING IN SOUTH AFRICA 38
2.8 CONCLUSION 41

CHAPTER THREE

LITERATURE ON CONSUMER BEHAVIOUR

3.1 INTRODUCTION 42
3.2 CONSUMER BEHAVIOUR 43
3.2.1 Definitions of Consumer behaviour 44
3.2.2 Understanding consumer behaviour 45
3.2.3 Importance of marketing in consumer behaviour 45
3.2.4 Psychological factors influencing consumer behaviour 47
3.2.4.1 Motivation 48
3.2.4.2 Perceived risk 49
3.2.4.3 Perception 50
3.2.4.4 Attitude 53
3.2.5 Cultural factors influencing consumer behaviour 55
3.2.5.1 Social class 55
3.2.5.2 Age 57
3.2.5.3 Education levels 59
3.2.5.4 Opinion leadership 59
3.3 DECISION MAKING PROCESS 60

3.4 MARKET DECISIONS 62
3.4.1 Segmentation 62
3.4.2 Bases for segmentation 63
3.5 MARKETING MIX 64
3.6 CONCLUSION 64

CHAPTER FOUR

RESEARCH DESIGN AND METHODOLOGY

4.1 INTRODUCTION 65
4.2 RESEARCH DESIGN 65
4.3 OBJECTIVES OF THE STUDY 66
4.4 SAMPLING TECHNIQUE AND DESCRIPTION OF SAMPLE 66
4.4.1 Sampling process 67
4.4.2 The study population and sample 68
4.5 DATA COLLECTION 70
4.5.1 The measuring instrument (questionnaire) 72
4.5.1.1 The nature of the questionnaire 73
4.5.1.2 Construction of the questionnaire 75
4.5.1.3 Psychometric properties of the questionnaire 75
4.5.1.4 Administration of the questionnaire 76
4.6 DATA ANALYSIS 76
4.6.1 Descriptive statistics 77
4.6.2 Inferential statistics 77
4.7 VALIDITY AND RELIABILITY 77
4.7.1 Validity 78
4.7.2 Reliability 78
4.8 CONCLUSION 79

CHAPTE FIVE

RESULTS

5.1	INTRODUCTION	80
5.2	DESCRIPTIVE STATISTICS	80
5.2.1	Demographic profile of sample	80
5.2.1.1	Gender of respondents	81
5.2.1.2	Area of residence	82
5.2.1.3	Marital status	83
5.2.1.4	Income category	84
5.2.2	Online banking in home country	85
5.2.3	Online banking in South Africa	86
5.2.4	Variables prompting the use of electronic banking in SA	90
5.2.5	Type of transaction used for electronic banking	92
5.2.6	Variables influencing choice of electronic banking	97
5.3	INFERENTIAL STATISTICS	97
5.3.1	Differences between variables	98
5.3.1.1	Demographics	98
5.3.1.2	Electronic banking in home country	99
5.3.1.3	Electronic banking in South Africa	99
5.3.1.4	Choice of bank	100
5.3.1.5	Variables prompting the use of electronic banking	101
5.3.1.6	Electronic banking usage	101
5.3.1.7	Electronic banking risks	102
5.3.1.8	Electronic banking references	103
5.3.1.9	Motivators	104
5.3.2	Relationship between demographic variables and electronic banking in home country and South Africa	105

5.3.2.1 Relationship between demographics and electronic banking in home country 105
5.3.2.2 Relationship between demographics and electronic banking in South Africa 106
5.3.2.3 Relationship between demographics and variables influencing the choice of bank 106
5.3.2.4 Relationship between demographics and the use of electronic banking 107
5.3.2.5 Relationship between demographics and electronic banking usage 108
5.3.2.6 Relationship between demographics and motivators 109
5.3.3 Reliability and validity 110
5.4 CONCLUSION 110

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION 112
6.1.1 Main-objective 112
6.2 CONCLUSIONS 113
6.2.1 Conclusions about sub-objective 1 113
6.2.2 Conclusions about sub-objective 2 116
6.2.2.1 Psychological factors 116
6.2.2.2 Cultural factors 119
6.2.3 Conclusions about sub-objective 3 121
6.2.4 Conclusions about sub-objective 4 122
6.3 LIMITATIONS 123
6.4 ACADEMIC CONTRIBUTION OF THE STUDY 124
6.5 RECOMMENDATIONS 125
6.5.1 Recommendations for banking industry 125
6.5.2 Recommendations for future study 127

REFERENCE LIST 128

LIST OF APPENDICES

Appendix 1: Ethics clearance letter 138

Appendix 2: Research questionnaire 139

LIST OF TABLES

Table 2.1: The different kinds of financial-service / firms calling themselves banks 17

Table 2.2: The big four banks-relative asset market share at May 2005 19

Table 2.3: Features and functions offered by alternative forms of e-banking 20

Table 2.4: Advantage of online banking 20

Table 2.5: Disadvantage of online banking 21

Table 2.6: Delivery platforms for electronic banking 24

Table 2.7: Stages in the adoption process 32

Table 2.8: Summary of international studies about online banking 36

Table 2.9: Online banking rates 39

Table 3.1: How consumer influences drive marketing decisions 46

Table 3.2: Criteria for effective segmentation 62

Table 3.3: Bases for segmenting consumer markets 63

Table 4.1: Demographic profile of respondents (N=288) 69

Table 5.1: Online banking before coming to South Africa 86

Table 5.2: Electronic banking before coming to South Africa 86

Table 5.3: Online banking since coming to South Africa 88

Table 5.4: Electronic banking use in South Africa 88

Table 5.5: Reason for not banking in South Africa 88

Table 5.6: Factors preventing the use of electronic banking 92

Table 5.7: Chi-square tests between OF and EF for demographic profile of sample 99

Table 5.8: Chi-square tests between OF and EF for electronic banking in home country 100

Table 5.9: Chi-square tests between OF and EF for electronic banking in south Africa 100

Table 5.10: Chi-square tests between OF and EF for choice of bank 101

Table 5.11: Chi-square tests between OF and EF for variables prompting the use of electronic banking 102
Table 5.12: Chi-square tests between OF and EF for electronic banking usage 102
Table 5.13: Chi-square tests between OF and EF for electronic banking risks 103
Table 5.14: Chi-square tests between OF and EF for banking preferences 104
Table 5.15: Chi-square tests between OF and EF for motivators 105
Table 5.16: Chi-square tests between demographic variables and electronic banking 106
Table 5.17: Chi-square tests between demographic variables and banking transaction in SA 107
Table 5.18: Chi-square tests between demographic variables and choice of bank 107
Table 5.19: Chi-square tests between demographic variables and the use of electronic banking 108
Table 5.20: Chi-square tests between demographic variables and electronic banking usage 109
Table 5.21: Chi-square tests between demographic variables and motivators 110
Table 5.22: Reliability test: Cronbach`s Alpha 111

LIST OF FIGURES

Figure 5.1: Gender of respondent 82

Figure 5.2: Respondent area of residence 83

Figure 5.3: Marital status 84

Figure 5.4: Income category 85

Figure 5.5: Reason for not banking in home country 87

Figure 5.6: Name of bank 89

Figure 5.7: Choice of bank 90

Figure 5.8: Variable prompting the use of electronic banking in SA 91

Figure 5.9: Frequency of electronic banking 92

Figure 5.10: Type of transaction used for electronic banking 93

Figure 5.11: Safety of electronic banking 94

Figure 5.12: Reason for electronic banking 95

Figure 5.13: Perceived risk of electronic banking 96

Figure 5.14: Banking preferences 97

Figure 5.15: Variables influencing choice of electronic banking 98

CHAPTER ONE

INTRODUCTION TO THE STUDY

1.1 INTRODUCTION

Understanding the factors influencing consumer behaviour is essential to business as it has a direct impact on purchasing behaviour and allows for a greater understanding of consumer behaviour, which may result in improved profits for business. This study aims to focus on consumer behaviour with specific reference to the electronic banking industry. Electronic banking is a provision of information or services by a bank to its customers through a computer, telephone or mobile phone (Daniel, 1999:3) while online banking is a term used to encompass all banking services that are not traditionally used in the banking sector (Hope, Newman and Mugera, 2001:3).Online banking was introduced to South Africa in 1997. Currently, all the major banks in the country (ABSA, First National Bank, Standard Bank and Nedbank) offer electronic banking services, including balance, transaction history, inter-account transfers, downloading of bank statements, account payments, application for other services such as home loans, and changes to personal details (Pieterse, 2001:32-38). These banks compete on the basis of the latest technology, user-friendly websites and 'first to the market' product offerings to add value to the client's banking experience. Benefits to both the banks and the consumer include that of reduced manual administrative processes, resulting in a reduction in bank charges through free account and cheque statement downloads, as well as reduced costs of travelling to a branch (Basson, 2001: 24-30).

Adoption of such new banking services is influenced by four factors: cultural (sub-culture and social class); social (reference groups, family and social roles and statuses); personal (age, stage in life cycle, occupation, economic circumstances, lifestyle, personality and self-concept); and psychological (motivation, perception,

beliefs and attitudes). In making decisions that affect outcomes, such as utilising a new service, consumers must first engage in the process described in the psychological core. According to Kotler and Keller (2006:198-199), consumers need to be motivated, and display a need for information. When motivation to achieve a goal is high, consumers are more likely to pay careful attention to the goal, think about it and attempt to understand it. Motivation to process promotional information about the product category is enhanced if it is personally relevant to consumers. For example, a South African bank (ABSA) promoted an offer of free Internet access to the South African public in order to attract consumers, which was very successful. As a result, ABSA has overtaken South Africa's largest Internet service provider, namely MWeb, in terms of internet subscribers (McLeod, 2001). Furthermore, E-bucks.com is using the incentive of free eBucks to attract traditional banking consumers to the online offering. Functional needs motivate the search for products to solve consumption-related problems. A study conducted by Dabir-Alai and Griffin (2001), in the United Kingdom, indicates that today's consumer is more sophisticated and has a greater awareness of financial matters.

Perceived risk refers to the extent to which the consumer is uncertain about buying, using or disposing of an offering. According to a study conducted by Fund (2001:17), 47 percent of consumers surveyed preferred to conduct their banking at a local branch, as it was safer and more convenient. Some of the safety concerns surrounding Internet banking are fraud and security on the web (Fung, 2001:17). Furthermore, concern expressed by consumers, in a study conducted by Basson (2001: 24-30), were system reliability and the unavailability of banking products online.

South Africa has experienced an influx of emigrants from neighbouring countries over the past few years. Among these, citizens from the Democratic Republic of Congo (DRC) account for about 75 000 legally recognised refugees and residents living in South Africa. The Congolese living in South Africa are primarily middle class,

young and male. They, therefore, represent a potential customer segment for South African banks and electronic banking in particular (Steinberg, 2005:4).

1.2 PROBLEM STATEMENT

Electronic banking has brought about a revolution in how banks interact with their customers, business partners and suppliers. An effective website presence is the basis for strengthening customer relationships and building a strong brand in the future. Market research can provide guidance as to people's likes and dislikes. There is a limited understanding of the factors influencing Congolese banking consumers' adoption of electronic banking. Banks are competing to gain a larger share of the South African online market and to date this has been done on the basis of technology and first-to-the-market product offerings. A greater understanding of factors influencing consumer behaviour will allow banks to introduce creative solutions and plans to attract consumers to their online offering (Stones, 2001:1).

For banks, however, to take advantage of the Congolese online market segment, a greater understanding of Congolese consumer behaviour is required. There is little understanding, though, of the key factors which influence Congolese consumer behaviour in the online banking sector. Do factors such as age, education, income, as well as perception of safety or access to internet facilities influence Congolese consumer behaviour? Hence, the research question is: what are the perceptions of electronic banking among Congolese consumers using South African Banks?

1.3 AIMS AND OBJECTIVES

The main objective and sub-objectives are focused on the perceptions of electronic banking among Congolese clients of South African Banks.

1.3.1 Main objective

The main objective of this study is to determine the perception to electronic banking among Congolese consumers using South African banks from the consumer perspective.

1.3.2 Sub-objectives

The sub-objectives of this study are:

- To establish whether a relationship exists between the reasons for using electronic banking and demographic variables such as: gender, area of residence, marital status, educational qualification, age category and income category;
- To identify the consumer behaviour factors which drive electronic banking;
- To determine the reasons why Congolese consumers do or do not adopt, electronic banking; and
- To identify the perceptions of Congolese consumers towards electronic banking

1.3.3 Variables

The variables in the study include: demographics (gender, area of residence, marital status, educational qualification, age and income category), reason for electronic banking and attitude towards electronic banking.

1.4 RATIONALE FOR THE STUDY

The internet has brought about a revolution in how companies interact with their customers, business partners and suppliers. For Congolese consumers residing in Durban, electronic banking is a new service. The use of electronic banking appears

low and no known research has been found to have been conducted into the perceptions of electronic banking among Congolese consumers using South African banks.

Banks may need to customise/adapt strategies for different ethnic defined markets and at times, banks have difficulty in developing strategies and segmenting ethnic submarkets. Many of these potential customers come from very different backgrounds with no common language, religion, or culture. Therefore, marketers must understand the basic needs that motivate specific target markets to think and act as customers do. This is important with any consumer market, regardless of people's ethnic background or previous area of residence.

Psychological, social and situational organisational processes are important in influencing consumer behavioural patterns (Yasheen, 2002:6). An understanding of how these processes affect attitudes towards electronic banking will enable banks to increase their market share by creating strategies that encourage Congolese consumers to use electronic banking services. Therefore, there is a need for this research.

1.5 SCOPE OF THE STUDY

1.5.1 Delimitations

The study was limited to the Greater Durban Metropolitan Region. Some of the reasons for this are:

- South Africa is too large for the researcher to travel all over the country;
- Durban is one of the largest cities in South Africa and has a heterogeneous population, which ensures a wide spread of potential respondents to the study;
- The cost and time restrictions to conduct the study were lower due to the study being limited to the Greater Durban area.

1.5.2 Limitations

A sample of the population was studied; consequently there is the possibility of sampling errors occurring. The results of this study may, therefore, not be generalised to South Africa as a whole but only to the Greater Durban area.

1.6 RESEARCH METHODOLOGY AND DESIGN

1.6.1 Research design

Research design is the plan and structure of investigation to obtain answers to research questions. This quantitative study is aimed at identifying the perceptions on electronic banking among Congolese clients of South African Banks in Durban. The data collected was quantitative. A questionnaire was developed and pre-tested in order to obtain the information required. The research was descriptive and itwas used to determine market characteristics. Descriptive studies are used to describe phenomena associated with a subject population or to estimate a proportion of a population that have certain characteristics. Data was collected in the form of questionnaires. In market research, the most frequently used descriptive design is a cross-sectional study; carried out once and representing a snapshot of one point in time (Cooper and Schindler, 2003:149). As data was collected from any given sample of the population elements only once, a cross-sectional design was used for this study.

1.6.2 Target population

The sampling population was that of Congolese customers of retail banks, residing in Durban. Congolese who are not bank customers are not included in the population.

1.6.3 Study Population

The population comprised of Congolese customers banking with South African banks in Durban and Congolese students at the Durban University of Technology (DUT), University of KwaZulu-Natal (UKZN), University of South Africa (UNISA) and other institutions in Durban. Customers at Durban branches represent consumers aged 30 years and older, while students at DUT, UKZN, UNISA and other institutions in Durban represent the 18 to 30 year-old market. The questionnaire were administrated to the respondents and the behaviour, perceptions of those aged 30 and older were compared to those aged between 18 and 30.

1.6.4 Sample size

Research done by Parasuman, Grawal and Krishan (2007:354), shows that the larger the size of a sample, the smaller the potential of a sampling error happening. However, larger samples cost more money, and resources available for a project are always limited (McDaniel and Gates 2007: 430).

A sample of 149 male Congolese banking customers and 139 female banking customers was drawn from Durban`s Congolese community in Durban. This means that 288 respondents in total were selected for the study. This number matches the sample size suggested by Sekaran (2003) for a very large population.

1.6.5 Sample Type

A quota sampling technique was used, with bank customers categorised into groups according to age. A quota sampling technique is more efficient and precise when dealing with a smaller sample size.

1.6.6 Data collection

Data was collected through the use of questionnaires, which were administered by interviewers. The questionnaires were distributed at relevant cultural organisations and venues frequented by Congolese for example churches, football clubs and University forums. Questionnaires were administered at The Wheel Shopping Centre, Work Shop Shopping Centre, Universities and other institutions in the Greater Durban area. The respondents had to answer the questions and return the completed questionnaires to the interviewer. The interviewer was able to explain any question that the respondents did not understand.

1.6.7 Questionnaire

The questionnaire consisted of six parts (Appendix 2).

Part 1 - demographic profile of sample: determine the gender, area of residence, marital status, educational qualification, age category and income category of respondents, while guaranteeing respondents' anonymity, as names were not required, thus ensuring honest opinions and answers.

Part 2 - obtained information about the respondent's habits with regard to transactions done online (electronic banking) in their home country, yes or no they have done online banking, what kind of electronic banking and the reason for not banking online before they came to South Africa.

Part 3 - obtained information about respondent's habits with regard to online transactions(electronic banking) in South Africa, yes or no they have done online banking, what kind of electronic banking, reason for not banking online in South Africa, name of bank for online banking, choice of bank.

Part 4 - identified those factors that determine variables prompting, with regards to the use of electronic banking in South Africa, the frequency of electronic banking and factors preventing respondents from using electronic banking.

Part 5 - electronic banking usage: determine the types of transaction used for electronic banking, safety of electronic banking, reason for electronic banking, perceived risk of electronic banking and banking preferences.

Part 6 - motivators: determine banking charges

1.6.8 Validity and Reliability

Validity is the degree to which an instrument measures an intended content area (Lunenburg and Irby, 2008). The survey instrument contained questions that cover the research topic. A pilot questionnaire was tested on twenty peoples to ensure content validity and that the instrument adequately covered the topic.

1.6.8.1 Face validity

Face validity refers to the subjective agreement among professionals that a scale logically appears to be accurately reflecting what was intended to be measured. It shows whether the content of the scale is adequate (Zikmund, 2000). For this study, face validity was checked by a supervisor and a statistician.

1.6.8.2 Reliability

Reliability of a measure indicates the extent to which it is without bias (error free) and hence, ensures consistent measurement across time and the various items in the instrument. In other worlds, the reliability of a measure is an indication of the stability and consistency with which the instrument measures the concept and

helps to access the goodness of a measure (Sekaran, 2003). In this study, Cronbach's coefficient alpha was used to test reliability.

1.6.9 Analysis of the data

A computerised statistical analysis of the data was necessary to interpret the data obtained from the questionnaires. A conversion was made through a statistical computer package (SPSS version 17), in order to analyse the information. An analysis of the data made it possible to accept or reject the stated hypothesis and to make inferences from the data. The stages in the statistical analysis were that of data preparation and tabulation of data, followed by tests conducted to analyse relationships. Based on the questionnaire, frequencies and percentages were used for all variables of this study. Two chi-square tests were used, first to test the hypothesis that the frequencies per option per statement would be the same (observed and expected frequencies), while the second chi-square test (rows vs. columns) was performed to determine whether there was a statistically significant relationship between the variables.

1.7 OUTLINE OF THE STUDY

This study is presented in six chapters and is focused on determining the perception of electronic banking among Congolese clients of South African banks. A break-down and brief description of each chapter is given below.

Chapter 2 – Electronic Banking

This chapter provides an overview of research into electronic banking. The literature reviewed provided an introduction then goes on to review banking background, banking in South Africa, online banking, electronic banking in the world and an overview of electronic banking in South Africa.

Chapter 3 – Literature on Consumer Behaviour

An overview of consumer behaviour theory is provided in this chapter, with a look at the internal and psychological needs of consumers that influence their choice towards electronic banking. The basis of consumer behaviour is learning about how consumers would accept or reject products offered in the market, and investigating the individual factors that affect their behaviour and buying processes. It is essential for marketers to understand how consumer influences drive marketing decisions, as well as the factors concerning consumer behaviour.

Chapter 4 – Research Design and Methodology

This chapter shows how the sample was selected, data collected (questionnaire), various techniques used to analyse the data and how validity and reliability affected the study. It also contains a critique of the research investigation, including areas where errors could have occurred.

Chapter 5 – Results

The purpose of this chapter is to present the statistical analysis of the data obtained through questionnaires. Once obtained, data were processed into meaningful results, which the reader can interpret and understand, prior to being analysed in line with this study's objectives. The findings and results are then discussed.

Chapter 6 – Conclusions and Recommendations

An outline of the findings, in relation to the theory, is given in this chapter and will either accept or reject the hypothesis. In addition, the chapter draws conclusions and makes recommendations based on the analysis and results of the study. It also contains suggestions for further research.

1.8 CONCLUSION

Specifications on how this study attempted to construct the body of research about the perceptions of electronic banking among Congolese clients of South African Banks in the Greater Durban area are contained in this chapter. This study would also try to embody the value of this research into the electronic banking service in South Africa, specifically in the Greater Durban area. The objective of this study is to determine the attitude to electronic banking among Congolese consumers using South African banks, from the consumer's perspective. A literature review based on the above objectives, hypothesis and delimitations was undertaken and is discussed in the next chapter.

CHAPTER TWO

ELECTRONIC BANKING

2.1 INTRODUCTION

The first chapter presented the research approach, with background to and motivation of the study, and introducing the reader to the objective. The research problem was identified, at the same time formulating the research questions. Subsequently the contribution of the study and the structure of the thesis were reported on. The developing of a theoretical framework of electronic banking will be the focus of chapter two. Firstly, the basic terminology of banking is explained. Thereafter, the definition of electronic banking in South Africa and the world is described, followed by online and electronic banking in South Africa and in the world.

2.2 BANKING BACKGROUND

Banking is generally a highly regulated service industry, with governmental restrictions on financial activities varying in different countries, in terms of time and location. In some countries, such as Germany, banks were historically owned by industrial corporations, while in the United States of America (USA) banks are prohibited from owning non-financial companies. In Japan, banks are usually the nexus of a cross-shareholding entity known as the keiretsu. In Iceland, banks had very light regulation prior to the 2008 collapse. The oldest bank in operation to date is Monte DeiPaschi di Siena, headquarters in Siena, Italy, which has been operating continuously since 1472 (Boland and Vincent, 2009:2).

2.2.1 History of banking

Banking, in the modern sense of the word, can be traced to medieval times and the early Renaissance in Italy (evident in rich cities to the north likes Florence, Venice and Genoa). During the 14thCentury, the Bardi and Peruzzi families dominated the banking sector by establishing branches in many other parts of Europe. Perhaps the most famous Italian bank was the Medici bank, set up by Giovanni Medici in 1397**.**The earliest known state deposit bank, Banco di San Giorgio (Bank of St. George), was founded in 1407 at Genoa, Italy (Macesich and George, 2000:4).

Banks can, however, be traced back to ancient times, even before money exchange, when temples used to store commodities. During 300 A.D. banks in Persia and other territories in the Persian Sassanid Empire issued letters of credit known as Sakks. Muslim traders are known to have used the cheque or Sakk system since the reign of Harun al-Rashid (9th century) of the Abbasid Caliphate. In the 9th century, a Muslim businessman could cash a cheque in China, drawn on sources in Baghdad, a tradition that was significantly strengthened in the 13th and 14th centuries, during the Mongol Empire. Interestingly, fragments found in the Cairo Geniza indicate that in the 12th century cheques were in use, similar to our own only smaller, to save costs on paper. It contained a sum to be paid and then the order for example pay the bearer a specified an amount. The date and name of the issuer was also included (Boland and Vincent, 2009:2).

The earliest evidence of money-exchange activity, in a banking environment, is depicted on a silver drachm coin from the ancient Hellenic colony Trapezus in the Black Sea, (Modern Trabzon, in 350–325 BC).The coin shows a banker's table (trapeza) laden with coins, a pun on the name of the city. In fact, today in Modern Greek the word Trapeza means both a table and a bank (Genoa, 2004:3).

2.2.2 Origin of the word bank

The word bank originated during the 4th century from many sources, such as the Middle French banque, the Old Italian banca, from Old High German bank, and bank as a bench or counter. Benches were used as desks or exchange counters during the Renaissance by Florentine bankers, who used to make their transactions on top of desks covered with green tablecloths (Macesich and George, 2000:7).

2.2.3 Definition of a bank

A bank is defined as a financial intermediary that accepts deposits and channels it into lending activities, either directly or through capital markets. From an economic perspective, a bank connects customers with capital deficits to customers with capital surpluses. It is further defined in terms of the economic functions it serves, the service it offers its customers, or the legal basis for its existence. Banks can therefore, be identified by the functions they perform in the economy. These functions involve the transfer of funds from savers to borrowers (financial institution) and the payment for goods and services (Peter and Sylvia, 2008:4-5).

According to Boland and Vincent (2009:5), the definition of a bank varies from country to country. Eric and Andrew (2009) indicated in the New York Times (2009) that under English common law, defines a banker as a person that engages in the business of banking: that is creating current accounts for its customers; to draw cheques from him/her, and collect cheques from customers in his/her favour.

2.2.4 Types of banks

Banking activities can be divided into retail (dealing directly with individuals and small businesses), business (providing services to market business), corporate (directed at large business entities), private (providing wealth management services to high, net-worth individuals and families) and investment banking (relating to activities on the financial markets). Generally banks are profit-driven, private enterprises. However, some are owned by government, or are non-profit organisations. Central banks are normally government-owned and charged with quasi-regulatory responsibilities, such as supervising commercial banks, or controlling the cash interest rate. They generally provide liquidity to the banking system and act as the lender of last resort in event of a crisis (Goldthwaite, 1999:11).

Islamic banks adhere to the concepts of Islamic law. This form of banking revolves around several well-established principles based on Islamic law and principles. All Islamic banking activities avoid interest, a concept that is forbidden by Islam. Instead, the bank earns profit and charges fees on the financing facilities that it extends to customers (Boland and Vincent, 2009:7).

Table 2.1: The different Kinds of financial-service / firms calling themselves banks	
Name of banking – type firm	**Definition or description**
Commercial banks	Sell deposits and make loans to businesses and individuals
Money centre banks	Are large commercial banks based in leading financial centres
Community banks	Are smaller, locally focused commercial and savings banks
Savings banks	Attract savings deposits and make loans to individuals and families
Cooperative banks	Help farmers, ranchers, and consumers acquire goods and services
Mortgage banks	Provide mortgage loans on new homes but do not sell deposits
Investment banks	Underwrite issues of new securities by their corporate customers
Merchant banks	Supply both debt and equity capital to businesses
Industrial banks	State-chartered loan companies owned by financial or nonfinancial corporations
International banks	Are commercial banks present in more than one nation
Wholesale banks	Are larger commercial banks serving corporations and governments
Retail banks	Are smaller banks saving primarily households and small businesses
Limited-purpose banks	Offer a narrow menu of services, such as credit card companies and subprime lenders
Bankers` banks	Supply services(e.g., check clearing and security trading) to banks
Minority banks	Focus primarily on customers belonging to minority groups
National banks	Function under a federal charter through the Comptroller or the Currency
State banks	Function under charters issued by banking commissions in the various states
Insured banks	Maintain deposits backed by federal deposit insurance plans (e.g., the FDIC)
Member banks	Belong to the Federal Reserve System
Affiliated banks	Are wholly or partially owned by a holding company
Virtual banks	Offer their services only over the internet
Fringe banks	Offer payday and title loans, cash checks, or operate as pawn shops and rent-to-own firms
Universal banks	Offer virtually all financial services available in today`s marketplace

Source: Adapted from Peter and Sylvia (2008:6)

2.3 BANKING IN SOUTH AFRICA

2.3.1 South African banking structure

With South Africa's political transformation, the relaxation of exchange control and liberation of the African continents economy has been favourable for South Africa, compared to industrialised countries, despite being an emerging democracy. On 14 December 2004, the South African Reserve Bank Governor, Tito Mboweni stated that South African banks comply with international practice. As a result, by the end of 2004, South Africa's financial services sector was managed and utilised with sophisticated risk-management systems and corporate governance structures. The sector has domestic and foreign institutions that provide a full range of services

(commercial, retail and merchant banking, mortgage lending, insurance and investment) (Naidu, 2008:1).

South African consumers have online, real time, nationwide access to their respective bank accounts 24 hours a day, throughout the year. Electronic banking facilities are extensive, with a nationwide network of Automatic Teller Machines (ATM) and Internet banking facilities available. Recently, the government has enhanced its regulatory and legal framework and has also enforced the Financial Intelligence Centre Act (FICA). It imposes measures on financial institutions in order to introduce anti-money laundering rules with which to verify clients' personal information. The South African Reserve Bank experienced instability in 2002, due to the depreciation of the country`s currency. Greater stability, owing to the solid foundation of the South African banking system, was noted in 2003 and 2004. The Financial Services Board is a unique, independent institution accountable for administration of the financial markets, such as the Securities Exchange (JSE) and all financial banking institutions (insurers and brokers). It excludes banking institutions, which fall directly under the control of South African Reserve Bank (Mboweni, 2004:9).

2.3.2 Major Banks in South Africa

Presently, there are 38 registered banks in South Africa. Four major groups continue to dominate the South African banking sector that represents 87.4% of the total assets of the banking sector. The balance of 12.6% of assets is currently secured by 31 other banks. The big four banks are namely: ABSA, Standard Bank, First National Bank and Nedbank (Naidu, 2008:2).

As an emerging economy, the South African banking sector is extremely sophisticated. According to Moneyweb (2005) South Africa`s information

technology systems are considered to be superior in many aspects to many other developing countries due to South Africa's highly competitive banking environment. Furthermore, foreign banks have not made their mark in the retail banking sector in South Africa, although some foreign banks operate in the South African corporate banking sector, e.g. the deal Barclays negotiated with ABSA Bank.

One may speculate that the only way to compete in the South African retail banking sector is through the purchase thereof, thus, creating barriers to entry. The major banks offer a wide range of services to both no-commercial (private) and commercial customers. This study will focus on no-commercial customers only. The relationship banking approach maintains competitive advantage with the big four banks continuing to consolidate their activities in the retail market, to service a niche market. The market share of the big four is shown in Table 2.2.

Table 2.2: The big four banks-relative asset market share at May 2005	
Standard Bank	30%
ABSA	25%
Nedbank	24%
First National Bank	21%

Source: Adapted from Hope, Newman and Mugera (2001:3)

2.4 ONLINE BANKING

Online banking is a term used to encompass all banking services that are not traditionally used in the banking sector. These services include: electronic banking, internet banking, cellphone banking, personal computer (PC) banking, and home banking (Hope, Newman and Mugera, 2001:3). According to Jasimuddin (2001:2), online banking in the USA is growing at 60 percent per annum, along with an increase in the number of electronic accounts. Approximately 20 percent of Finnish and Swedish customers engage in online banking, and the number is steadily increasing. Bankrate (2000:13) indicates that online banking allows users to dial-in and use the bank's computer software or an online service provider. This type of

banking allows customers access to their respective bank accounts from any geographical location, provided there is online access. Customers perform transactions without a physical visit to the bank.

Table 2.3: Features and functions offered by the alternative forms of online baking.				
Features	**Telephone banking**	**Self-service terminals**	**ATM**	**Internet banking**
Withdrawals			√	
Deposits			√	
Balances enquires	√	√	√	√
Interim statements (30 transactions)	√	√		√
Transfer funds	√	√	√	√
Cheque book orders	√			√
Change Atm card pin		√	√	√
Stop payment of cheques	√	√		√
Stop orders	√			√
Rates	√	√		√

Source: Adapted from FNB Bank Limited (2004:2)

Online banking services vary from bank to bank. Most banks offer online retail banking services, to allow customers to check individual balances in their respective accounts, transfer funds and order electronic transactions. Furthermore, sophisticated online banking systems also allow customers to apply for loans, trade stocks or mutual funds and view actual images of their cheques or deposit slips (Hope, Newman and Mugera, 2001:5).

2.4.1 Advantages of online banking

Online banking offers certain advantages over traditional banking methods. Some of these advantages are tabulated in Table 2.4.

Table 2.4: Advantages of online banking	
Advantage	**Example**
Time saving	A customer can bank without physically visiting a branch
Convenience	Accounts can be paid and funds transferred without queuing or writing out cheques.
Accessibility	Services are available seven days a week, 24 hours a day.
Confirmation	Transactions are executed and confirmed almost immediately.
Range	Customers can do anything from checking on an account balance to applying for a mortgage.
Security	Customers can choose their own PIN, preventing unauthorized access to their accounts.
Safety	Reduces the need to carry large amounts of cash.

Source: Adapted from Hope, Newman and Mugera (2001:6)

2.4.2 Disadvantages of online banking

Online banking also has several disadvantages. These disadvantages are tabulated in Table 2.5.

Table 2.5: Disadvantages of online banking	
Disadvantage	**Example**
Additional costs to consumer	Internet banking systems require accessibility to websites through cellphone or to computer (computer type, memory, screen resolution and browsers), which is an additional cost to the customer when compared to traditional banking methods or other online banking services such as ATMs.
Cash availability	A customer cannot make deposits or withdrawals when using Internet banking
Security	There is the threat from computer hackers and fraudsters.

Source: Adapted from Hope, Newman and Mugera (2001:6)

2.4.3 The benefits of online banking to banks and customers

The emergence of technology had a significant impact on the diffusion of online banking. With the help of computer science, banking is no longer bound to time or geography. Consumers all over the world have relatively easy access to their accounts 24 hours per day, seven days a week. Therefore, online banking provides many benefits to both banks and their customers (Karjaluoto, 2002:348).

2.4.3.1 Benefits to banks

The main benefits online banking offer to banks are cost savings, reaching new segments of the population, efficiency, enhancement of the bank's reputation, and better customer service and satisfaction (Brogdon, 1999:2). The faster clients adopt online banking, the greater the monetary saving will be to both banks and the customer.

The cost of an electronic transaction is dramatically lower than the cost of a face-to-face branch transaction. Online banking strengthens the relationship between the

service provider (the bank) and the customer, because it brings banking services directly to a customer`s home, office or mobile phone. This creates customer loyalty. The last point the author makes is that online services are a must for banks that have to compete with a growing number of services from other financial institutions, investment concerns and insurance companies. Furthermore, banking is no longer tied to time and place. As a result global competition is expected to broaden (Robinson, 2000:105).

Sheshunoff (2000:54) maintains that the single most important driving force behind the implementation of full-service online banking by banks is the need to create powerful barriers to existing customers. He further argues that once a customer moves to full–service online banking, the likelihood of that customer moving to another financial institution is significantly diminished. The main reason for this behaviour can be found in the consumer behaviour theory that switching always requires much time and effort from the individual consumer. The author concludes that the competitive advantage of online banking for banks is very significant.

Electronic banking customers are, according to Burns (2000:5), more valuable to banks than traditional customers. Through electronic banking, banks can achieve better cross-channel productivity and performance. Online banking customers are found to be more loyal to their bank than non–internet banking customers. A survey in Denmark, concluded by Mols (1998:200), represents some interesting insights into online banking users. The results suggest that online banking customers: are more satisfied with their bank; have higher switching barriers; provide more positive word-of-mouth opinions about their bank; have higher repurchase intentions; lower price sensitivity; a lower propensity to exit and a higher propensity to complain. However, there is not much evidence to suggest that online banking itself strengthens customer loyalty.

2.4.3.2 Benefits for customers

Online banking makes a full range of services available to customers, including some services not offered at branches. The greatest benefit of online banking is that it is cheap or even free to customers. However, price seems to be one factor against online banking (Sathye, 1999:333).

Online banking, in general, is not limited by time or place. It has also been argued that electronic banks are more likely to change in response to customer's demands (Brogdon, 1999:4). Online banking has the advantage that the customer cuts down on traveling to and from a bank branch. In this way, it saves time and money, provides convenience and accessibility, and has a positive impact on customer satisfaction. Customers can manage their banking affairs when they want, and they can enjoy more privacy while interacting with their bank. It has been claimed that online banking offers the customer more benefits at lower costs (Mols, 1998:205).

2.5 ELECTRONIC BANKING

The provision of information or services by a bank to its customers through a computer, telephone or mobile phone, is referred to as electronic banking (Daniel, 1999:3). It has three different channels of delivery namely: telephone, personal computer and Internet. Presently, the Internet is accessed through a personal computer (Karjaluoto, 2002: 262).

Table 2.6: Delivery platforms for electronic banking.	
Type of service	**Description**
PP banking(private dial up)	Proprietary software, distributed by the bank, is installed by the customer on their pc. Access to bank via a modem linked directly to the bank
Internet banking	Access their bank via Internet
Managed network	The bank makes use of an online service provided by another party
TV based	The use of satellite or cable to deliver account information to the TV screens of customers (also Internet based)
Telephone banking	Customers access their bank via telephone (own personal ID and password required)
Mobile phone banking (SMS, WAP, 3rd generation)	Access with text message (SMS), Internet connection (wap), or high speed 3rd generation connection (also Internet based)

Source: Adapted from Daniel (1999:3)

Banking is, according to Gates (2008:29), essential, whereas banks are not. The traditional bank is going to be replaced by electronic banking, which continues to attract new users. Electronic banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels. In other words, customers may enquire about their accounts, engage in multiple transactions through networks, as well as through intelligent interactive devices, such as personal computers (PC), personal digital assistants (PDA), Automated Teller Machines (ATM), mobile phones, Minitel, Wireless Application Protocol (WAP), and TV.

2.5.1 Diffusion of innovation

According to Kotler and Keller (2006:659), an innovation refers to a product, service, or idea that is perceived by someone as new. The adoption is therefore the decision of an individual to become a regular user of a product. Electronic banking is potentially the most radical innovation to date, especially in the context of bank services to customers. Only a few studies have addressed the diffusion of innovation within the retail banking sector (Bradley and Stewart, 2003:1088).

2.5.1.1 The influence of innovation on the adoption of electronic banking

There is no precise formula to evaluate a new product's acceptance or adoption in the market place. Academics have, therefore, identified five product characteristics that influence consumer acceptance of new products namely: relative advantage; compatibility; complexity; trialability and observability (Schiffman and Kanuk, 2007:504). Adopters have invariably been found to have different perceptions about these characteristics when compared to non-adopters. According to Kotler and Keller (2006:660), the characteristics of an innovation influence the adoption rate. Some products are adopted immediately, whereas others take a long time to gain acceptance. If the innovation is perceived to be better than the existing system (relative advantage), is consistent with the needs of the potential adopter (compatibility), and is easy to understand and use (complexity), a favorable attitude towards the innovation will be formed (Ching and Ellis, 2004:411). Bradley and Stewart (2003:1088) found that the perceived relative advantage, compatibility and complexity of the innovation played a key role in the adoption of electronic banking.

2.5.1.2 Relative advantage of innovation on the adoption of electronic banking

The perceived relative advantage is a significant factor driving the adoption of electronic banking. The relative advantage refers to the degree to which an innovation is perceived to be better than the idea it supersedes. When consumers participate in the innovation-decision process, they are motivated to seek information in order to decrease uncertainty about the relative advantage of an innovation (Gerrard and Cunningham, 2003:8).

Potential adopters want to know the degree to which a new idea product/service is better than an existing one. Hence, relative advantage is often the content of

network messages, with regard to an innovation. Relative advantage, in other words, refers to the strength of the reward or punishment resulting from the adoption of an innovative product (Kotler and Keller, 2006:661). Some sub-dimensions of relative advantage include: the degree of economic profitability, the decrease in discomfort, time saving and effort. These dimensions refer to the perceived usefulness in the Technology Acceptance Model (TAM). TAM is defined as the degree to which a person believes that a particular information technology will enhance his or her job performance. It was revealed to be a contributory factor towards the adoption of online banking (Leaderer, Maupin, Sena and Zhuang, 2000:272).

Furthermore, according to a survey conducted in South Africa by Goldstuck (2001:2), Internet banking customers perceive that the Internet channel lacks functionality. Most consumers reported that they do not use Internet-based financial services or expect to use these in the near future. Thus, financial institutions face a challenge in demonstrating the use of the Internet as a banking service channel.

On the other hand, a study of 220 consumers found that shoppers appreciated the ability to visit virtual stores at any hour. Consumers may be motivated to use some electronic banking technologies to save time as, from a customer's perspective, time saving refers to a customer being able to bank without physically visiting a bank. Furthermore, in a survey of computer banking, users found that 79 percent of respondents indicated that convenience was a very important variable in their decision, while saving time was very important to 71 percent of the respondents (Fox, 2002:9).

It is important to note that a survey conducted in Finland also shows that electronic banking users do not use traditional banking because visiting a bank is considered

time-consuming due to long queues. It is, therefore, possible to suggest that the advantages offered by electronic banking over and above regular banking methods, could influence its rate of adoption. For example, the possibility of performing transactions at any time of day from any location, by means of Internet access, would be a source of real advantage to people who have limited time to bank (Karjaluoto, Mattila and Pento, 2002:269).

2.5.1.3 Compatibility

The degree, to which potential consumers feel that a new product is consistent with their present needs, values, and practices, is a measure of its compatibility. An innovation can be compatible or incompatible based on socio-cultural values and beliefs, with previously introduced ideas or with client needs for innovations. Compatibility of an innovation, as perceived by members of a social system, is thus positively related to its rate of adoption (Schiffman and Kanuk, 2007:504). Perceived compatibility of electronic banking is, according to Bradley and Stewart (2003:1089), a key driver in the adoption of electronic banking.

- Black, Lockett, Winkhofer and Ennew (2001:393) maintain that past experiences and the values of consumers in the United Kingdom appear to have a significant impact on their willingness to adopt online banking. Consumers using online banking are comfortable and more positive about electronic banking.
- In Turkey, due to low levels of e-mail usage and a preference for using over-the-counter services at bank branches, respondents view Internet banking as being far less compatible because it does not suit the way they are living and working. The majority of bank customers would still prefer to opt for personal interaction when doing their bank transactions. The personal interaction with personnel and managers adds value to each transaction (Polatoglu and Ekin, 2001:155).
- According to Suganthi and Blanchandran (2001:2), a personal relationship between customers and bankers transcends many boundaries in the Malaysian

context, especially in the rural areas. About 90 percent of Malaysian respondents valued human tellers very highly. Georgiades and Dowsland (2000:6) state that the lack of personal contact and face anonymity are seen as disadvantages, to the extent where certain websites started including photos and video clips of store owners and staff, with which to overcome the perception that electronic storefronts are too impersonal.

- A survey conducted in Singapore found that compatibility is a significant factor which affects the adoption of electronic banking. Individuals who use the Internet frequently are more likely to perceive electronic banking as being compatible with their lifestyles, and are therefore more likely to adopt Internet banking, than individuals who prefer to communicate and conduct their affairs in a face-to-face type of environment (Gerrard and Cunningham, 2003:9).

2.5.1.4 Complexity

Complexity refers to the degree to which a new product is difficult to understand or use and affects product acceptance. Clearly, the easier it is to understand and use a product, the more likely it is to be accepted. The issue of complexity is especially important when attempting to gain market acceptance for high-tech consumer products. Complexity can be considered as the exact opposite of ease-of-use in the Technology Acceptance Model (TAM) and has been found to directly impact the adoption of the Internet. Generally, consumers will reject an innovation if it is very complex and not user-friendly**.** Research conducted in Estonia, indicates that the most important factor for use of electronic banking is, first and foremost, better access to the services (convenience), better prices and a high-level of privacy. Better service (i.e. preferring self-service over office-service) was also of above average importance (Kerem, 2001:7).

Four predominant types of technological fear act as barriers to new product acceptance:

- Fear of technical complexity,
- Fear of rapid obsolescence,
- Fear of social rejection, and
- Fear of physical harm (Schiffman and Kanuk, 2007:504).

Therefore, the adoption of electronic banking is likely to be increased when customers consider the use of Internet banking processes to be easy. Individuals are thus less likely to adopt a new technology if this requires a high level of technical skill. Conversely, the adoption of electronic banking is more likely to occur if the electronic banking processes are simple and user-friendly (Zarena, 2006:35).

2.5.1.5 Trialability

Trialability is the degree to which a new product is capable of being tried on a limited basis. The greater the opportunity to try a new product, the easier it is for consumer to evaluate and ultimately adopt it. In general, frequently purchased household products tend to have qualities that make trial relatively easy, such as the ability to purchase a small or trial size (Schiffman and Kanuk, 2007:504). A product that facilitates a non-purchase trial is more likely to influence consumers to try the product (Peter and Jerry, 2005:415).

2.5.1.6 Observability

Observability (or communicability) is the ease with which a product's benefits or attributes can be observed, imagined, or described to potential consumers. Products that have a high degree of social visibility, such as fashion items, are more

easily diffused than products that are used in private. It is also important to recognize that a particular innovation may diffuse differently throughout different cultures (Schiffman and Kanuk, 2000:504).

2.5.2 Categories of adopters

The concept of adopter categories involves a classification scheme that indicates where a consumer stands, in relation to other consumers in terms of time (or when the consumer adopts a new product) (Peter and Jerry, 2005:425).The five categories are as follows:

2.5.2.1 Innovators

An innovator refers to venturesome risk takers that are capable of absorbing the financial and social costs of adopting an unsuccessful product. They are cosmopolitan in outlook and use other innovators instead of local peers as a reference group. They tend to be younger, better educated, and more socially mobile than their peers. Innovators make extensive use of commercial media, sales personnel, and professional sources when learning of new products (Hawkins, Mothersbaugh and Best, 2007: 256).

2.5.2.2 Early adopters

An early adopter checks before adopting a new idea. This category contains the greatest number of opinion leaders and role model and tends to be integrated into the local social system (Schiffman and Kanuk, 2007:508).

2.5.2.3 Early majority

These consumers tend to be cautious about innovations. They adopt sooner than most of their social group members but only after the innovation has proven successful with others. Being socially active but seldom leaders, they tend to be somewhat older, less well educated and less socially mobile than early adopters. The early majority relies heavily on interpersonal sources of information (Peter and Jerry, 2005:425).

2.5.2.4 Late majority

This group is sceptical and adopt new ideas just after the average time; adopting may be both an economic necessity and a reaction to peer pressure; innovations are approached cautiously (Schiffman and Kanuk, 2007:508).

2.5.2.5 Laggards

Locally oriented consumers who engage in limited social interaction fall in this group. They tend to be relatively dogmatic and oriented toward the past. Laggards adopt innovations only with reluctance (Hawkins, Mothersbaugh and Best, 2007: 257).

2.5.3 Adoption process

The adoption of innovation refers to customer acceptance of an innovation for continued use. Some innovations are adopted relatively quickly, while others take a long time before receiving widespread adoption. Two principal factors distinguish innovations from current products and cause people to be cautious:

- As new product categories, innovations lack evacuation criteria, so customers do not know how to appraise them; and
- Benefits and negative outcomes are unknown or established by experience. Therefore, customers engage in a long, deliberative process before adopting the innovation (Yasheen, 2002:57).

It is often assumed that the consumer moves through five stages in arriving at a decision to purchase or reject a new product: awareness, interest, evaluation, trial and adoption (or rejection). The assumption underlying the adoption process is that consumers engage in extensive information search, whereas consumer involvement theory suggests that, for some products, a limited information search is more likely for low-involvement products (Schiffman and Kanuk, 2007:510).The five stages in the adoption process are described in Table 2.7.

Table 2.7: Stages in the adoption process

Name of Stage	**What happens during this stage**
Awareness	Consumer is first exposed to the product innovation
Interest	Consumer is interested in the product and searches for additional information
Evaluation	Consumer decides whether or not to believe that this product or service will satisfy the need – a kind of "mental trial"
Trial	Consumer uses the product on a limited basis
Adoption (Rejection)	If trial is favourable, consumer decides to use the product on a full rather than a limited basis - if unfavourable, the consumer decides to reject it.

Source: Schiffman and Kanuk (2007:512)

2.5.4 Factors influencing e-banking adoption

According to Lee (2009:2), the scope of the adoption decision is large, as it depends on the customers' benefits and risks perceptions and includes both positive and negative factors: perceived benefits and risks of online banking.

2.5.4.1 Perceived benefits of e-banking

Online banking has recently been described as an ideal solution for a large number of customers, despite its disadvantages. It also has many advantages for consumers; distinguished between direct and indirect perceived benefits. The former type consists of immediate (short-term) and tangible benefits offered to customers who use online banking. The latter includes all advantages in sharing these two characteristics: intangibility and difficult assessment (Agarwal, Rastogi and Mehrotra, 2009:87).

One of the direct advantages of electronic banking adoption is cost effectiveness. For example, e-banking provides customers with a wide range of financial benefits, such as lower transaction handling fees, higher deposit rates, opportunities to win prizes and extra credit card bonus points (Kuisma, Laukkanen and Hiltunen, 2007:56). Electronic banking allows customers to save time by conducting their transactions quickly, without having to queue at banks to use paper documents. Websites offer customers the opportunity to interchange electronic data or to communicate with bank staff, since all important transaction details are laid out on the website. Online banking also provides customers with immediately available and transparent information. The indirect advantages include: round-the-clock access to banking services, anywhere in the world, at any time and a wide range of investment opportunities, such as stock quotations along with news updates (Venkatesh and Morris, 2000:17)

2.5.4.2 Perceived risk in e-banking

Featherman and Pavlou (2003:453-454) define perceived risk as the potential for loss to be incurred in the pursuit of a desired outcome in using e-banking. Since uncertainty is an inherent element of innovation, it entails some degree of

perceived risk. Consequently, there is undoubtedly a perceived risk in online banking, in terms of potential loss by an e-banking customer engaging in an electronic transaction (Kuisma, Laukkanen and Hiltunen, 2007:77). In order to understand how consumers evaluate a product or service, this multi-dimensional perceived risk is divided in to six components, namely: financial, performance, social, physical, privacy, and time-loss (Jacoby, Kaplan, and Bellman, 1999:122). However, the facets of perceived risk vary from one product or service to another: Agarwal, Rastogi and Mehrotra (2009:96) maintain that using e-services does not threaten human life. Physical risk will thus be reduced.

2.5.4.3 Perceived risk components in e-banking

- Financial risk

The constant fear of transaction errors may cause a potential monetary loss by customers who perform online transactions. Clearly e-banking lacks the assurance dimension provided in traditional banking, due to the fact that online banking is considered as an innovation service. This is incompatible with consumers' traditional banking habits (Lee, 2009:2).

- Performance risk

Performance risk arises from the consumer's fear of losses incurred through the malfunction of online banking websites. Customers are often afraid that a disconnection from the Internet may occur while performing electronic transactions, leading to unexpected losses (Kuisma, Laukkanen and Hiltunen, 2007:77). This is confirmed by Sathye (1999:295), who states that Internet access is an essential e-variable for the adoption of online banking. Almogbil (2005:85) maintains that a significant relationship exists between the speed of Internet access and the acceptance of electronic banking.

- Social risk

Social risk stems from the fear of being seen in a negative way by others or causing the disapproval of one's friends/family/work group, by adopting online banking. Venkatesh and Morris (2000:119), confirm that social influence plays an important role in determining the acceptance of new information technologies. However, it is worth noting that the opinion of others is particularly informative in the early stages of experience (Hartwick and Barki, 1999:56), when potential adopters of information technologies are not sufficiently informed.

- Privacy risk

The potential loss due to fraud or a hacker compromising the security of an online bank user is known as privacy risk (Lee, 2009:2). It has become accentuated since the emergence of phishing, which is the attempt to fraudulently collect personal information, such as usernames, passwords and credit card details. It does not only lead to users' monetary loss, but also violates users' privacy (Entrust, 2008:6). Furthermore, SUH and Han (2002:15) point out that, unlike in offline banking; trust is a pertinent need for online banking.

- Time risk

The lateness in receiving a payment or the difficulty of navigation is regarded as time risk. One of the factors may be a disorganised website, but factors range from slow downloadable pages to the long-time need of being computer-literate (Agarwal, Rastogi and Mehrotra, 2009:87)

2.6 ELECTRONIC BANKING IN THE WORLD

The emergence of banking technology has created highly competitive market conditions, which have an impact on consumer behaviour. Therefore, electronic banking providers should attempt to better understand their customers and their

attitudes toward technology in general. If they succeed, banks will be able to influence and even determine consumer behaviour, which will become a major issue in creating competitive advantage in the future. The interaction between the adoption and the marketing of electronic delivery channels by the banks and changing customer segments is creating new environments for distribution channels (Mols, 1998:63). Literature about the adoption of online banking is summarised in Table 2:8

Table 2.8: Summary of international studies about online banking

Studies	Research Title	Model	Factors
NdubisiSinti, 2006	Consumer attitudes. System`s characteristics an Internet banking adoption in Malaysia	Decomposed TPB	Importance to banking needs; compatibility; complexity; trainability; risk; utilitarian orientation and hedonic orientation
Results: The results of the study reveal that attitudinal factors play a significant role in Internet banking adoption. Moreover, utilitarian orientation of the website rather than hedonic orientation has significant impact on adoption			
Pikkarainen Karjaluoto Pahnila, 2004	Consumer acceptance of online banking: an extension of technology acceptance model	Technology acceptance model and focus group	Perceived usefulness; perceived ease of use; perceived enjoyment; information on online banking; security and privacy and quality of Internet connection
Results: The findings of the study indicate that perceived usefulness and information on online banking on the web site were the main factors influencing online-banking acceptance			
Karjuoto Mattila Pento, 2002	Factors underlying attitude formation towards online banking in Finland	Prior computer experience; prior technological experience; prior banking and reference group influences	
Results: Prior computer experience, prior technology experience, personal banking experience, reference group, and computer attitudes strongly affect attitude and behaviour towards online banking, specifically, the relationship between personal banking experience and attitude was found to be critical			
Suh Han, 2002	Effect of trust on customer acceptance of Internet banking	Technology acceptance model	Trust; perceived usefulness; ease of use; attitude and intention to use
Results: In this study, they found that trust is one of the most significant beliefs in explaining a customer's attitude towards using Internet banking. As suggested by the TAM, customer perception of the usefulness and ease of use also affect attitude significantly. At the same time, behavioural intention use of Internet banking is highly related to attitude, perceived usefulness, and trust. These results imply that customers rely on trust in online environments that process sensitive information.			
Tan Teo, 2000	Factors influencing the adoption of Internet banking	Theory of planned behaviour and diffusion of innovation	Relative advantages; compatibility with values; Internet experiences; banking needs; complexity; trialability; risk; self-efficacy; government support; technology support and social norms
Results: The results reveal that attitudinal and perceived behavioural control factors, rather than social influence, play a significant role in influencing the intention to adopt Internet banking. In particular, perceptions of relative advantage, compatibility, trialability, and risk toward using the Internet were found to influence intentions to adopt Internet banking services. In addition, confidence in using such services, as well as perception of government support for electronic commerce, was also found to influence intentions.			
LiaoShao Wang Chen, 1999	The adoption of virtual banking: an empirical study	Theory of planed behaviour and diffusion of innovation	Attitude; relative advantage; ease of use; compatibility; results demonstrability; perceived risks; subjective norms; belief of visibility; critical mass; perceived behavioural; control; voluntariness; trialability; support and learning
Results: TPB was only partially applicable in predicting the adoption intention of virtual banking in the research setting. However, four major relationships of TPB were presented as the four hypotheses and three of them were tested. The first			

hypothesis stated that attitude towards virtual banking was dependent on relative advantage, compatibility, ease of use, result demonstrability and perceived risk. Reliable measures on perceived risk could not be obtained and only the first four constructs were tested. The hypothesis was supported but the two factors found were not clear cut. One of them was a combination of ease of use, compatibility and result demonstrability whereas the other was a mixture of relative advantage, compatibility and result demonstrability. The explanation power of this relationship is 0.56. The second hypothesis claimed that subjective norms about virtual banking were dependent on image, visibility and critical mass. Visibility was not used as no reliable measure was available. The hypothesis was also supported. However, the Rsquare value was only 0.29, which meant that image and critical mass alone could not provide a powerful explanation of subjective norms.		
Sathe, 1999	Adoption of internet banking by Australian consumers	Security concerns; ease of use; awareness of service and its benefits; reasonable price; resistance to change and availability of infrastructure
Results: Shows that security concerns and lack of awareness about Internet banking and its benefits stand out as being the obstacles to the adoption of Internet banking in Australia.		

Source: Adapted from Sara (2007:26-32)

According to Landolt and Hochgraf (2001: 47), research conducted in Singapore indicates that professionals, executives and managers constitute 64.8% of the online banking client base. It also noted that men have more intention to use Internet banking than women, because Internet banking is a way of performing financial activities, including making investments, maintain a good relationship with the banks, saving money and opening several banking accounts. Al-Gahtani, Hubona and Wang (2007) suggested that women in Saudi Arabia are less on using of computer to enhance their job performance than men and also less on valuating a system's ease of use. Research conducted in Korea indicates that residents in Kyungki metropolitan area are more likely to adopt online banking than those who reside in regional provinces. This proposition is based on stronger epidemic effects in the metropolitan area than the remote regions. It also shows that the easier access to computers and internet facilities in the metropolitan area, provide better grounds for people to adopt online banking (Zarcone, 2001:10).

Research conducted in the USA states that clients between 35 and 40 years old are the main users of electronic banking while the segment of users between 30 and 35 years old are in second place, but usage in this segment is growing. The bank of Bahrain in Kuwait is introducing mobile tele-banking and other leading-edge services to youth aged up to 17 years. Between 45 and 50 percent of Bahrain's population is in the one to 17 age group. Young account holders are able to obtain

loans for educational purposes at preferential interest rates. Single people are less likely to adopt online banking than married. Single people are relatively conservative compared to those who choose alternative marital status. Choice of alternative marital status would have a positive effect on their tendency to try out new technologies as they tend to be less risk-adverse (Naylor, 2005:133).

Research conducted by Citibank, in the USA, shows that electronic banking has increased by 29 percent and transactions through this channel have increased by 49 percent (Zarcone, 2001:12). Europe and Singapore also reveal an increase in electronic banking (Gutjahr and Blaquiere, 2001).

2.7 ELECTRONIC BANKING IN SOUTH AFRICA

Online banking was introduced to South Africa in 1997. Currently, the major banks in the country (ABSA, First National Bank, Standard Bank and Nedbank) offer online banking options. After a relatively slow start, South Africans have flocked to electronic banking. At present, 4 million South Africans have access to the Internet, with 2.4 million people banking online. One of the country's big four financial institutions, ABSA, announced that it had reached one million online customer transactions. In the past 12 months, the total value of the transactions processed by Absa's electronic banking service was more than R660-billion.ABSA has 630 000 customers who use a cellphone to access their accounts. One no longer has to go into the bank; it is in your pocket (Yasheen, 2002:6).

According to Len Pienaar, the FNB Chief Executive Officer (CEO), mobile and transaction solutions, FNB bank has five million customers by cellphone and

700 000 customers using cellphone banking service. Heavy acceleration in growth of users has been seen in the past six months, according to Mr Pienaar. However up to 80 percent of the populations does not enjoy access to the web. Mr Pienaar reiterated that many people take a taxi and go to town to check their balances, with

some that end up going home disappointed if the promised money is not put into their account (First National Bank Limited, 2004)

Standard Bank also enjoyed a substantial increase in the use of its online banking during 2003 with approximately 126000 exclusive, representing 40.5% growth in December 2002. By December 2003 growth in online applications for the bank`s products and services was up120 percent to 264000 (Standard Bank Limited, 2005).

Nedbank presently has approximately 160000 registered online users. It projected an approximate 20 percent boost in volumes and value rand from December 2002 to December 2003. This growth results from an increase of customer and business user bases (Nedbank Limited, 2003). Table 2.9 shows a comparison of the online banking rates charged by the domestic banks for Internet banking.

Table 2.9: Online banking rates

Service	Nedbank	ABSA	Standard Bank	FNB
Monthly service-individual	R22.80	R11.97	R19.50	R22.80
Business fee	R22.80	R71.82	R19.50	R57.OO
Internal transfer	R1.60	R1.50	R2	R2.06
Balance enquires & statement	Free	First 5 free, after R1p/stat	Free	Free

Source: Adapted from Hope, Newman and Mugera (2001:8)

Consumer acceptance and use of online banking in South Africa is still small, (Mason, 2001). This figure is small in comparison to the total number of banking customers, or online users. South Africa has experienced an influx of emigrants from neighbouring countries, over the past few years. Amongst these, citizens from the Democratic Republic of Congo (DRC) accounted for about 75 000 legally recognised refugees and residents living in South Africa. Foreigners in South Africa are made up of clusters of a number of nationalities (17 countries in total). The foreigners to be surveyed in this research come from the Democratic Republic of Congo (DRC). The DRC was only admitted into SADC in 1997. Although the DRC is included as a SADC country in this research, it is regarded as a Central African country by Rogerson (2000).

Congolese migration to South Africa is predominantly middle class, young and male. They, therefore, represent a potential customer segment for South African banks, and electronic banking in particular. The average Congolese is 32 years old; 31 percent are single and 23 percent do not live with their spouses. They are educated – 47 percent have a tertiary education, and a further 33 percent have secondary education; 36 percent were students in DRC, 20 percent were skilled professionals, and just four percent were unemployed. Congolese in South Africa represent valuable human capital (Steinberg, 2005:4).

South Africa may be called a melting pot, but the diverse ethnic groups require special attention when analysing markets. One basic reason is that people from the DRC may be influenced by very different cultural variables. They may have quite different needs and their own ways of thinking. Moreover, South Africa is beginning to recognising the value of multicultural diversity and becoming a multicultural market. This creates opportunities and challenges for marketers (Perreault and McCarthy, 1999: 146).

A marketer needs to study ethnic dimensions carefully because they can be common and misleading. Many banks make the mistake of treating all consumers in a particular ethnic group as homogeneous. Marketers can pay attention to ethnic groups now because the number of ethnic consumers is growing much faster than overall society. Much of this growth results from immigration (Mason, 2001).

Banks may need separate strategies for these ethnically diverse markets. Many of these strategies may require changes only in place and promotion. However, sometimes companies may have more difficulty in developing strategies and segmentation for ethnic submarkets (Perreault and McCarthy, 1999: 125). It can be seen that Congolese residents constitute an important potential market for an industry and service that is growing fast in South Africa. The fact that this is an emerging market segment and that little is known by the banks about their

customer behaviour (including attitudes to electronic banking) identifies a gap in banking marketing knowledge and supports the need for this research.

2.8 CONCLUSION

The purpose of this chapter was to explore the subject of electronic banking. Firstly, with an explanation of the basic terminology of bank and then followed by a description of the definition of electronic banking in South Africa and in the world. Online banking and electronic banking in South Africa and in the world was also discussed, with a brief description on Congolese consumers of South African banks. The next chapter analyses the literature on consumer behaviour.

CHAPTER THREE

LITERATURE ON CONSUMER BEHAVIOUR

3.1 INTRODUCTION

The second chapter presented the literature on electronic banking in the world and in South Africa. The focus of this research is the effectiveness of electronic banking and the impact consumer behaviour has on the bank's decision-making. However, this cannot solely be explained by analyzing whether it satisfies the needs and quality of the consumers` life but rather encompasses the entire personality of the purchaser. The ultimate decision stems from the person, which in this case will be the consumer. People may be people, but when they embark on any purchase they automatically become consumers. Consumers are individuals with their own sets of personalities, attitudes, perceptions, values, ideas and traditions, etc. These sets guide and impact on decision-making processes. Consumer behavior theory is a study to explain and understand the importance of this subject with regards to purchase decisions (Yasheen, 2002:4).

The goal of chapter three is to expand on the crucial elements of consumer behavior pertinent to the decisions that people make when banking online. In our fast moving environment, time, cost and efficiency makes it a tedious task for consumers to gain financial security and secure an acceptable and reliable way of banking. Due to the ever-changing technological conditions existing in the financial sector, people have to develop insight into the future, as well as develop sustainable financial strategies accordingly, so as to achieve long-term growth, success and peace of mind (Zarena, 2006:36).

Consumer behaviour shows how individuals select, buy, or make purchase decisions to satisfy their needs, desires or wants. Consumers are very sensitive to various factors and can respond positively or negatively to changes in their personal lives, market place and various factors.

3.2 CONSUMER BEHAVIOUR

Financial Institutions recognize the importance of understanding customer behaviour as a key to their success. In general, it is an initial step towards meeting the challenges in the industry as it focuses on satisfying customers, applying the marketing concept and gaining legitimacy in society (Sheth and Mittal 2004). Customer behavior knowledge is the engine of marketing strategy. On the other hand, consumer behaviour knowledge is applicable to personal, household and organizational consumers; marketers and management alike. Marketers stave to gain insight on consumer behaviour in order to formulate marketing strategies and understand related behaviour, along with gaining insight into the consumer decision processes (what to buy, how to buy and why buy) (Neal, Quester and Hawkins 2002).

The perspective of consumer values recognizes that all customer behaviour is determined by the market values customers seek. The practice of marketing is shifting from a transaction focus to relationship marketing orientation, and the kingpin of this orientation is long–term customer retention. The six values framework; two for each of the three roles: user, payer and buyer; offers marketers an avenue to practice relationship orientation and as a result, to achieve customer satisfaction and retention (Sheth and Mittal 2004).

3.2.1. Definitions of consumer behavior

According to Lamb, Hair, McDaniel, Boshoff and Terblanche (2000:142) consumer behaviour is defined as acts of decision-making units (families and individuals) who are directly involved in obtaining and using need-satisfying products and services; It includes the decision-making process that precedes and determines these acts. The acts refer to activities, such as travelling to and from the stores, evaluation of both goods and services available in the market and the actual purchasing of goods. Furthermore, Schiffman and Kanuk (2000:8) maintain that there are two kinds of consumers, namely personal and business or organisational consumers. Personal consumers buy goods and services for their own use, and business consumer's products, equipment and services are acquired in order to operate a business.

Beckett, Hewer and Howcroft (2000:20) argue that the type of product being purchased influences consumer purchasing behavior, with regards to the banks. The emphasis on trust and maintaining of customer relationships is also highly pertinent to banks and other financial providers. The ability to retain customers and increase customer profitability is very important. According to Wang (2002:3) the emergence of e-banking has created highly competitive market conditions. Online banking providers must, therefore, attempt to better understand the factors influencing consumer adoption of e-banking. According to Kotler (2000), the field of consumer behaviour studies how individuals, groups, and organizations select, buy, use, and dispose of goods and services, ideas, or experiences to satisfy their needs and desires. Understanding consumer behavior and knowing customers are never simple.

3.2.2 Understanding consumer behavior

To understand consumer behaviour in the context of the financial service industry, financial institutions must endeavor to better understand their customers in an attempt, not only to anticipate but also to influence and determine consumer-buying behaviour. It also indicates insights gained that will articulate and satisfy consumer behavior in the purchasing of financial products and services. Furthermore, understanding consumer behaviour will offer prospective insights and suitable strategies, which are conducive to increasing customer retention and profitability (Yasheen, 2002:65)

3.2.3 Importance of Marketing in Consumer Behaviour

Financial institutions need to communicate with the customer through the strategic window. The marketing mix correlates a set of interrelated entities that have to be set in conjunction with one another and presented in the context of the strategic window. The relationship between the consumer and the provider defines the success of the provider. For example, the moment of truth experienced by the consumer gives him/her a perception of the financial institution`s service quality, which has an impact on the consumer`s overall satisfaction and heightens the likelihood of continuing the interaction with the service provider in the future. Analyzing and understanding customer perceptions and expectations are therefore vital for efficient service delivery (Sheth and Mittal, 2004).

The consumer`s cultural, social and environmental exposure is dependent on the customers purchasing decisions. In order for marketers to formulate appropriate marketing strategies; it is crucial to establish how different market segments perceive the product or offering. The consumers` values, needs and expectations

are visibly the starting point of such marketing strategy. Marketers are therefore interested in determining how consumers spend their money (Zarena, 2006:54)

Sustainable profitability, combined with research on consumers, has produced data that reveal consumption trends, particulars of changing buying patterns and shifts in consumers` beliefs and attitudes (Sheth and Mittal, 2004).

Cultural and social variables affecting consumer behavior will be explained in this chapter. However, factors such as, internal, external, situational and decision-making, contribute to marketing decisions (market segmentation, product positioning and marketing mix) and should be incorporated in the marketer`s strategy as it shown in Table 3.1.

Table 3.1: How consumer influences drive marketing decisions

Consumer influences		**Marketing decisions**
External influences Cultural and values; demographics, income; social-class; reference groups; household and marketing activities Internal influences Needs; motives; emotions; perceptions; memory; personality; lifestyle and attitudes Situational influences Physical; time; social; task and antecedent Decision-process influences Problem recognition; information search; alternative evaluation outlet; selection-purchase and post-purchase process		Market segmentation; target segment(s); single- or multiple- target segment Product positioning Key product-differentiation variables and position relative to competition Marketing mix Product features; price level; promotional appeal; place (distribution)

Source: Neal, Quester and Hawkins, 2002, Consumer Behavior: implications for Marketing Strategy, McGraw Hill

Table 3.1: indicates that by analyzing consumers, marketers can improve their respective marketing strategies by understanding the following issues:

- The psychology of how consumers think, feel, reason, and select between different alternatives (for example brands, products);
- The psychology of how a consumer is influenced by his or her environment (e.g., culture, family. signs, media);

- The behaviour of consumers while shopping or making other marketing decisions;
- Limitations in consumer knowledge or information processing abilities influence decisions and marketing outcome;
- How consumer motivation and decision strategies differ between products that vary in their level of importance or interest that they entail for the consumer;
- How marketers can adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer.

Understanding these issues helps marketers adapt their strategies by taking the consumer into consideration. Consumers` product and service preferences are constantly changing. In order to address this constant state of flux and to create a proper marketing mix for a well-defined market, marketing managers must have a thorough knowledge of consumer behaviour. For example, by understanding that a number of different messages compete for potential customers` attention, marketers learn that to be effective, advertisements must usually be repeated extensively. Consumer will also sometimes be persuaded more by logical arguments, but at other times more by emotional or symbolic appeals. By understanding the consumer, marketers will be able to make a more informed decision as to which strategy to employ (Kerem, 2001:46)

3.2.4 Psychological factors influencing consumer behaviour

The psychological factors influencing consumer behaviour included the variables: motivation, perception, attitude, and perceived risk.

3.2.4.1 Motivation

Consumers can be motivated to engage in behaviour, make decisions or process information, and this motivation can be seen in the context of acquiring, using or disposing of an offering. The outcomes of high motivation include goal-relevant behaviour, high information processing and decision making. Abraham Maslow produced a theory for human motivation entitled: 'Hierarchy of Needs'. Maslow stated that all humans have the same basic hierarchy of needs which motivates consumer behaviour. The hierarchy is made up of the following:

- Physiological motives: a basic need which must be satisfied if the individual is to survive. Safety motives: security, protection, stability and routine.
- Love motives: encompasses the need for affection and affiliation, warmth and interaction with family and friends.
- Esteem motives: include the need for self-respect, prestige, success and achievement.
- Self- actualisation motives: includes the need and desire for self-fulfilment (Hoyer and MacInnis, 2000:54).

Lower level needs must be met before high level needs can be satisfied. Within the South African context, Living Standard Measures (LSM) groups 1 to 4 would focus on meeting physiological and safety needs, while LSM groups 5 to 10 would focus on fulfilling love, esteem and self-actualisation needs. Critics, according to Kerem (2001:60), believe that the hierarchy is too simplistic. The hierarchy ignores the intensity of needs. It is not simply the existence of needs but their intensity that affects motivation.

When motivation is high, consumers are willing to engage in behaviours relevant to achieving their goal. Consumers are also more inclined to process information and make decisions if motivation to achieve a goal is high. According to Planting (2000),

Absa and Nedcor online sites reflect the service of the offline bank but neither demonstrates any compelling reason to drive users` onto the Internet. FirstRand, with e-Bucks.com, aims to drive usage of the Group's financial services products, by rewarding customer with virtual currency for every financial product used. Banks aims to add functionality to their online banking site. Standard Bank'sbluebean.com offers consumers a credit card facility, with a reward scheme linked to an online shopping mall (ABSA BANK Limited, 2001).

Many customers are not willing to make the paradigm shift and utilise online facilities. As the Business Day (February 2001), states, `can anything replace face-to-face transactions at banks completely? Probably not, the more things change the more they stay the same'. These subscribers were situationally involved in the free online offering, however, they were not motivated or cognitively involved in learning to utilise ABSA's online banking offering.

An article by McLeod and Planting (2001) states that one of the factors which has slowed online retail in South Africa is that companies which build online sites create no compelling reason for people to shop at them. On the other hand, director of e-commerce at Standard Corporate Merchant Bank, Magnus Taljaard, says that their new business online website will provide Standard Bank customers with a single window into all the banks corporate services. Business users have already started moving onto the Internet because of the convenience it offers.

3.2.4.2 Perceived Risk

Perceived risk increases consumers' motivation to process information. It also reflects the extent to which consumers are uncertain about the consequences of buying, using or disposing of an offering. Anthrax scares in the United States saw enrolment to online banking increase by 20 percent between September and

November (2002). Customers enrolling wanted to operate in a paper-free environment and wanted to avoid leaving home (Hoyer and MacInnis, 2000:67).

In South Africa people are nervous about releasing credit card and other banking details to companies on the web. Hence ABSA and FNB's eBucks.com projects have experienced problems in enticing clients (Zarena, 2006: 53).

3.2.4.3 Perception

Lamb, et al. (2000:168), defines perception as the process whereby an individual selects, organizes and integrates stimuli into a meaningful and overall picture. Perception involves all the senses (seeing, feeling, tasting, smelling and hearing), and these sensory stimuli play a role in causing certain sensations, which influence consumers in deciding whether to purchase or not. According to Lussier (2000:295), perception has defense mechanisms, used to protect consumers against undesirable stimuli from the environment. Consumers' acceptance of technological innovations, such as online banking, may be influenced not only by their socio-economic and demographic characteristics, but also by their perceptions of specific technologies and by the characteristics of different products and services.

Consumer perception is an activity where information is extracted from the environment, interpreted and organised on the basis of known perceptual principles, and utilised in the interests of consumer goals or motives (Reekie and Brits, 1997:95-96). Different consumers will perceive a product offering differently, depending on their needs.

Anton de Souza, General Manager of retail banking at Nedbank, says that banks should be marketing the value-add of online banking services such as saving time,

petrol, parking costs and not having to leave home. Nedbank has also launched a virtual shopping mall for customers through the banks` secure website. Consumers looking for convenience and time saving will process the material and perceive the option provided by Nedbank as viable. A further perception, according to Lussier (2000:315) is that online banking is expensive and not always upfront about the fees charged. He states that some banks in the United States are establishing useful Internet programs in an attempt to persuade clients to sign up as online users. The programs aim to create a shift in consumer thinking, encouraging the feeling of being secure in Internet banking utilisation.

Accordingly, a relatively small percentage of traditional banking customers believe their banks are good places from which to purchase financial products. Only 15.5 percent of traditional customers who also visit their bank's website, say their banks would be a good place from which to purchase financial products. The study was conducted nationwide in the USA (Zarcone, 2001:15).

Charlene Stern, of Berkley Stern Marketing Group states that virtual banks are solving a persistent brand image problem: That a bank is no place to buy investment products. The key question, according to Stern is: 'Who can create the brand which will be both online and brick and mortar?' A further survey by the financial services market researcher, the Tower Group, indicates that even in the US, where most consumers have access to an Internet connected personal computer, people have been slow to move away from traditional retail channels (Harris and Brown 2001:1).

- Factors that shape perception

According to Sheth and Mittal (2004), three factors shape customer perceptions:

i. Stimulus characteristics: the nature of information from the environment (objects, brands, stores, marketers, friends and so forth)
ii. Context characteristics: the setting in which the information is received, namely social, cultural, and organisational contexts.

iii. Customer characteristics: personal knowledge and experiences, including the customer`s expertise on the relevant topic and prior experience with similar stimuli.

- Biases in the perceptual process

The consumer`s selection of stimuli from the environment is based on the interaction of expectations and motives with the stimulus itself. These factors give rise to three important concepts with regard to perception namely selective exposure, selective attention and selective interpretation (Sheth and Mittal, 2004:133).

Selective exposure: occurs when a stimulus comes within the range of someone`s sensory receptors. Consumers concentrate on some stimuli, are unaware of others, and even go out of their way to ignore some messages. Consumers are capable of noticing stimuli that came within range for even a very short time (Zarena, 2006:60).

Selective attention: consumers exercise a great deal of selectivity in terms of the attention they give to commercial stimuli. They have a heightened awareness of stimuli that meet their needs or interests and minimal awareness of stimuli irrelevant to their needs. Consumers also vary in terms of the kinds of information in which they are interested and the form of message and type of medium they prefer. Some consumers are more interested in price, some in appearance, and others in social acceptability. Some enjoy complex, sophisticated messages; others prefer simple graphics (Schiffman and Kanuk, 2007:162).

Selective interpretation: consumers interpret the context and message of marketing communications selectively. After an important purchase, customers seek communication that will reassure them about the wisdom of their selection. They

also distort negative information that might threaten their ego. This phenomenon, called perceptual distortion, refers to information being encoded by a person in a manner that makes it more congruent with his or her prior beliefs than it objectively is (Sheth and Mittal, 2004:133).

3.2.4.4 Attitude

Attitude is a positive or negative feeling or a mental state of readiness, learned and organised through experience that exerts specific influences on a person's response to people, objects and situations (Du, 2002:5). According to Lussier (2000:296), attitude is an overall perception about an object. Attitudes and perceptions both affect and are affected by behaviour. Hence attitude refers to the overall evaluation of an object. Attitudes are personal feelings that influence a person's tendency to act in a particular way. In this study attitude describes a person's perception towards electronic banking. Attitude motivates consumers towards a particular behaviour. According to Mink (2001:4), of 10 countries studied, three percent of consumers had no interest in electronic banking, as customer service is what really matters and they receive that at a traditional bank.

Attitudes are consistent but are not permanent. Situations and circumstances also influence the relationship between attitudes and behaviour. Hong Kong's banking sector has embarked on an aggressive promotion campaign to enhance the level of awareness of online banking to corporate clients. The features being promoted are technology, such as encryption to enhance security on the net, speed and ease of use of online banking services. In the United States, slower postal service due to anthrax scares saw people turn to online banking to ensure payments, such as mortgages, were made on time (New Strait Times-Times Management, 2001:2-5).

An innovation presents potential adopters with a new means of solving problems and exploiting opportunities. An individual first forms an attitude towards the innovation leading to a decision to adopt or reject the innovation. If the innovation is perceived to be better than the existing system (a measure of its relative advantage), is consistent with the needs of the potential adopter (a measure of its compatibility), and is easy to understand and use (a measure of its complexity), it is more likely that a favorable attitude towards the innovation will be formed. Therefore, if a person has a positive attitude toward electronic banking, he/she is more likely to become a user of Internet banking (Du, 2002:1).

- **Three-component model of attitude**

Attitudes consist of three components: cognitive, affective and connotative. Knowledge (cognitions) and perceptions are acquired by means of a combination of direct experience with the object and information from numerous sources. This knowledge and the ensuing perception result in a particular belief about the product or offering. According to a survey conducted by Zarena (2006:64), consumers applying online continually experience time-out problems and very often have to restart the process. The whole process could take up to three hours and the perception is created that the application process for online banking is long and drawn out. It may be possible to establish which patterns of consumer behaviour could prove to be the strongest inhibitors to widespread adoption of wireless retail banking services.

A consumer's feeling toward a particular product or offering is referred to as the affective component of an attitude and is evaluative in nature. Research has proven that high online penetration of a bank's customer base does not automatically translate into profit. The risk exists that customers sign up but do not end up using the service regularly. Customer profitability depends on the ability to offer the

customers the right product at the right price (Hugget and Moolman, 2002). Connotation refers to the consumer's intention to purchase.

3.2.5 Cultural factors influencing consumer behaviour

Cultural factors influencing consumer behaviour include the variables: social class, age, level of education and opinion leadership.

3.2.5.1 Social Class

Social class is defined as the division of members of society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either more or less status (Hoyer and MacInnis, 2000:436). Most societies in the world are stratified into class. Social class is, however, not the same as income. An individual`s social class is determined by factors which contribute to identifying the status of his class. These factors consist of: Income, occupational status, age, education and living conditions.

In the USA, Warner`s six classes are used to segment society. Within the South Africa context, LSMs are utilised by marketers to understand the segment within South Africa. LSMs range from one to 10. Factors determining the LSM group to which a particular consumer belongs include: demographics (age, educational level, income and gender), exposure to media (radio, TV, newspapers and cinema) and general categories, such as access to services, ownership of durables, for example; computer and satellite dishes, and participation in community and sporting activities. LSM groups one to six represent poor and middle class communities with incomes between R748 and R3731 a month. They are a small percentage of the population (15%).

Goldstein (2002:1), states that many Americans have purchased personal computers in recent years to take advantage of the World Wide Web. Electronic banking in the United States appears to be heading for the mainstream. About 16 million American households used the Internet for banking in 2001 and the figure is expected to rise to 21 million homes shortly. In South Africa, about 15.7 percent of the population own personal computers. According to McLeod and Planting (2001:5), the South African online market is too small to support Business to Consumer (B2C) e-commerce, except in a few small niches. Computer penetration at home is very low and where there is penetration; there are obstacles such as dial-up speeds. Most people access the Internet from work but in most instances employers allow their staff access to certain websites (Yasheen, 2002:65).

There are other factors at play in South Africa, preventing B2C growth. One is South Africa`s high Internet access costs. The longer you are online the higher the cost of the connection. As the economy becomes tougher, consumers become less confident and want to reduce telephone costs resulting in less time spent online (Stones, 2001:2).

Lance Harris notes that observers have long maintained that South Africa, with its small population of Internet users and high telephone costs, is not a good environment for ambitious online ventures (Harris and Brown 2001:1). Stones (2001:2), states that in South Africa online banking is just one of the remote or convenience services a bank can offer its clients. Online users are limited to those with access to a computer and Internet connectivity. Most of Nedcor's online users are self-employed professionals. Martin Pienaar, General Manager of Nedbank, says that many businesses have Internet connections which allow employees to make use of online banking, but it lowers the entry level of clients who bank online.

According to Bergen Peterson of the Columbia Credit Union, customers who use online banking are not necessarily richer but have multiple other reasons for doing so. Those who use electronic services tend to have more banking and will eventually take the lion's share of the financial services market. Financial services such as banking are suited to the Web's rapid delivery of information. According to Peterson, combining this rapidity with free unmetered web packages, which USA phone companies offer, will soon produce a society that won`t hesitate to check the Web to get the best price before buying anything.

3.2.5.2 Age

Age groups can be treated as subcultures because people of different ages often share distinctive values, meanings and behaviours. Marketers must be cautious, however, about segmenting consumers on the basis of actual age. Many adult American consumers think of themselves as 10 to 15 years younger than they really are. Their behaviour and cognition are more related to their psychological age than their chronological age (Peter and Olson, 1994:363).The four major age groups recognised by markets are: teenagers, Generation X'ers, Baby Boomers and the 50 and over market.

- The Teen Market

Teenagers have an influence on household purchasers and also have their own discretionary purchasing power. It has been found that brand loyalty is established early among teenage shoppers. According to Peter and Olson (1994:363), this market is important for many products and services because there is a potential to develop brand loyalty, which may last a lifetime. According to Pollit (2001:1), a survey carried out in Britain shows that 74 percent of 15 to 19 year olds have a cellular telephone, compared with only 52 percent of adults. Pollit recommends that marketers take time to understand and communicate with youngsters in one to

20, as they spend more than 600 billion dollar a year in the USA. The 15 to 19 age group makes up 10 percent of the South African population.

- Generation X'ers

Generation X'ers were born between 1965 and 1976.They tend to find success and achievement in using at the cutting edge of technology. About 43 percent own their own computers, the group as a whole makes up the heaviest core of Internet users. According to Shipside (2000:2), Generation X users aged between 18 and 36, spend about one working day, 6.3 hours, online, each week. The Internet is increasingly becoming the way to reach this group. Generation X'ers are more open to purchasing insurance from alternative channels than either Baby Boomers or seniors. He added that younger consumers tend to spend more time online; they are more comfortable with purchasing financial services or products on the Internet. According to Stoneman (2001:4), the greatest concentration of computer owners who have banked online in the USA, is in the 18 to 34 year age categories, representing 30 percent of the market. Generation X'ers represents 16 percent of the South Africa population.

- Baby Boomers

Baby Boomers are those born between 1946 and 1962.This age group is now in their early 40s and 50s – the prime earning and spending years. Baby Boomers represent 13 percent of the South Africa population. The baby boomers market is the most lucrative and challenging (Peter and Olson, 1994:363).

- The Mature Market

The Mature Market represents consumers aged 50 and older. Members of the Mature market are usually free of most of the financial burdens associated with child rearing, home loans and furnishing homes. The50 and older age group is resistant to change and the adoption of new products, especially technology

products. The reluctance of consumers, particularly older people, to change their banking habits is an inhibitor (Harris and Brown, 2001:1). Approximately 9.8 percent of the South African population is made up of people within the 50 to69 year old age group. According to South Africa Advertising and Research Foundation LSM groupings list, the 50+ age group falls under LSM group 1, representing a group that received a primary school education only. According to Stoneman (2001:4), a mere 15 percent of the USA population aged 55 to 64, owns a computer and only nine percent of this group banks online.

3.2.5.3 Education Levels

According to the population census 1996, only 10 percent of the South African population has completed their secondary education. A mere 1.7% of the population has completed high school plus a certificate and 0.89% of the population obtained a grade 12 and a university degree. Education levels play an important part in determining consumers` use of online banking (Zarena, 2006: 60).

3.2.5.4 Opinion Leadership

Opinion Leadership is the process by which one person– the opinion leader – informally influences the actions or attitude of others. They are the source of both information and advice about their experience of a product. Motivation theory suggests that people may provide information to others to satisfy some basic need of their own. Opinion leaders may also be trying to reduce their own post-purchase dissonance. The purchaser may relive their psychological discomfort by discussing it. Thus opinion leaders' true motivation may be self-involvement. Product involvement, social involvement and message involvement may also motivate them. Opinion leaders may be pleased to tell others about their disappointment with a product. Hence consumers experiencing speed problems or security breaches with

Internet usage may choose to relate their experience to others. This contributes to some of the perceptions relating to safety and Internet banking (Yahseen, 2002:71).

3.3 DECISION–MAKING PROCESS

A decision refers to a choice between two or more alternative actions (or behaviour). Decision always requires choice between different behaviour. In other words, a risk is involved when a consumer makes a choice. If the product is not up to standard, the consumer is of the opinion that they have wasted their money. Extensive decision making, such as electronic transfer of funds instead of writing out cheques, requires more or higher involvement than limited or routine, responsive behaviour that entails low involvement. As there are funds involved, consumers will evaluate options (Peter and Jerry, 2000:165).

According to Hoyer and MacInnis (2000:228), problem recognition is the perceived difference between an ideal and actual state. An ideal state reflects the real situation. Notions of an ideal state are based on one's goals and aspirations, as well as past experience. One's actual state is a response to a need; for example you run out of milk and must purchase a carton. In Singapore, the demographics of online bankers are busy executives and professionals who do not have time to visit traditional bank branches. Consumers are now more knowledgeable and demanding. They are more confident in their buying behaviour and are willing to adapt to e-commerce.

In solving the recognised problem, consumers embark on an internal search, through which four types of information are retrieved: bands, attributes, evaluations and experience. Consumers will remember brands familiar to them as well as brands they prefer. For instance, the top four banks in South Africa, ABSA, Standard Bank, Nedbank and First National Bank, have strong brand names through

maintaining high brand awareness and association. ABSA and Standard Banks are believed to have the highest number of online consumers (Naidu, 2008:5).

When engaging in an internal search, consumers are not able to remember specific information about products or services. They recall attributed information, which is simplified information; more accessible or available and which has the strongest associative links. This is most likely to be recalled and entered into the decision process (Hoyers and MacInnis, 2000:229).Marketing communications draw attention to specific features, making them relevant to the consumer. Stones (2001:1) states that negative publicity of fraudulent Internet banking sites has not helped online banking. However, high crime rates and robberies at branches also create negative publicity for traditional branches.

According to Rentas-Guisti (2001:40), many online banking services offer customers support via e-mail or telephone, through which to assist clients who may encounter difficulties, given the complexity of online banking. On the other hand, Stones (2002:1) states that habit and not cost, is the main hindrance to online banking. Most consumers are accustomed to convention, traditional face-to-face contact with their banker and this habit is often difficult to break. Diagnostic information distinguishes one offering from another. In reaching a decision, consumers may also engage in an external search. Media, retail stores and interpersonal searches may be utilised in gaining information on a particular product or service offering. Consumers would typically search by brand, and source all the relevant information about that brand before moving on to the next. They would also search according to attributes by which brands are compared.

3.4 MARKET DECISIONS

Marketing is about meeting people`s needs and expectations, and therefore the study of consumer behaviour and their needs is crucial to the study of marketing. Marketing strategy is about determining, identifying and selecting a target market for product offerings and services that will satisfy the needs, wants and expectations of the consumer. Marketers need to devise suitable marketing approaches, and it is essential to identify different market segments, for the product or offering. One again, it must be noted by the marketer that the consumers' values, needs and expectations are obviously the initial observation of such a marketing strategy. The marketing strategy implemented by the marketer will incorporate the marketing mix depending on the product or service offering. The marketing environment surrounds and impacts on the organisation (Zarena, 2006:82)

3.4.1 Segmentation

According to Schiffman and Kanuk (2007), segmentation can be defined as the process of dividing a market into distinct subsets of consumers, with common needs or characteristics, and selecting one or more segments to target with a distinct marketing mix. Kotler (2000), states that the segments should have qualities in order to be useful and profitable, as described in Table 3.2.

Table 3.2: Criteria for effective segmentation	
Differentiable	Able to distinguish segments
Measurable	Able to measure and describe purchasing power
Accessible	Easy to communicate in identifiable way
Actionable	Able to develop strategies
Substantial	Be large enough and be economically worthwhile and profitable

Source: Adapted from Lord and Bhowan (2001:1)

3.4.2 Bases for Segmentation

Several variables can be used to segment consumer markets. These are classified in Table 3.3, followed by a discussion of examples of segmentation using some of the identified variables.

Table 3.3: Bases for segmenting consumer markets

Consumer Characteristics	Consumer Responses
Geographic (Country, region, postcode, coastal/inland, rural, urban, climate Demographic (Age, gender, income, occupation, race, education, social class, language, family size, family life-cycle stage)	Behavioural • Benefits • Use (Frequency of purchase/use, use-situation, degree of use, brand loyalty)

Source: Adapted from Lord and Bhowan (2001:2)

The base levels of segmentation include the following variables:

- Geographic: The division of a total potential market into smaller subgroups on the basis of geographic variables (e.g., region, state, city, or postal code). In geographic segmentation the market is divided by location. The theory behind this strategy is that people who live in the same area share similar needs and wants and these needs and wants differ from those of people living in other areas. Geographic segmentation is a useful strategy for many marketers. It is relatively easy to find geographically based differences for many products (Shiffman and Kanuk, 2007:47)
- Demographics: This is a fairly easy method of segmentation to employ because marketers have a good idea of who is in each segment and can easily target these segments. Demographics are easily verified and refer to the objective characteristics of a group of customers associated with demographic variables: age, family, size, gender, income, education, religion etc. (Stones, 2001:7).
- Behavioural: refers to a person`s response (or lack of response) to a given market. Markets are divided into groups depending on their knowledge and attitudes towards the product (Schiffman and Kanuk 2000).

3.5 MARKETING MIX

The marketing mix consists of a company`s service and/or product offerings to consumers and the methods and tools it selects, with which to accomplish the exchange. The marketing mix consists of four elements (known as the four Ps): the product or service, the price, the place and the promotion (Schiffman and Kanuk 2007:7). A successful marketing strategy requires an extremely evolved integrated marketing mix of product, price, promotion, place, people, process and physical environment. Each of the four Ps is essential to satisfy the consumer. These variables can be adjusted to satisfy the needs of the target market.

3.6 CONCLUSION

The purpose of this chapter was to explore the crucial elements of consumer behaviour when banking online. Firstly, an explanation of the basic terminology of consumer behaviour was explored, followed by a description of the psychological and cultural factors influencing consumer behaviour. Decision making processes and market decision were also discussed, with a brief definition of marketing mix. The next chapter analyses the research design and methodology.

CHAPTER FOUR

RESEARCH DESIGN AND METHODOLOGY

4.1 INTRODUCTION

Factors that influence consumer behaviour, with regard to online banking, were presented in the third chapter. This chapter discusses the research methodology of the study; outlines the research design and the objectives, sampling methods, data collection and data analysis, and concludes with a statistical analysis of the questionnaire used in this study.

4.2 RESEARCH DESIGN

The research design outlines the format of the plan and investigation to achieve the objectives of the study. In other words, the research design is the overall plan for the conceptual research problem to be relevant and realistic, empirical research (Whitely, 2002). This quantitative study was aimed at identifying perceptions regarding electronic banking among Congolese clients using South African banks.

A questionnaire was developed and pre-tested in order to obtain the information required. The research was descriptive, that is, it was used to determine targeted market characteristics. Descriptive studies are used to describe phenomena associated with a respondent population or to estimate a proportion of a population that has certain characteristics. Data were collected by means of a questionnaire, based on the literature review. In marketing, the most frequently used descriptive design is that of a cross sectional design. A cross sectional study is carried out once and represents a snapshot of a specific point in time. Since data

was collected from a given sample of the population elements only once, a cross sectional design was used (Cooper and Schindler, 2003:149).

4.3 OBJECTIVES OF THE STUDY

The overall aim of this study is to determinate the perception of electronic banking among Congolese consumers using South African banks, from the consumer's perspective. To achieve this aim, the following objectives were formulated:

- To establish whether a relationship exists between the reasons for using electronic banking and demographic variables such as: gender, area of residence, marital status, educational qualification, age category and income category;
- To identify the consumer behaviour factors which drive electronic banking;
- To determine the reasons why Congolese consumers do or do not adopt, electronic banking; and
- To identify the perceptions of Congolese consumers towards electronic banking

4.4 SAMPLING TECHNIQUE AND DESCRIPTION OF SAMPLE

One of the most pertinent issues researchers have to consider when designing the research project is the type and number of people participating in the study. According to Parasuraman, Grawal and Krishan (2007:354) the larger the sample, the smaller the sampling error. However, larger samples cost more money, and resources available for a project are always limited (McDaniel, 2007: 430). A sample of 144 Congolese, over 30 years and older and 144 consumers in the age group 18 to 30, were drawn from Durban. This means that 288 respondents in total were selected for the study. This number matches the sample size suggested by Sekaran (2003) for a very large population.

Sampling involves selecting a sample with as much precision as resources allow, and from whom the researcher intends to collect data. In social research projects, these elements are generally people, households or organisations. Therefore, designing a sample plan is an important procedure in the research process (Leedy and Ormond, 2005). In addition, when a sample is selected according to scientific guidelines, it is a true representation of the population. The findings from such a sample can be generalised to the entire population (Struwig and Stead, 2004).

Representative samples are generally obtained by following a well-defined procedure. This includes the following steps:

- Define the target population from which the researcher would like to generalise the results;
- Choose the sampling frame in which each unit of analysis is mentioned only once;
- Select the sampling method;
- Determine the sample size; and
- Implement the sampling plan (Maharaj, 2009).

4.4.1 Sampling process

The population refers to the study object and consists of individuals, groups, organisations, products and events, or the conditions under which they are exposed (Welman, Kruger and Mitchell, 2007). In other words, a population is the total collection of elements about which the researcher intends to make some inferences (Blumberg, Cooper and Schindler, 2008). It is usually impossible to include the entire population in the study, thus sampling will have to be used (Pietersen and Maree, 2007).

4.4.2 The study population and sample

The objective of eliciting personal demographic information from the respondents was to gain an understanding of the demographics of perception toward electronic banking among Congolese clients of South African banks in the Greater Durban Region. There were six demographic variables investigated to describe the characteristics of the sample, namely: gender, area of residence, marital status, educational qualification, age category and income category per month.

The population was comprised of Congolese customers banking with South African banks in Durban and Congolese students at the Durban University of Technology (DUT), University of KwaZulu-Natal (UKZN), University of South Africa (UNISA) and other institutions in Durban. Customers at Durban branches represent consumers aged 30 years and older, while students at DUT and UKZN represent the 18 to 30 year-old market. Respondents were interviewed and the behaviour, perceptions and attitudes of those aged 30 and older were compared to those aged between 18 and to 30.

The researcher distributed 400 questionnaires in Durban. In total, 288 completed questionnaires were received. Leedy and Ormond (2005) assert that when the population is 5000 units or more, the population size is irrelevant, and a sample size of 400 is then adequate. Based on the suggestion of Maharaj (2009) the sample size for this study was considered sufficient. The sample of respondents utilised was based on the willingness to participate in the study and security of access to respondents' information. The composition of the sample, in terms of the biographical data requested is depicted in Table 4.1.

Table 4.1: Demographic Profile of Respondents (N=288)			
Item	**Category**	**Frequency**	**Percentage**
Gender	Male	149	51.5
	Female	139	48.1
Area of residence	North of Durban	31	10.8
	South of Durban	80	27.6
	West of Durban	58	20.2
	Central Durban	11	38.4
Marital Status	Single	91	31.6
	Married	114	39.4
	Co-habitant	70	24.2
	Divorced / Separated	20	7
Qualification	Primary	26	9.0
	Secondary	135	46.6
	Tertiary	95	32.8
	3 year degree	30	10.3
	Post graduate	3	1.0
	Other	1	3
Age category	18 – 29	141	48.6
	30 – 39	89	30.0
	40 – 49	49	16.9
	50 or older	13	4.5
Income category	More than R10000	44	15.5
	R7001to R10000	13	4.7
	R5001 to R7000	34	11.8
	R3001 to R5000	69	23.9
	R1000 to R3000	99	34.3
	Less than R1000	23	8.1

Table 4.1 illustrates that of the 288 respondents, 149 were male (51.5%) and 139 were female (48.1%0. These results indicate that, since the participation in the survey was voluntary, Congolese males and females respondents were willing to complete the questionnaire.

Furthermore, the majority of the respondents (38.4%) indicated that they reside in Central Durban, and a further 27.6% of the respondents reside in South Durban. A relatively minor segment (20.2%) of the respondents resides in Western Durban region, while 10.8% live in Durban North.

Table 4.1 shows that a significant percentage (39.4%) of the subjects is married and 31.6% are single. In addition, 24.2% of the respondents are co-habitant, with a very small proportion of the respondents (7%) being either separated or divorced. Table 4.1 also depicts the respondent's qualification and illustrates that approximately

46.6% of electronic banking users indicated that they completed secondary school education. It was interesting to note that 32.8% of the respondents have a tertiary education, and 10.3% of respondents have a three year diploma. A relatively minor proportion of subject (1.0%) had post-graduate qualifications, while 3% did not have a secondary school qualification.

The number of respondents per age category is illustrated in Table 4.1, showing the percentage represented, with regard to the total sample. The percentage column in Table 4.1 reveals that the majority of respondents (48.6%) fall in the age category of 18-29 years and 30% were between 30-39 years. These percentages confirm that the majority of the electronic banking users are likely to be the younger generation. A minor proportion of the respondents (16.9%) were in the age category of 40-49 years and a smaller proportion (4.5%) in the 50 or older age categories. These results, therefore, indicate that the majority of electronic banking users are in the 18 to 39 age category.

Table 4.1 further illustrates that of the 288 respondents, 34.3% were classified in to the low-income category, with earnings between R1001 to R3000; with 23.9% of respondents earned R3001 to R5000. A total of 15.5% earned more than R10000 and 11.8% of respondents earned between R5001 to R7000. A minor proportion (8.1%) earned less than R1000, while 4.7% earned between R7001 to R10000.

4.5 DATA COLLECTION

Researchers describe phenomena that exist in the business world, in terms of, for example, demographics, behaviour, attitudes, beliefs, lifestyles and expectations of customers and organisations, through measurement. Therefore, researchers collect data through reading, observation, interrogation, communication and interviews, as well as through the utilisation of questionnaires or a combination of these. Such

data collection techniques enable researchers to systematically collect information in order to answer research questions in a conclusive way (Hair, Wolfinbarger, Ortinauand Bush 2008).

Data for this study was collected through a survey in which information was gathered through the administration of questionnaires. The questionnaire was distributed at relevant cultural organisations and venues frequented by Congolese, e.g. churches, football clubs, University forums. Questionnaires were administered at the Wheel shopping centre, Workshop shopping centre and two Universities in the Greater Durban area. The respondents were asked to complete the questions and return the questionnaires to the research. The research explained any questions that the respondents did not understand.

In addition, a pilot test was conducted prior to field interviews, with a small group of respondents similar to those in the final survey, by means of pre-testing the questionnaire for the present study in simulated situations. The pilot study in simulated situations consisted of twenty respondents who were asked to examine the questionnaire for problems. The pilot study enabled the researcher to identify problems contained in the design and structure of the questionnaire and to ensure that respondents understood the questions and purpose of the research. Errors in the questionnaire were identified and corrected before the final survey in the collection of real data. Prior arrangements were made to meet each respondent personally and have the questionnaire completed in the researcher's presence. The researcher was available to answer any questions that the pilot group encountered pertaining to the questionnaire. Immediate feedback was obtained with regard to:

- Clarity of questions;
- Wording of questions;
- Length of time in filling out the questionnaire;
- Ambiguity;

- Identification of semantic difficulties in completing the questionnaire; and
- Identification of any queries pertaining to the questionnaire.

After processing and analysing the data obtained from the pilot study, recommendations were made, the questionnaire was refined and a final questionnaire was formulated for fieldwork (McDaniel and Gates, 2007). It is important to detect errors in a questionnaire before the collection of real data and before the final survey. One pertinent error that became apparent during the pre-test was that some terms used in certain questions were not easily understood by the pilot group. To overcome the problem, it was necessary to reword ambiguous terminology to make the questions understandable to the target population. However, responses of the pilot group were not included as data for analysis and in making conclusions pertaining to the study.

4.5.1 The measuring instrument (Questionnaire)

Since the researcher decided that the survey is an appropriate method to employ in this study, the following steps were undertaken. Firstly, the measuring instrument was developed from the literature review (survey questionnaire) to measure the variables. A questionnaire is a formalised set of questions for eliciting information from respondents (Hair et al., 2005). The measuring instrument employed in the study was used to collect primary data from Congolese customers of retail banks. The researcher ensured that the questionnaire conformed to the following criteria:

- Ensured that each respondent who answers the questionnaire read the identical set of questions; and
- Emphasized that data is collected by asking people directly about the issues concerning the study (Denscombe, 2007).

4.5.1.1 The nature of the questionnaire

The questionnaire was designed to answer the key research questions and fulfil the objectives of the study. The measuring instrument (questionnaire) comprised of 24 questions pertaining to the main variables of the study. All questions were closed-ended. The objective of the measuring instrument was to evaluate the perceptions of electronic banking among Congolese clients of South African banks. Questionnaires appear to be useful if closed-ended questions are used for most points, which was the situation in the present study. Closed-ended questions also made it possible to obtain objective answers. Questionnaires are much quicker than interviews and many respondents can be included (McDaniel and Gates, 2007). The questionnaire for this study was divided into four sections namely: demographics, transaction online, factors, electronic usage and motivators.

Section 1: Demographics

This section guarantees respondents anonymity as names are not required, thus ensuring honest opinions and answers. This secures internal validity. Multiple choice scales allow the respondent to select one or several alternatives. Respondents choose from a range, ensuring that they do not have to disclose specific details, which might otherwise make them uncomfortable. Concurrent validity was established by categorising respondents into gender, area of residence, marital status, educational qualification, age category and income category.

Section 2 and 3: Transaction online

A simple category scale, multiple choice-response scale and Likert scale were used in both sections. The simple category scale offers two mutually exclusive response choices (Cooper and Schindler, 2003:231). The Likert scale consists of statements which express either favourable or unfavourable attitudes towards the statement. Each response is given a numerical score to reflect its degree of attitudinal

favourableness. Respondents had to choose one of five levels of agreement, with one being unimportant and five being important. The pertinent questions in those two sections are question 2.2 (have conducted a banking transaction online (electronic banking) in your home country before you came to South Africa?) and question 3.1 (have you conducted a banking transaction online (electronic banking) since you came to South Africa?).

Section 4: Factors

A multiple rating scale is used to establish the most important variables prompting the use of electronic banking in SA. The multiple rating scales accept a circle response from the respondent and the layout allows visualisation of the results (Maharaj, 2009). This section also tests the frequency of electronic banking and the factors which will influence Congolese clients of South African banks to not use electronic banking.

Section 5: Electronic usage

The Likert scale was used and, according to Cooper and Schindler (2003:231), it consists of statements which express either favourable or unfavourable attitudes towards the statement. Each response is given a numerical score to reflect its degree of attitudinal favourableness. Respondents had to choose one of five levels of agreement with one indicating strong disagreement and five that of strongly agreeing.

Section 6: Motivators

A multiple rating scale is used to establish the most important factors driving electronic banking. The multiple rating scales accept a circle response from the respondent and the layout allows visualisation of the results.

4.5.1.2 Construction of the questionnaire

A questionnaire has to be constructed according to certain standards and principles. One of these standards is that it must include three main parts:

- The cover letter, with which to introduce the respondents to the research topic and research team, neutralise any doubt that respondents may have about the study, motivate them to participate by answering the questions, and to ensure anonymity and confidentiality;
- Instructions about how to complete in the questionnaire and what to do with the completed questionnaire; and
- The main body of the questionnaire includes the questions to be answered (Sarantakos, 2005).

4.5.1.3 Psychometric properties of the questionnaire

Psychometric properties take into account the measuring instrument's reliability and validity. The statistical analyses of the data obtained from the measuring instrument included an assessment of the instrument's internal reliability and validity. The assessment included the calculation of Cronbach's coefficient Alpha (α) and a factor analysis and validity. Cronbach's coefficient Alpha measures the internal homogeneity or consistency among a set of items. The strength of the measuring instrument was evaluated in order that it yields consistent results and that the procedure in its administration will be reliable and valid for the purpose of its measurement, so that consistent results could be achieved (Denscombe, 2007).

4.5.1.4 Administration of the questionnaire

The questionnaire was administered by the researcher to Congolese customers of retail banks, residing in Durban. The administration of the questionnaire was scheduled for a period of nine weeks. Budgets were formulated to provide expenditure such as stationery and transport. The researcher was reading the questionnaire with the respondent, one by one, discussing the wording of the questions. However, it was the prerogative of the respondents to read instructions on the questionnaire and to make a cross (X) in the box that best represented their responses (copy of Questionnaire - Appendix 2).

4.6 DATA ANALYSIS

The first stage of the data analysis involved the transformation of the raw data into a form that could be read by a computer. Raw data refers to the unprocessed responses from the completed questionnaires. The researcher prepared the data for analysis by engaging in three tasks, namely: coding, entering and cleaning. Coding involves assigning a set of numbers or symbols and rules to responses provided in the questionnaire, so that they may be tallied and grouped into a limited number of categories (Blumberg, Cooper and Schindler, 2008).

The statistical analysis process commenced with descriptive statistics, which are statistical methods used for organising and summarising data in a meaningful way and which may be described graphically or numerically. Each question on the questionnaire is represented by a variable. A statistical software package is engaged to analyse the data. Tables are generally preferred for statistical presentations, as it facilitates quantitative comparisons and also provide data in a concise method of presenting numerical data (Pietersen and Maree, 2007).

4.6.1 Descriptive statistics

Descriptive statistics demonstrate the characteristics of the location, spread and shape of the data array. Descriptive statistics are defined as the collection methods for the classification and summarising of numerical data and used to analyse data for classifying and summarising numerical data. The objective of descriptive statistics is to provide summary measures of the data contained in all the elements of a sample. Descriptive statistics includes the analysis of data by means of frequencies, measures of central tendency and measures of dispersion. It was also the prerogative of the researcher to make statistical inferences about the target population from the sample (Blumberg, Cooper and Schindler, 2008).

4.6.2 Inferential statistics

Inferential statistics permit researchers to use a sample of the population and then estimate the characteristics of the larger population from which the sample was drawn (Leedy and Ormond, 2005). As the name implies, it is used to make predictions through inference, based on the data analysed. Furthermore, it is also used to test statistically-based research which suggests relationships between variables, thereby allow researchers to make comparisons between two groups of respondents (Walliman, 2001). The inferential statistic undertaken in this study is the chi-square test.

4.7 VALIDITY AND RELIABILITY

Generally, the measuring instrument and the responses extracted should appear to be stable or consistent in order to repeat techniques employed in the future. However, the sampling method, questionnaire design, question wording, scaling

and measurement may result in reliability problems. Therefore, the researcher engaged in a pilot study to eliminate such problems. A more detailed method for estimating the internal consistency of the measuring instrument is an item analysis, which determines how well responses to each item on the measuring instrument correspond with other items and the statistical test as a whole. Data from the completed questionnaires was coded as per the variables appearing on the questionnaire and captured on a spread sheet to subsequently be applied on international standard statistical software for researchers in social sciences, namely, the Statistical Package for Social Sciences (SPSS), version 17.0 for Windows. The analysed data was comprised of a combination of both descriptive and inferential statistics.

4.7.1 Validity

Struwig and Stead (2004) assert that validity refers to the extent to which a research design is appropriately conducted. Validity, therefore, suggests the way a researcher conceptualised and operationalised the ideas to blend with each other. The better the fit, the greater the measurement validity (Maharaj, 2009). Since, the research instrument consisted of a large number of variables; the number of variables or factors had to be reduced to a small number.

4.7.2 Reliability

Reliability means consistency. In other words, if the same situation recurs under similar or identical situations, the test scores will be accurate, consistent or stable. The measuring instrument tested for reliability is the questionnaire. This means that when the questionnaire is used at different times or administered to different subjects from the same population, the findings will be the same (Neuman, 2000). High reliability is obtained when the measuring instrument yields the same results,

should the research be repeated on the same sample. The researcher applied the statistical technique, Cronbach's Coefficient Alpha. It is a reliability coefficient that indicates how well the items in a set of questions are positively correlated to each other (Pietersen and Maree, 2007).

The Coefficient Alpha conveys important information regarding the proportion of error variance contained in a scale. Reliability coefficients of less than 0.50 were deemed to be unacceptable, those between 0.50 and 0.60 were regarded as significant and those above 0.70 as acceptable. Furthermore, coefficients greater than 0.80, are regarded as good. Hence, Cronbach's Coefficient Alpha is a reliability coefficient that indicates how well the items in a set of questions are positively correlated to each other. The closer the Cronbach is to 1.00, the higher the internal consistency (Denscombe, 2007).

4.8 CONCLUSION

In this chapter, the research design, objectives of the study, description of the target population and methods of drawing a sample have been outlined. The design of the measuring instruments and its administration were also presented and the statistical methods employed to analyse responses from questionnaires clarified. Furthermore, the researcher engaged in statistical analysis to establish the strength and reliability of the measuring instrument. This was performed by computing the Cronbach's Coefficient Alpha. The next chapter presents the results of the study.

CHAPTER V

RESULTS

5.1 INTRODUCTION

The research methodology of the study was presented in the previous chapter, with an outline of the research design, objectives of the study, description of the target population and the methods of drawing a sample. The design of the measuring instrument and its administration were presented, along with statistical methods this study used in analysing responses from the questionnaire. Furthermore, statistical analysis was employed in order to establish the strength and reliability of the measuring instrument.

The purpose of this chapter is to present and discuss the results obtained with the research instrument, of this study. The data collected from the responses was analysed with the Statistical Package for Social Sciences (SPSS) Version 18.0. The results will be presented in the form of figures, descriptive statistics and inferential statistics. This section presents the descriptive statistics based on the demographic profile of sample, online banking in home country, online banking in South Africa, factors influencing electronic banking, electronic banking usage, motivators and inferential statistics information of respondents.

5.2 DESCRIPTIVE STATISTICS

5.2.1 Demographic Profile of Sample

This section presents the descriptive statistics based on the demographic profile of the respondents. The demographic profile of the study is made up of gender, area

of residence, marital status, and educational qualification, as well as age and income categories.

5.2.1.1 Gender of respondent

The gender profile of the sample is depicted in Figure 5.1 followed by a discussion thereof.

Figure 5.1 Gender of respondent (N=288)

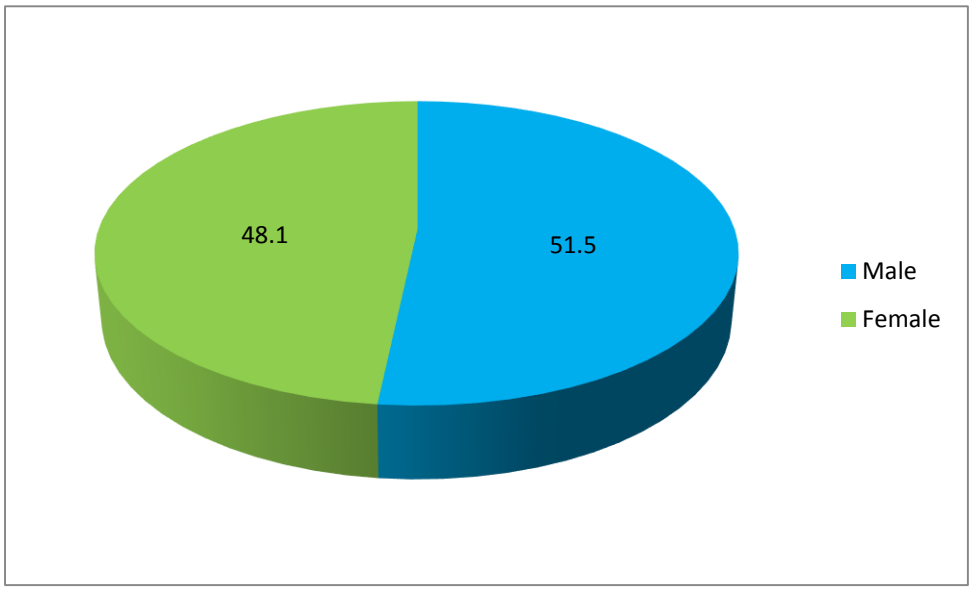

Figure 5.1 indicates that the majority of the respondents were male (51.5%) and 48.1% was female. It is therefore apparent that there was almost an even split between the number of male and female respondents.

5.2.1.2 Area of residence

The area of residence of respondents is depicted in Figure 5.2 followed by a discussion thereof.

Figure 5.2 Respondent area of residence (N=288)

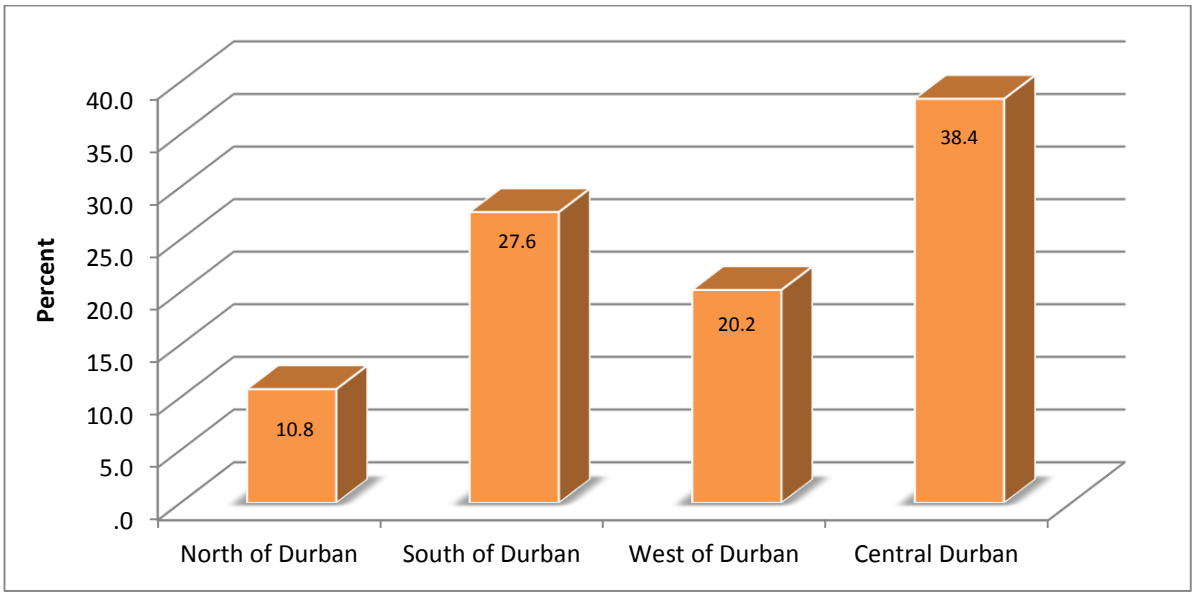

Figure 5.2 indicates that most of the respondents live in the Central Durban region (38.4%), while more than a quarter (27.6%), were resident in the Durban South, followed by West of Durban with 20.2% and Durban North had the lowest percentage of respondents (10.8%). 3% did not answer this question. Therefore, the percentage in the graph sum is at 97%.

5.2.1.3 Marital status

The marital status profile of the sample is depicted in Figure 5.3 followed by a discussion thereof.

Figure 5.3 Marital status (N=288)

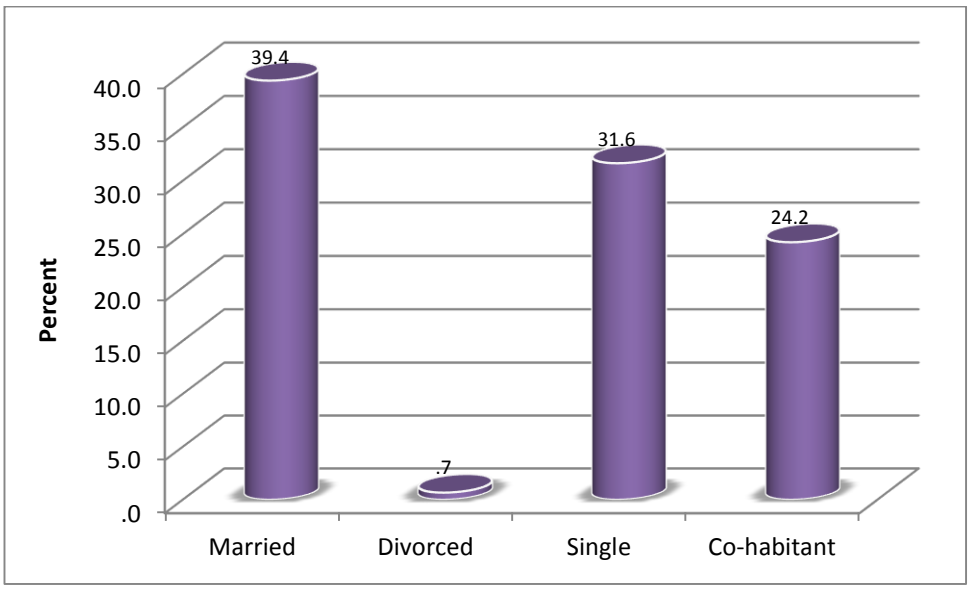

Figure 5.3 shows that most of the respondents were married (39.4%) and a third (31.6%) was single. Approximately 24.2% of the respondents were co-habiting and 0.7% of the respondents were divorced. This question was not answered by 4.1% of the respondents. Therefore, the percentage in the graph sum is only 95.9%.

5.2.1.4 Income Category

The income category of the sample is depicted in Figure 5.4 followed by a discussion thereof.

Figure 5.4 Income category (N=288)

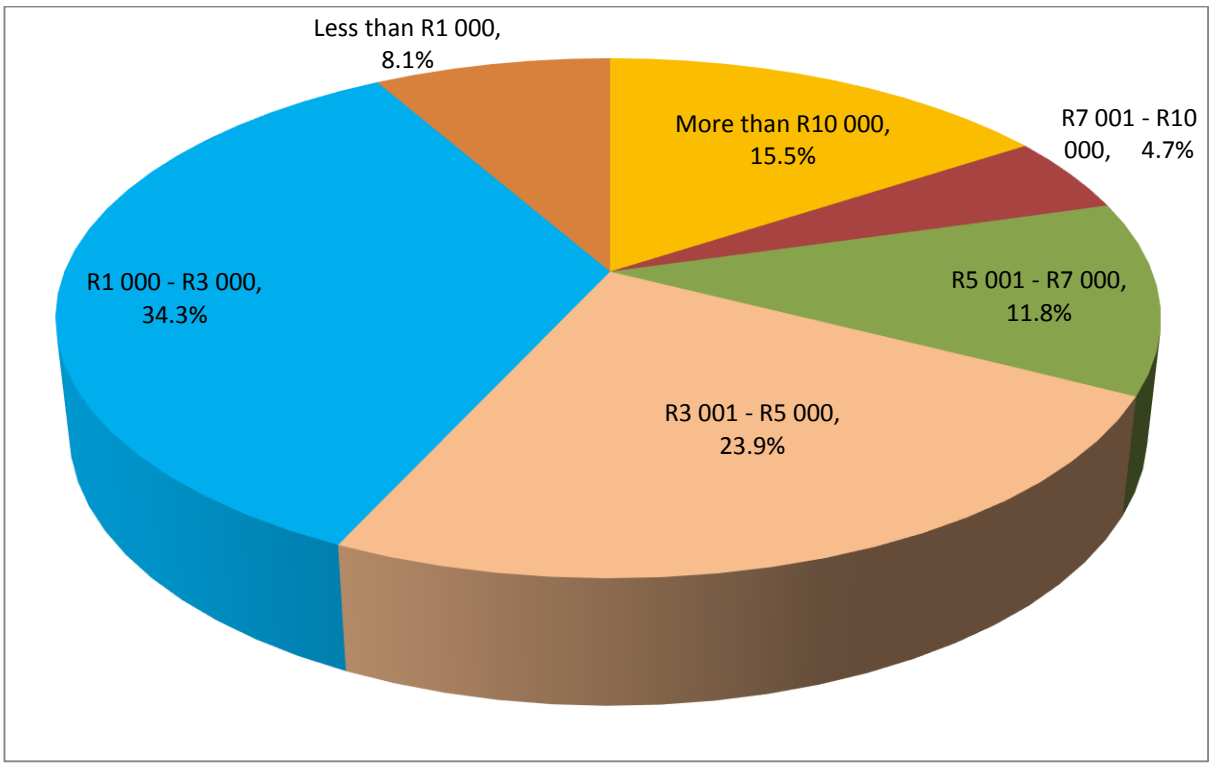

Figure 5.4 indicates that almost half the respondents chose the 'other' option, in response to the income category question. It was found that this question is sensitive and most respondents would be hesitant to reveal such information. Approximately two-thirds (66.2%) of the respondents earned less than R5000 and one third (33.8%), earned more than R5000. A minor segment of the respondents (15.5%) earned more than R10000; while 4.7% earned between R7001 to R10000. 1.7% did not answer this question. Therefore, the percentage in the graph sum is only 98.3%.

5.2.2 Online banking in home country

The online banking transacting of respondents in their home country before coming to South Africa is shown in Table 5.1 and Table 5.2 followed by a discussion thereof.

- **Online banking before coming to South Africa**

Table 5.1 described the online banking of respondents before coming to South Africa

Table 5.1: Online banking before coming to South Africa		
Dimensions	**Number**	**%**
Yes	1	0.34%
No	287	0.66%
Total	288	100%

Table 5.1 described that the majority of the respondents (99.65%) did not engage in online banking in their home country prior to coming to South Africa.

- **Electronic banking before coming to South Africa**

Table 5.2 described the electronic banking history of respondents before coming to South Africa.

Table 5.2: Electronic banking before coming to South Africa		
Dimensions	**Number**	**%**
Electronic banking	1	0.34%
Missing	287	0.66%
Total	288	100%

Table 5.2 described that only one respondent of the sample (288) engaged in electronic banking before coming to South Africa.

- **Reasons for not banking in home country**

The reasons for not conducting banking transactions in their home country are depicted in Figure 5.5 followed by a discussion thereof.

Figure 5.5: Reason for not banking in home country (N=288)

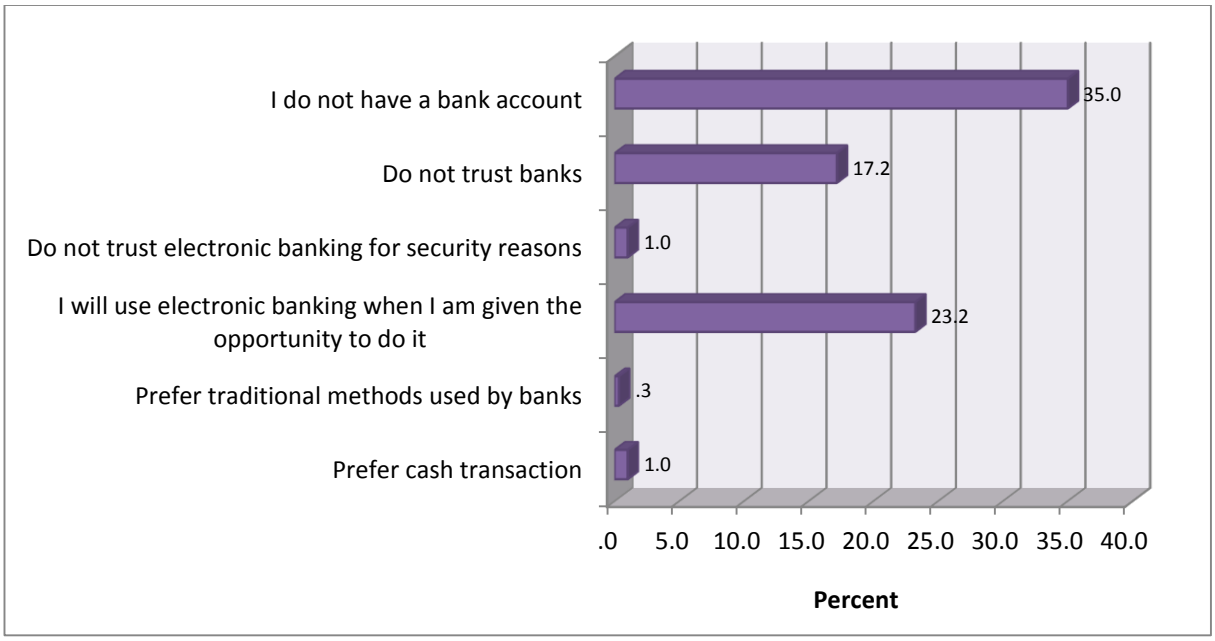

Figure 5.5 shows that of the reasons why respondents do not engage in electronic banking. The predominant reason was that more than a third of the respondents did not have a bank account (35%) and quarter (23.2%) would have used the facility, had they been given the opportunity in their home country. It was interesting to note that 19.5% of the respondents had a distrust of banks.

5.2.3 Online banking in South Africa

The online banking transaction of respondents since coming to South Africa is shown in Table 5.3, Table 5.4 and Table 5.5 followed by a discussion thereof.

- **Online banking since coming to South Africa**

Table 5.3 described the online banking since the respondent come to South Africa.

Table 5.3: Online banking since coming to South Africa		
Dimensions	**Number**	**%**
Yes	278	95.8%
No	10	4.1%
Total	288	100%

Table 5.3 described that, since respondents came to South Africa, a large percentage of has used online banking (95.8%) while 4.1% of respondents indicated that they have not conducted a banking transaction since they came to South Africa.

- **Electronic banking use in South Africa**

Table 5.4 described the electronic banking usage in South Africa.

Table 5.4: Electronic banking use in South Africa		
Dimensions	**Have conducted a banking transaction online since you came to south Africa**	
Banking type used in South Africa	**Yes**	**No**
Cellphone	98%	2%
ATM	97%	3%
Internet	76%	24%
No electronic banking	4%	96%

Table 5.4 described that a large percentage of respondents, since coming to South Africa have used cellphone (98%), ATM (97%) and Internet banking (76%), while 4% of respondents indicated that they have not conducted a banking transaction online since they came to South Africa.

- **Reason for not banking in South Africa**

Table 5.5 described the reason for not banking in South Africa.

Table 5.5: Reason for not banking in South Africa			
Dimensions	**Frequency**	**Percent**	**Valid Percent**
I do not have a job	8	2.7	12.5
I do not have a bank account	9	3.0	14.1
Prefer to keep money because of xenophobia attacks	46	15.5	71.9
Banking is not important to me	1	0.3	1.6
Missing	162	55.8	100.0

Table 5.5 described the reasons for not banking after coming to South Africa. It important to note that, 55.8% did not answer this question. (15.5%) did not transact electronically since coming to SA, said they preferred to keep their own money because of xenophobic attacks.

- **Name of bank for online banking**

The name of the bank for online banking is depicted in Figure 5.6 followed by a discussion thereof.

Figure 5.6 Name of bank

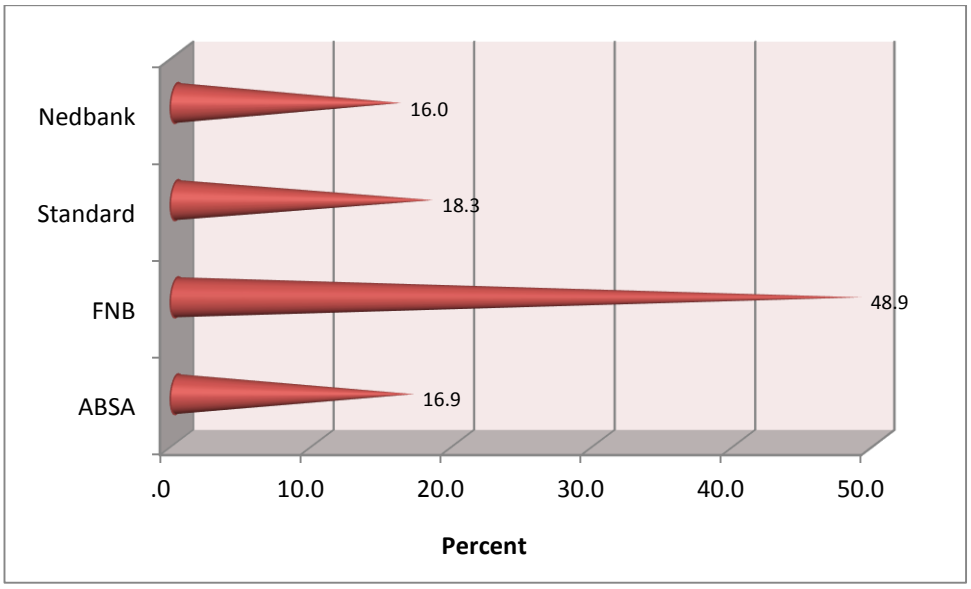

Figure 5.6 indicates that of the 75% of respondents who answered this question, approximately half (48.9%) banked with FNB because the First National Bank (FNB) because Congolese consumers, who have a refugees permit or passport, is allowed to open a bank account at FNB without any problem. Furthermore, 18.3% of respondents indicated that they banked with Standard bank whilst 16.9 % with ABSA and 16.0% of respondents indicated that they banked with Nedbank.

- **Choice of bank**

The choice of bank of the respondents is depicted in the Figure 5.7 followed by the discussion thereof.

Figure 5.7 Choice of bank

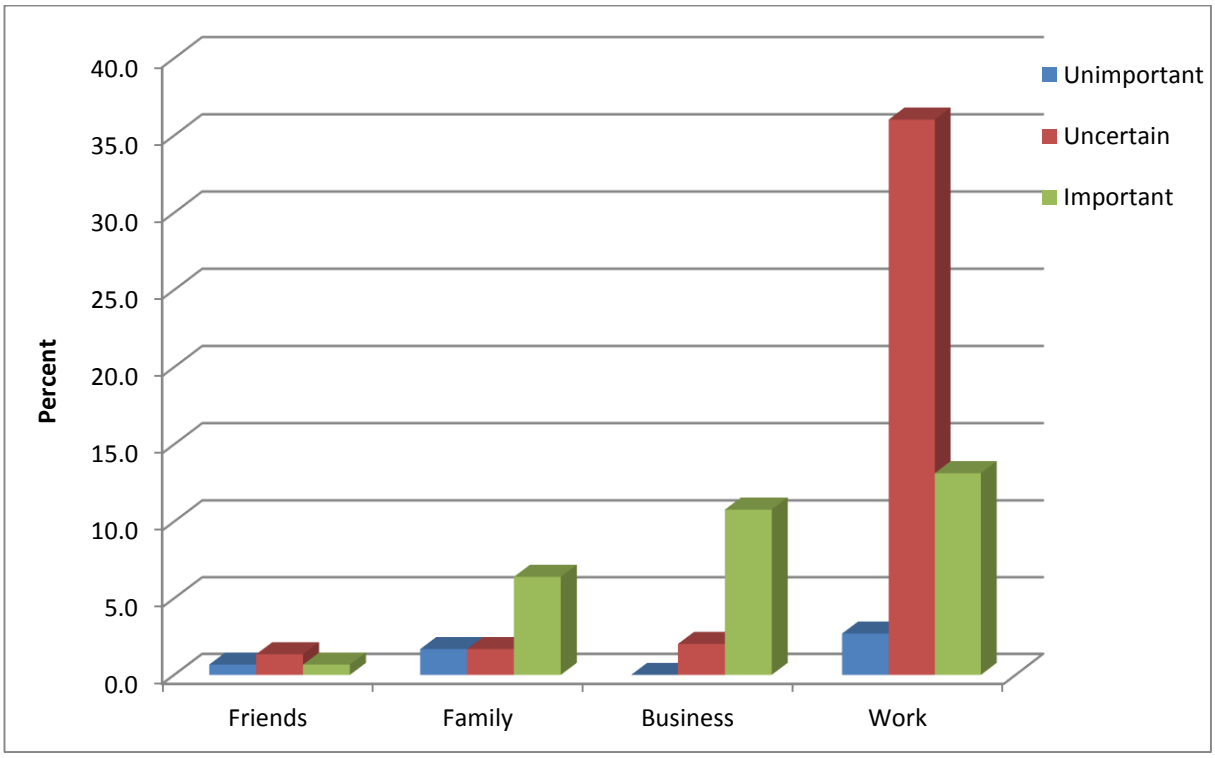

Figure 5.7 indicates that work plays the most important variable to the determining the factors that influence the choice of bank. Interestingly, a third (36%) of the workforce base was uncertain about which bank was chosen. Figure 5.7 indicates how the variables were ranked as to their influence on the choice of the bank by respondents.

5.2.4 Variables prompting the use of electronic banking in SA

The variables prompting the use of electronic banking in South Africa are depicted in the Figure 5.8 followed by a discussion thereof.

Figure 5.8: Variables prompting the use of electronic banking in SA

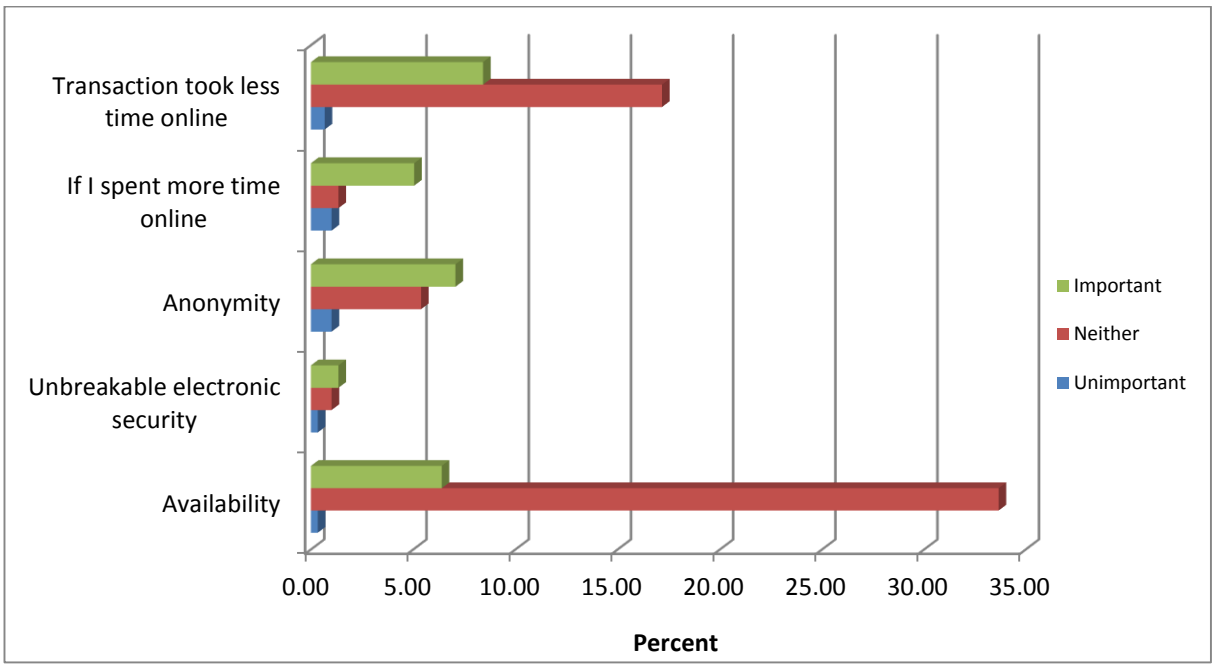

Figure 5.8 show the variables prompting the use of electronic banking in South Africa. It also indicates the responses, in terms of features of electronic banking that would encourage use of the facility.

- **Frequency of electronic banking**

The frequency of electronic banking is depicted in the Figure 5.9 followed by a discussion thereof.

Figure 5.9: Frequency of electronic banking

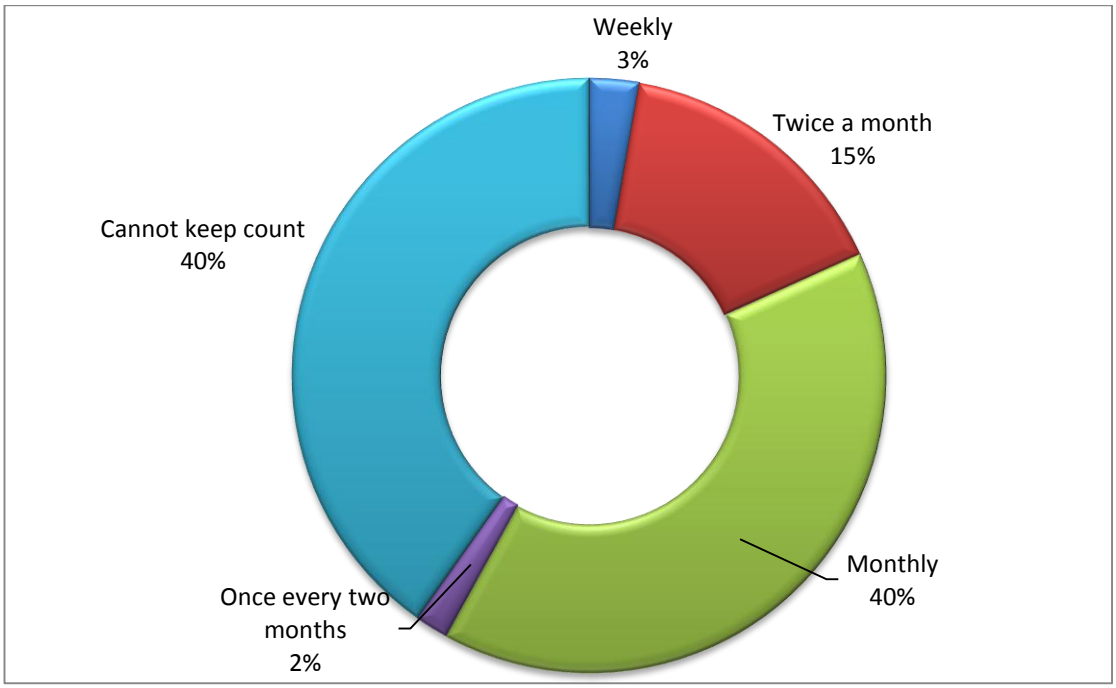

Figure 5.9 shows an equal number of respondents indicated that they used electronic banking either too frequently to keep count and (40%) or respondents used electronic baking monthly.

- **Factors preventing the use of electronic banking**

Table 5.6 suggests factors that prevent respondents from using electronic banking.

Table 5.6: Factors preventing the use of electronic banking	**Number**	**%**
I do not have a cellphone	1	0.3%
I do not have a computer at home	3	1.0%
I do not know how to use a computer	1	0.3%
I do not know how to use the Internet for banking	3	1.0%
I do not know how to use a cellphone for banking	2	0.7%

Table 5.6 indicates that there seems to be few barriers preventing respondents from using electronic banking, as the percentages are low for this question. The

table above (Table 5.6) suggests factors that prevent respondents from using electronic banking. The main reasons given were that respondents did not have a computer at home and the respondents did not know how to use internet banking.

5.2.5 Type of transactions used for electronic banking

The type of transactions used for electronic banking is depicted in Figure 5.10 followed by a discussion thereof.

Figure 5.10: Type of transactions used for electronic banking

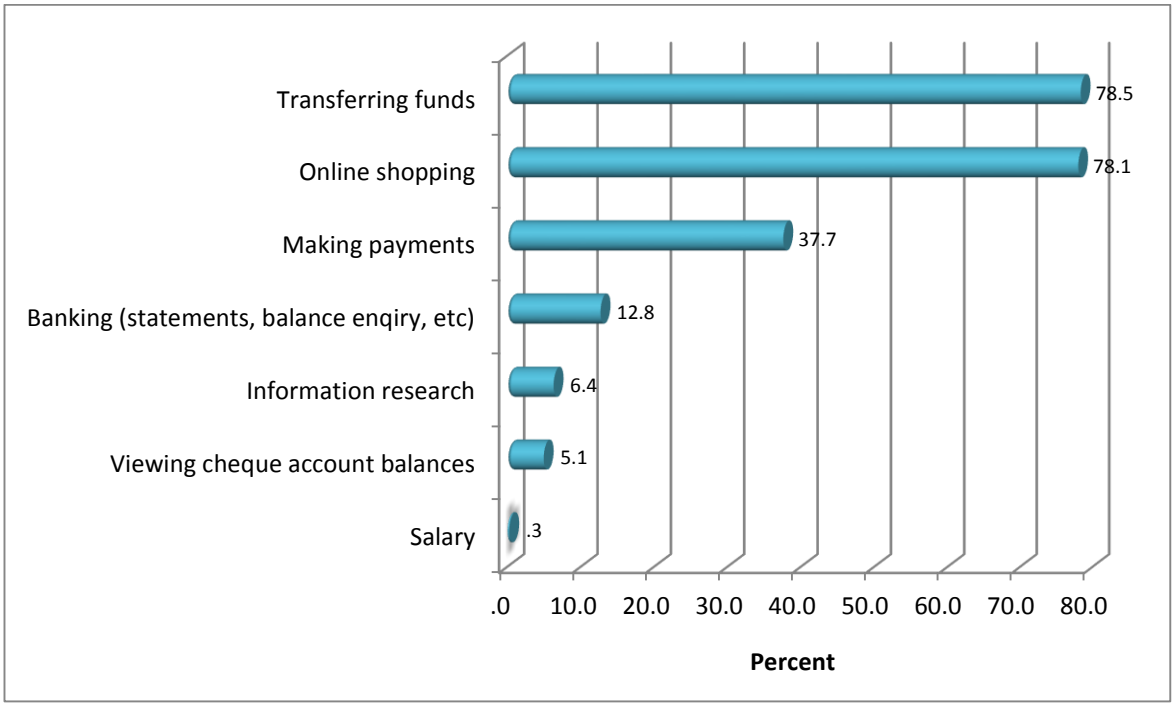

Figure 5.10 demonstrates that 78% of respondents indicated that electronic banking was used for transferring funds or online shopping. A little more than a third (37.7%) indicated that the facility was used to make payments. Electronic banking for banking was used by 12.8% of the respondents (statement, balance enquiry, etc.); 6.4% for information search; 5.1% viewing of cheque account balances and 3% of respondents use electronic banking for receipt of salary.

- **Safety of electronic banking**

The safety of electronic banking is depicted in Figure 5.11 followed by a discussion thereof.

Figure 5.11: Safety of electronic banking

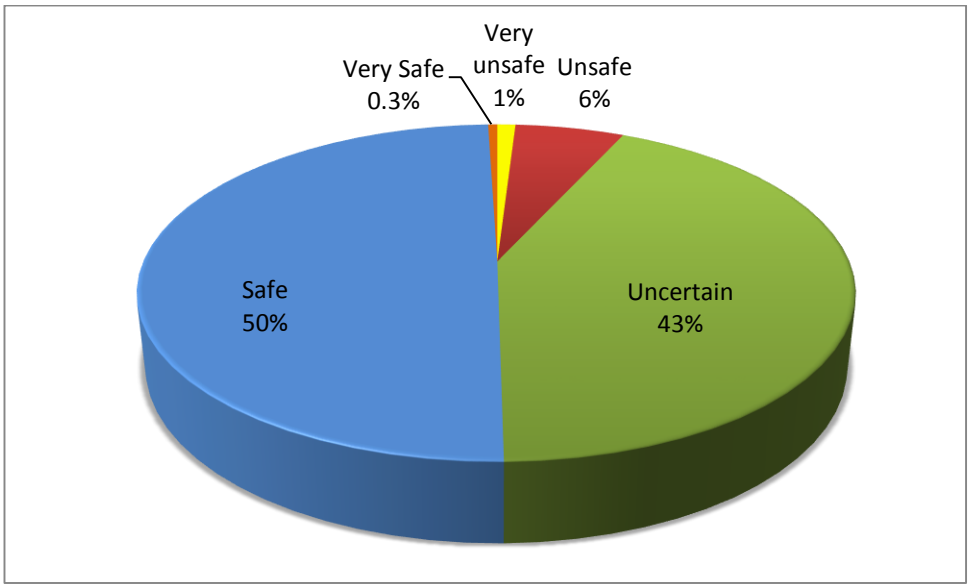

Figure 5.11 indicates that half of the respondents believed that electronic banking was safe to use. Small percentages had opinions at the extreme ends of the scale, with the remaining 43% being uncertain.

- **Reason for electronic banking**

The reason for electronic banking is depicted in the Figure 5.12 followed by a discussion thereof.

Figure 5.12 Reason for electronic banking

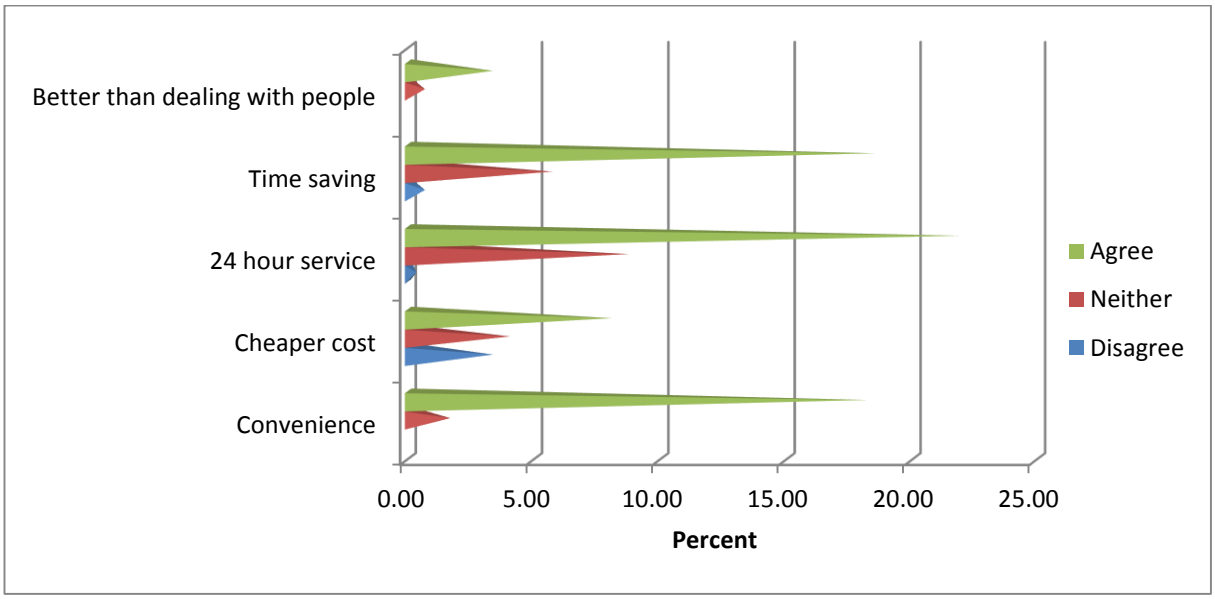

Figure 5.12 shows that there is an overall pattern of agreement as to the reasons, with very small amounts of disagreement. The three most common reasons are:

Time saving,

24-hour service and

Convenience offered by electronic banking.

- **Perceived risk of electronic banking**

The perceived risk of electronic banking is depicted in Figure 5.13 followed by a discussion thereof.

Figure 5.13 Perceived risk of electronic banking

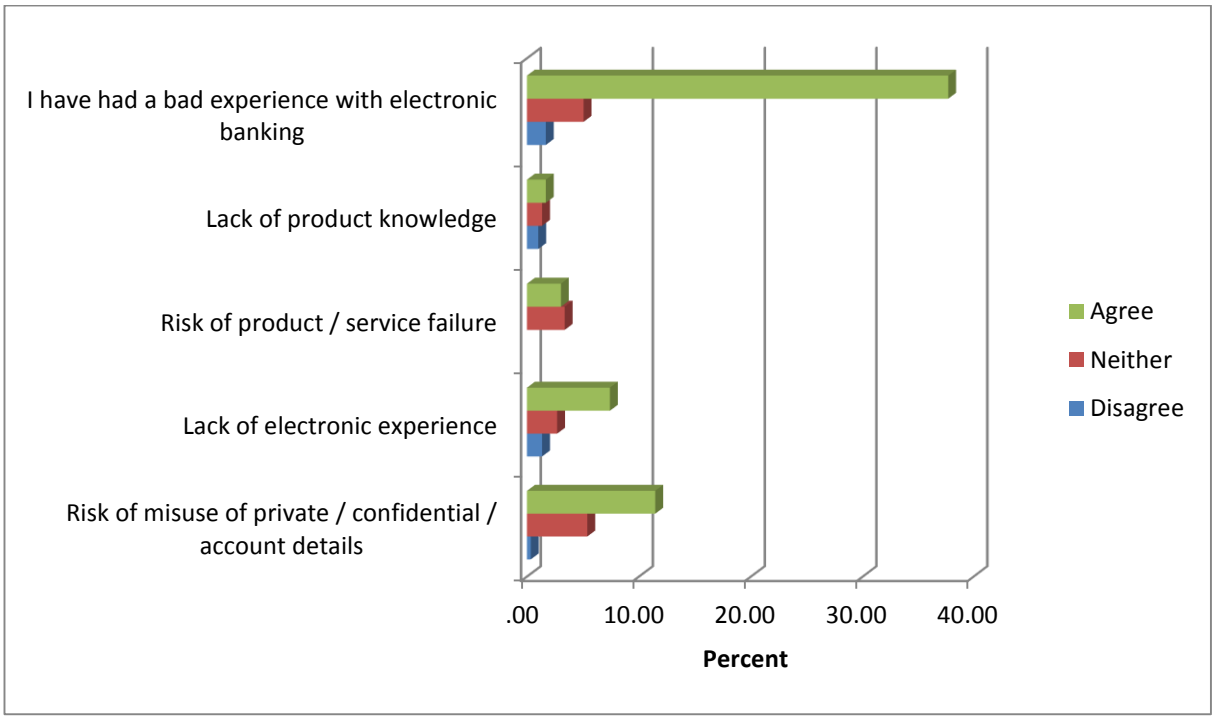

Figure 5.13 shows that the answers are low to moderate for most factors; except for 'I have had a bad experience with electronic banking' (37.7%). It indicates that respondents have reservations with regards to using electronic banking.

- **Banking preferences**

The banking preferences of respondents are depicted in the Figure 5.14 followed by a discussion thereof.

Figure 5.14 Banking preferences

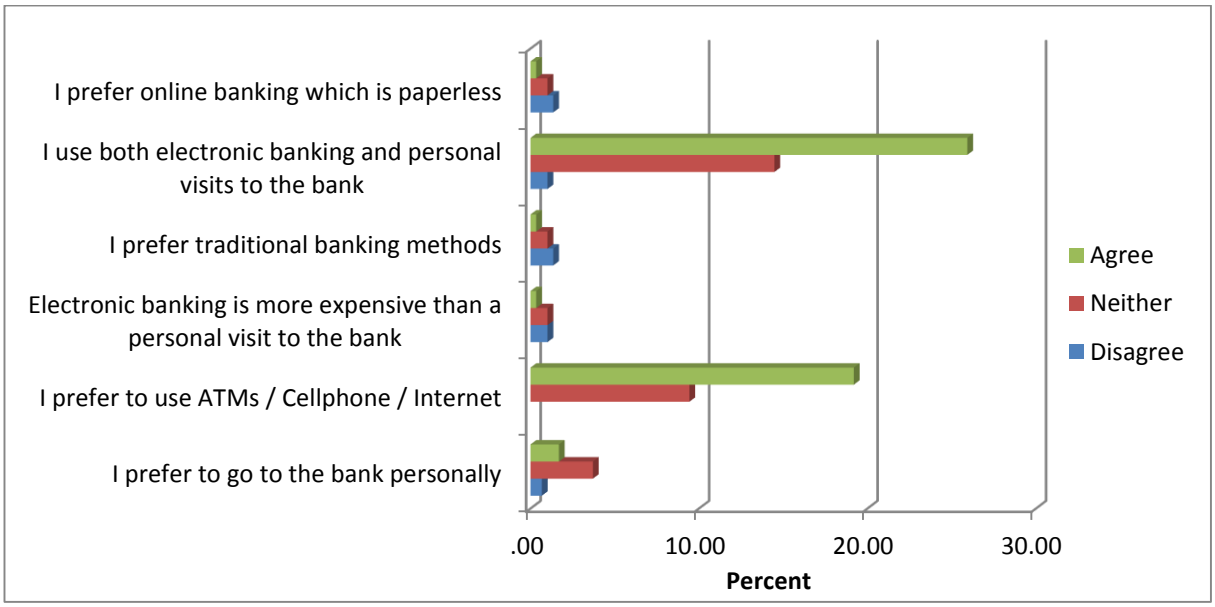

Figure 5.14 shows that there is a marked agreement for use of both electronic banking and personal visits to the bank (26%) and preference in using ATMs / Cellphone / Internet (19.2%), when compared to the other factors. In three of the instances, it did not matter to the respondents.

5.2.6 Variables influencing choice of electronic banking

The variables influencing choice of electronic banking for respondents are depicted in Figure 5.15 followed by a discussion thereof.

Figure 5.15: Variables influencing choice of electronic banking

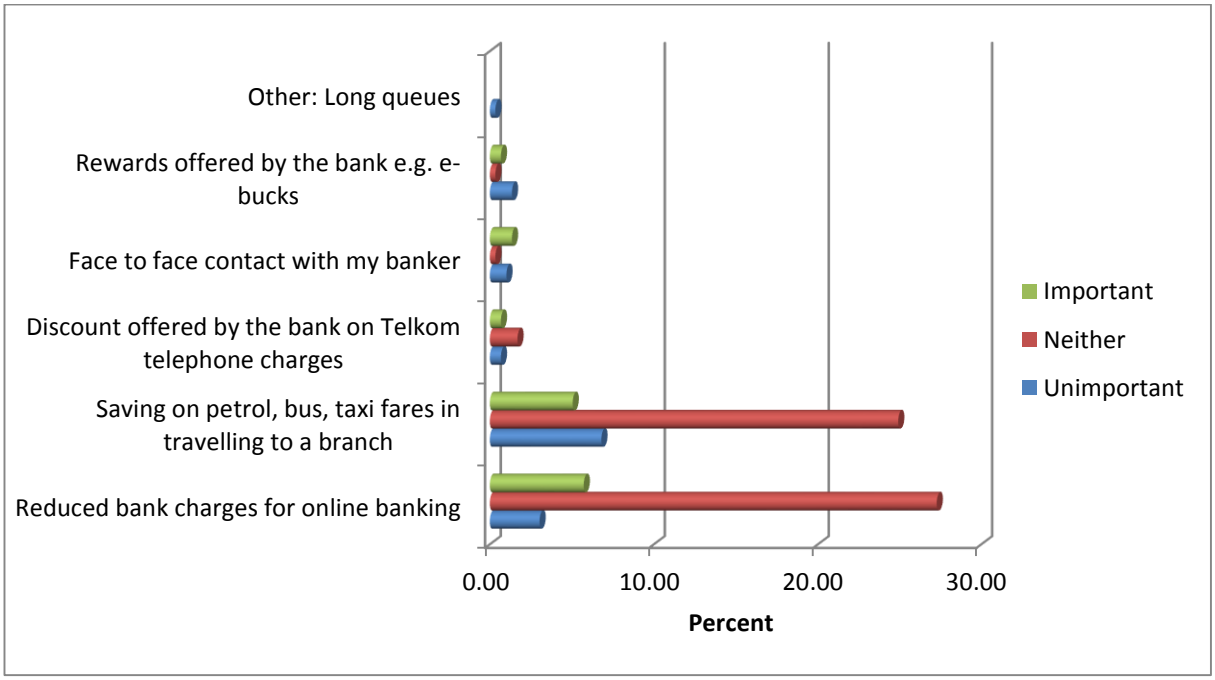

Figure 5.15 shows that there were similar percentages of agreement and disagreement for most of the statements. This means that there were as many respondents who were in favour as there were who were against. It is interesting to note that cost (travelling and banking) was not considered important by the respondents.

5.3 INFERENTIAL STATISTICS

Chi-square tests were conducted to determine the differences between observed frequencies (OF) and expected frequencies (EF) (Tables 5.7 to 5.15). The tests were also conducted to determine the relationships between demographical variables and electronic banking variables (Tables 5.16 to 5.21). In order to test reliability and

validity of the research instrument, the Cronbach Alpha test was undertaken (Table 5.22).

5.3.1 Differences between variables

5.3.1.1 Demographics

Table 5.7 below shows the chi-square tests between observed frequencies (OF) and expected frequencies (EF) in terms of the demographic profile of sample.

Table 5.7: Chi-square tests between OF and EF for demographic profile of sample	
Dimensions	**P- value**
Gender	.561
Area of residence	.000
Marital Status	.000
Educational qualification	.000
Age category	.000
Income category	.000
*P < 0.01	

Table 5.7 revealed that there is a significant difference between the OF and EF in the varying demographic profiles (area of residence, marital status, educational qualification, age category, income category, except gender). It also showed that the respondents in the various demographic profiles reflect significant differences between the OF and the EF at one percent level of significance, except for gender. Since this value is greater than 0.561, it implies that the frequencies per category were similar. P-value greater than 0.05, indicates no significant difference across the various options per statement.

5.3.1.2 Electronic banking in home country

Table 5.8 below shows the chi-square tests between OF and EF for electronic banking in home country.

Table 5.8: Chi-square tests between OF and EF for electronic banking in home country	
Dimensions	**P-value**
Have you conducted a banking transaction online (electronic banking) in your home country before you came to South Africa?	.000
What kind of electronic banking did you use in your country? (more than one can be ticked)	.000
If you have not conducted a banking transaction online (electronic banking) in your home country before you came to south Africa, would you state the main reason? (tick only one)	.000
*P < 0.01	

Table 5.8 indicates that there is a significant difference between the OF and EF with regards to electronic banking in the home country at one percent level of significance. It is therefore apparent that a significant difference between OF and EF exists for all variables:

- Conducted transactions online in home country
- Kind of electronic banking in home country
- Reasons for not conducting transactions online in home country

5.3.1.3 Electronic banking in South Africa

Table 5.9 below shows the chi-square tests between OF and EF for electronic banking in South Africa.

Table 5.9: Chi-square tests between OF and EF for electronic banking in South Africa	
Dimensions	**P value**
Have you conducted a banking transaction online (electronic banking) since you came to South Africa?	.000
What kind of electronic banking do you use in South Africa?	.000
If you have not conducted a banking transaction online (electronic banking) since you came to south Africa, would you state the main reason?	.000
Which bank do you bank with?	.000
*P < 0.01	

Table 5.9 indicates that there is a significant difference between the OF and EF with regards to electronic banking in South Africa at one percent level of significance. It

is, therefore, apparent that a significant difference between OF and EF exists for all variables:

- Conducted transactions online in South Africa
- Kind of electronic banking in South Africa
- Reasons for not conducting transactions online in South Africa

5.3.1.4 Choice of bank

Table 5.10 below shows the chi-square tests between OF and EF for choice of bank.

Table 5.10: Chi-square tests between OF and EF for choice of bank	
Variables	**P value**
Friends	0.392
Family	0.001
work	0.000
business	0.000
*P < 0.01	

Table 5.10 indicates the level of importance between all variables (family, work and business) except friends. It was found that a significant difference exists between the OF and EF for the variables (family, work, business) at one percent level of significance. The respondents answers to their choice of bank reflect significant differences between the OF and the EF at one percent level of significance, except for the friends category. The p-value for friends is 0.392. Since this value is greater than 0.05, it implies that the frequencies per category were similar. The p-value greater than 0.05, indicates that there is no significant difference across the various options per statement.

5.3.1.5 Variables prompting the use of electronic banking

Table 5.11 below shows the chi-square test results between OF and EF for variables prompting the use of electronic banking.

Table 5.11: Chi-square tests between OF and EF for variables prompting the use of electronic banking	
Indicate how important each of the following variables would be in prompting you to use electronic banking in the future in South Africa. (1 = total unimportant, 2 = unimportant, 3 = neither important nor unimportant, 4 = important, 5 = very important)	
Variables	**P value**
Availability	.000
Unbreakable electronic security	.572
Anonymity	.000
If I spent more time online	.484
Transaction took less time online	.000
How often do you use electronic banking?	.000
*P < 0.01	

Table 5.11 indicates that there is a significant difference between the OF and EF, with regards to the use of electronic banking in South Africa at one percent level of significance. It was also found that a significant difference exists between OF and EF variables (unbreakable security and time spent excluded)

5.3.1.6 Electronic banking usage

Table 5.12 below shows the chi-square tests between OF and EF of electronic banking usage.

Table 5.12: Chi-square tests between OF and EF for electronic banking usage	
Dimensions	**P value**
In your opinion how safe is electronic banking	0.000
I use electronic banking because of its….	
Variables	
convenience	0.000
Cheaper cost (lower bank charges)	0.000
24hr-service	0.000
Time saving	0.000
Better than dealing with people	0.000
*P < 0.01	

Table 5.12 indicates that there is a significant difference between the OF and EF with regards to electronic banking usage, at one percent level of significance. It is

therefore apparent from the results depicted in Table 5.12, that a significant difference exists between OF and EF for all variables:

- Safety of electronic banking
- Convenience
- Cheaper cost
- 24hr-service
- Time saving
- Better than dealing with people

5.3.1.7 Electronic banking risks

Table 5.13 below shows the chi-square tests between OF and EF for electronic banking risks.

Table 5.13: Chi-square tests between OF and EF for electronic banking risks	
I perceive electronic banking as risky due to….	
Dimensions	**P value**
Risk of misuse of private/confidential information/account details	.000
Lack of electronic experience	.000
Risk of product / service failure	.819
Lack of product knowledge	.572
I have had a bad experience with electronic banking	.000
*P < 0.01	

Table 5.13 indicates that there is a significant difference between the OF and EF, with regards to electronic banking risks in South Africa at one percent level of significance. It was also found that there is a significant difference between 0F and EF, with regards to only the following variables:

- Risk of misuse of private / confidential information / account details
- Lack of electronic banking
- I have had a bad experience with electronic banking

Table 5.13 furthermore indicates that there is no significant difference between 0F and EF for the variables:

- Risk of product / service failure
- Lack of product knowledge

5.3.1.8 Electronic banking preferences

Table 5.14 below shows the chi-square test results between OF and EF for banking preferences.

Table 5.14: Chi-square tests between OF and EF for banking preferences	
On a scale of 1 to 5 rate what extent you strongly agree (5) through to strongly disagree (1) with the following statements	
Dimensions	**P value**
I prefer to go the bank personally	.004
I prefer to use ATMs / cellphone / Internet	.000
Electronic banking is more expensive than a personal visit to the bank (traditional banking methods)	.565
I prefer traditional banking methods	.417
I use both electronic banking and personal visits to the bank	.000
I prefer online banking, which is paperless	.417
*P < 0.01	

Table 5.14 indicates that, there is a significant difference between the OF and EF, with regards to the banking preference in South Africa at one percent level of significance. It was also found that a significant difference, with regard to the variables, exists between OF and EF only for

- I prefer to go to the bank personally
- I prefer to use ATMs / cellphone / Internet
- I use both electronic banking and personal visits to the bank.

Table 5.14 also indicates that there is no significant difference between 0F and EF for the following variables

- Electronic banking is more expensive than a personal visit to the bank (traditional banking methods)
- I prefer traditional banking methods
- I prefer online banking which is paperless

5.3.1.9 Motivators

The Table below shows the chi-square test results between OF and EF for motivators.

Table 5.15: Chi-square tests between OF and EF for motivators	
On a scale of (1) to (5) rate how important (5) or unimportant (1) the following dimensions are to you (online bankers only)	
Dimensions **P value**	
Reduced bank charges for online transactions	.000
Saving petrol, bus, taxi fare in travelling to a branch	.000
Discount offered by the bank on Telkom telephone charges (toll free banking facilities)	.189
Face to face with my banker	.572
Rewards offered by the bank e.g. free e-bucks	.683
*P < 0.01	

Table 5.15 indicates that there is a significant difference between the OF and EF, with regards to the motivation of electronic banking at one percent level of significance with regard to the variables:

- Reduced bank charges for online transactions
- Saving petrol, bus, taxi fare in travelling to a branch.

In addition, Table 5.15 shows that there is no significant difference between 0F and EF for the variables:

- Discount offered by the bank on Telkom telephone charges (toll free banking facilities,
- Face to face with my banker
- Rewards offered by the bank e.g. free e-bucks

5.3.2 Relationship between demographic variables and electronic banking in home country and South Africa

Chi-square tests were performed between electronic banking dimensions and demographic variables (Tables 5.16 to 5.21).

5.3.2.1 Relationship between demographics and electronic banking in home country

Table 5.16 shows the chi-square test results between demographic variables and electronic banking.

Table 5.16: Chi-square tests between demographic variables and electronic banking

Transaction online in home country	**Demographic profile of sample**					
Dimensions	Gender	Area of residence	Marital status	Educational qualification	Age category	Income category
Have you conducted a banking transaction online (electronic banking) in your home country before you came to South Africa?	0.331	0.474	0.693	0.069	0.196	0.868
What kind of electronic banking did you use in your country?	0.31	0.632	0.564	0.396	0.207	0.556
If you have not conducted a banking transaction online (electronic banking) in your home country before you came to south Africa, would you state the main reason?	0.129	0.546	.000*	0.803	0.274	0.054
*P < 0.01						

Table 5.16 indicates that a significant relationship exists between marital status and not conducting electronic banking in home country only at one percent level of significance.

5.3.2.2 Relationship between demographics and electronic banking in South Africa

Table 5.17 shows the chi-square test results between demographic and banking transaction in South Africa.

Table 5. 17: Chi-square tests between demographic and banking transaction in SA						
Transaction online in SA	**Demographic profile of sample**					
Dimensions	Gender	Area of residence	Marital status	Educational qualification	Age category	Income category
Have you conducted a banking transaction online (electronic banking) since you came to South Africa?	.671	.021*	0.13*	.000*	.506	.000*
If you have not conducted a banking transaction online (electronic banking) since you came to South Africa, would you state the main reason?	0.482	0.929	0.723	0.05	0.126	0.765
3.4 Which bank do you bank with?	0.175	.011*	.039*	0.169	0.299	.000*
*P < 0.01						

Table 5.17 depicts a significant relationship between electronic banking in SA and demographics variables (educational qualification and income category) at one percent level of significance (area of residence and marital status) at one percent level of significance. It was further noted that a significant relationship exists between choice of bank and the area of residence and the marital status at a five percent level of significance respectively.

5.3.2.3 Relationship between demographics and variables influencing the choice of bank

Table 5.18 shows the chi-square test results between demographic and choice of bank.

Table 5.18: Chi-square tests between demographic and choice of bank						
Choice of bank	**Demographic profile of sample**					
Variables	Gender	Area of residence	Marital status	Educational qualification	Age category	Income category
Work	0.296	0.452	0.634	.000*	o.145	0.283
Family	0.235	0.416	0.324	0.242	.002*	.019*
Friends	0.446	0.261	.046*	0.233	0.35	0.299
Business	0.376	0.213	0.383	0.174	0.127	0.199
*P < 0.01						

Table 5.18 indicates, as well, that a significant relationship only exists between marital status and friends, at a five percent level of significance. Furthermore, a significant relationship only exists between educational qualification and work, at a one percent level of significance. It was further noted that a significant relationship only exists between family and age category at one percent level of significance, while a significant relationship only exists between family and income category at a five percent level of significance.

5.3.2.4 Relationship between demographics and the use of electronic banking

Table 5.19 shows the chi-square test results between demographics and the use of electronic banking.

Table 5.19: Chi-square tests between demographic and the use of electronic banking

The use of electronic banking	**Demographic profile of sample**					
Dimensions	Gender	Area of residence	Marital status	Educational qualification	Age category	Income category
4.1 Indicate how important each of the following variables would be in prompting you to use electronic banking in the future in South Africa?						
Variables						
Availability	0.111	0.74	0.698	0.584	0.193	0.445
Unbreakable electronic security	o.51	0.438	0.134	0.189	0.24	0.273
Anonymity	0.446	0.615	0.053	0.85	0.002*	0.197
If I spent more time online	0.402	0.544	0.233	0.691	0.402	0.274
Transaction took less time online	0.637	0.573	0.672	.000*	0.472	0.897
4.2 How often do you use electronic banking?	0.644	0.163	0.389	.017*	0.5	.002*
*P < 0.01						

Table 5.19 shows that there is no significant relationship between the use of electronic banking dimensions and the variables of gender, area of residence and marital status. However, a significant relationship exists only between educational qualification and less time frequency of electronic banking at 1% level of significance. It was also noted that a significant relationship only exists between age category and anonymity at a one percent level of significance.

5.3.2.5 Relationship between demographics and electronic banking usage

Table 5.20 shows the chi-square test results between demographics and electronic banking usage.

Table 5.20: Chi-square tests between demographic and electronic banking usage						
Electronic banking usage	**Demographic profile of sample**					
Dimensions	Gender	Area of residence	Marital status	Educational qualification	Age category	Income category
5.1 What do you use electronic banking for?						
5.2 In your opinion how safe is electronic banking?	0.587	0.65	0,472	.000*	0.92	0.6
5.3 to what extent do you agree / disagree with the following statements:						
5.3.1 I use electronic banking because of its……						
Dimensions						
Convenience	0.779	0.735	0.348	0.994	0.207	0.64
Cheaper cost (lower bank charges)	0.697	0.161	0.51	0.741	0.635	0.928
24hr-service	0.718	0.444	0.193	0.345	.009*	0.351
Time saving	0.168	0.646	0.487	0.627	0.14	0.942
Better dealing with people	0.135	0.164	0.165	0.368	0.338	0.87
5.3.2 I perceive electronic banking as risky due to….						
Dimensions						
Risk of misuse of private/confidential information/account details	0.176	0.409	0.711	0.476	0.31*	0.826
Lack of electronic experience	0.288	0.532	0.602	0.181	0.135	0.342
Risk of product / service failure	0.26	0.175	0.594	0.617	0.25	0.743
Lack of product knowledge	0.446	0.423	0.65	0.079	0.672	0.288
I have a bad experience with electronic banking	0.778	0.163	0.428	0.145	0.058	0.959
5.3.3 On a scale of 1 to 5 rate what extent you strongly agree (5) through to strongly disagree (1) with the following statements						
Dimensions						
I prefer to go the bank personally	0.656	0.344	0.852	0.196	0.059	0.147
I prefer to use ATMs / cellphone / Internet	0.844	0.1	0.885	0.203	0.366	0.718
Electronic banking is more expensive than a personal visit to the bank	0.155	0.459	.	0.421	0.183	0.692
I prefer traditional banking methods	0.264	0.513	0.18	0.715	0.222	0.475
I use both electronic banking and personal visits to the bank (traditional banking methods)	0.802	0.123	0.429	0.561	0.066	0.187
I prefer online banking which is paperless	0.641	0.641	0.386	0.421	0.475	0.444
*P < 0.01						

Table 5.20 shows a significant relationship exists only between educational qualification and safety of electronic banking at a one percent level of significance It

was noted that a significant relationship only exists between age category and 24hr-service at a five percent level of significance; and a significant relationship only exists between risks of misuse of private/confidential information/account details and age category at one percent level of significance.

5.3.2.6 Relationship between demographics and motivators

Table 5.21 shows the chi-square test results between demographics and motivators.

Table 5.21: Chi-square tests between demographic and motivators

Motivators	**Demographic profile of sample**					
Dimensions	Gender	Area of residence	Marital status	Educational qualification	Age category	Income category
6.1 On a scale of (1) to (5) rate how important (5) or unimportant (1) of the following dimensions are to you (online bankers only)						
Dimensions						
Reduced bank charges for online transactions	0.046*	0.726	.009*	.001*	.001*	0.414
Saving petrol, bus, taxi fare in travelling to a branch	0.425	0.105	.039*	0.257	.000*	0.61
Discount offered by the bank on Telkom telephone charges (toll free banking facilities)	0.561	0.554	.	0.21	.035*	0.375
Face to face with my banker	0.161	0.161	.	0.238	0.189	0.635
Rewards offered by the bank e.g. free e-bucks	0.136	0.37	.	0.455	0.257	0.254
*P < 0.01						

Table 5.21 shows a significant relationship exists only between demographics and gender at 5% and demographics and marital status at 1% level of significance, with reduced bank charges and charge on transport cost at 1% level of significance.

5.3.3 Reliability and Validity

The two most important aspects of precision are reliability and validity. Reliability is computed by taking several measurements on the same respondents. A reliability coefficient of 0.70 or higher is considered as acceptable (Struwig and Steadman, 2004). The results are presented in Table 5.22

Table 5.22: Reliability test: Cronbach's Alpha	
Dimensions	**Reliability score**
Question 1.10: What variable would prompt you to use electronic banking in the future (South Africa)?	0.695
Question 1.12:2 I perceive electronic banking as risky due to?	0.692
Question 2.1 On a scale of (1) to (5) rate how important or unimportant each of the following dimensions are to you (online bankers only)	0.855

Table 5.22 indicates that three of the sections had Cronbach's Alpha values that were close to the accepted value (0.695) and (0.692) and also exceeded the accepted value (0.855). This indicates that the questionnaire (instrument) achieved what it was set out to measure in these parts. It also indicates that there was a high level of consistent scoring by the respondents. Face validity was further used and checked by a supervisor, co-supervisor and a statistician.

5.4 CONCLUSION

This chapter detailed the results of the statistical analyses and established consumer attitudes towards electronic banking, which factors motivate the use of the electronic banking facility, and the factors that hamper the use of electronic banking, by Congolese consumers.

Some of the attitudes revealed in the survey are:

The use of Internet, computers and cell phones for banking, speed of online transactions, anonymity and availability are factors that influence online banking.

Convenience, cheaper cost, 24 hours-service, time saving, better than dealing with people, are the five most common reasons in motivating online use. Reduced bank charges for online transactions and saving petrol or taxi fares in travelling to a branch were also indicated as key factors that motivate online use.

Risk of misuse of private/confidential information/account details, and having a bad experience with electronic banking, were reasons given that discourage the use of electronic banking.

The analysis showed that, prior to coming to South Africa, there was no relationship between online transactions and the demographic profile of the sample. There is, however, a relationship between marital status and the reason why respondents have not previously conducted a banking transaction in their home country.
The analysis showed that, once in South Africa, there is a relationship between online transactions and the demographic profile of the sample but there is no relationship between gender and the variables that influence the choice of bank in South Africa.

The next chapter will focus on conclusions and recommendations from the results, in order to meet the study objectives.

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The results of the study were presented in chapter five. This chapter outlines the results in relation to the theory and will draw conclusions from the results, in order to meet the study objectives, which are repeated below.

6.1.1 Main objective

The main objective of this study was to determine the perceptions to electronic banking among Congolese consumers using South African banks, from the consumer`s perspective.

- **Sub-objectives**

The sub-objectives of this study are:

- To establish whether a relationship exists between the reasons for using electronic banking and demographic variables such as: gender, area of residence, marital status, educational qualification, age category and income category;
- To identify the consumer behaviour factors which drive electronic banking;
- To determine the reasons why Congolese consumers do or do not adopt, electronic banking; and
- To identify the perceptions of Congolese consumers towards electronic banking

- **Variables**

The variables in the study included: demographics (gender, area of residence, marital status, educational qualification, age and income category), reason for electronic banking and attitude towards electronic banking

6.2 CONCLUSIONS

6.2.1 Conclusions about sub-objective 1

In this section, findings about the relationships between the reasons for use of electronic banking and demographic variables will be presented.

- **Gender**

The chi-square test showed the role of gender with regard to online banking transactions in South Africa. Table 5.21 indicates a relationship between reduced bank charges on online transaction and gender. Therefore, the offer of reduced bank charges is an important influencing variable for electronic banking. Figure 5.1, on the other hand, illustrates that the majority (51.5%) of respondents were male. Previous research confirm this finding as, according to Landolt and Hochgraf (2001: 47), research conducted in Singapore indicates that men have more intention to use Internet banking than women, because Internet banking is a way of performing financial activities, including making investments, maintain a good relationship with the banks, saving money and opening several banking accounts. Al-Gahtani, Hubona and Wang (2007) suggested that women in Saudi Arabia are less to use of computer to enhance their job performance than men and also less to value a system's ease of use.

- **Area of residence**

The results revealed that most of the respondents lived in the Central Durban region (38.4%), while a little more than a quarter (27.6%) lived in the Durban South area, followed by West of Durban with 20.2% and North of Durban had the lowest percentage of respondents (10.8%). Of the tabled respondents, 3% did not answer this question.

Table 5.17 reveals a significant relationship between electronic banking and demographics (area of residence) at a five percent level of significance. It shows also that a significant relationship exists between choice of bank and area of residence at a five percent level of significance. According to Len Pienaar, the FNB CEO: Mobile and Transaction Solutions, FNB bank has five million customers with cellphone and 700 000 customers using cellphone banking services. He has seen heavy acceleration in growth of users of cellphone banking in the past years. Up to 80 percent of the research population (Congolese consumers using South African banks) reside in Durban and enjoy access to the web (information search, online shopping), so they do not need to take a taxi to bank branches to check their balances or statements. Previous research confirm this finding, according to research conducted in Korea, residents in Kyungki metropolitan area are more likely to adopt online banking than those who reside in regional provinces. This proposition is based on stronger epidemic effects in the metropolitan area than the remote regions. It also shows that the easier access to computers and internet facilities in the metropolitan area, provide better grounds for people to adopt online banking.

- **Marital status**

The results revealed that 39.4% of the respondents were married and a third (31.6%) was single. Approximately 24.2% of the respondents were co-habiting and

0.7% of the respondents were divorced, with 4% who did not answer this question. There was a significant relationship between marital status and not engaging in online banking in home country. Also a significant relationship exists between use of electronic banking and marital status and between marital status and income category at a one percent level of significance. The research found that although the respondents were married, their spouses and family lived in their home country. In order to support their respective families, the respondents engaged in online banking. Therefore reduced bank charges are an important influencing variable for electronic banking. Previous research confirm this finding, single people are less likely to adopt online banking than married. Single people are relatively conservative compared to those who choose alternative marital status. Choice of alternative marital status would have a positive effect on their tendency to try out new technologies as they tend to be less risk-adverse (Naylor, 2005:133).

- **Income category**

The results showed that almost half the respondents chose the 'other' option in response to the income category question. This question was sensitive and most respondents were hesitant to reveal such information. Using the data provided, this study indicates that 33.8% of online banking users have an income of more than R5000 per month. In South Africa, this represents the middle-to-high income group and 66.2% of the non-users have an income of less than R 5000 per month. Only 1.7% of the non-users have an income of more than R 5000 per month. Therefore this finding concurs with the studies of Karjaluoto (2002:265), which showed that income has a major effect on the adoption of online banking. Online banking users generally earn a higher income than non-users.

6.2.2 Conclusions about sub-objective 2

Sub-objective two aimed to identify the consumer behaviour factors that drive electronic banking. The consumer behaviour factors comprise of psychological factors and cultural factors.

6.2.2.1 Psychological factors

This section will present the findings relating to psychological consumer behaviour factors driving electronic banking

- **Motivation**

This research indicates that consumers see the following factors as being important in motivating them to use the online banking service. The factors are:

- Reduced bank charges for online transactions
- Saving petrol, bus, taxi fare in travelling to a branch

The literature review stated that online banking, in general, is not limited by time or place. It has also been argued that the electronic banks are more likely to change in response to customer`s demands (Brogdon, 1999:4). Online banking has the advantage that the customer cuts down on traveling to and from a bank branch. In this way, time and money is saved, convenience is provided through accessibility, and a positive impact on customer satisfaction is achieved. Customers can manage their banking affairs when they want, and they can enjoy more privacy while interacting with their bank. It has been claimed that online banking offers the customer more benefits at lower costs (Mols, 1998:200). One of the direct advantages of the electronic banking adoption is cost effectiveness. For example, e-banking provides customers with a wide range of financial benefits such lower

transaction handling fees, higher deposit rates, opportunities to win prizes and extra credit card bonus points (Lee, 2009:25).

It allows customers to save time by conducting their transactions quickly without having to queue at banks, or to use paper documents. Websites offer customers the opportunity to interchange electronic data or to communicate with bank staff, since all important transaction details are laid out on the website. Online banking provides customers with immediately available and transparent information. Indirect advantages include round-the-clock access to banking services anywhere in the world, at any time and a wide range of investment opportunities, such as stock quotations and news updates (Venkatesh and Morris, 2000:17).

- **Attitudes and perceptions**

Since this was addressed as a separate sub-objective, the findings are presented in full in section 6.2.4. In summary, the study found that attitude and perception do influence attitudes to electronic banking.

- **Perceived Risk**

According to the results of this survey, factors which hamper online usage are:

- Consumers have had a bad experience with electronic banking and
- Risk of misuse of private / confidential / account details

These findings corroborate research which states that perceived risk increases consumer's motivation to process information. Perceived risk reflects the extent to which consumers are uncertain about the consequences of buying, using or disposing of an offering (Hoyer and MacInnis, 2000:67). Anthrax scares in the United States saw enrolment to online banking increase by 20% between September and November. Customers enrolling wanted to operate in a paper-free environment and wanted to avoid leaving home.

In South Africa people are nervous about releasing credit card and other banking details to companies on the web. Hence ABSA and FNB's eBucks.com projects have experienced problems in enticing clients. Transaction errors may cause fear of a potential monetary loss by customers who perform online transactions. Clearly e-banking lacks the assurance dimension provided in traditional banking service. This is due to the fact that online banking is considered as an innovative service, which is incompatible with consumers' traditional banking habits (Kuisma, 2007:77).

The potential loss due to fraud or a hacker compromising the security of an online bank user is known as privacy risk (Lee, 2009:2). It is accentuated since the emergence of phishing, (the attempt to fraudulently collect personal information, such as usernames, passwords and credit card details). It does not only lead to users' monetary loss, but also violates users' privacy (Entrust, 2008:6). Furthermore, Suh and Han (2002:15) point out that, unlike in offline banking; trust is pertinent to online banking.

Based on the psychological factors examined, the following conclusion can be drawn.

There are numerous factors which will motivate consumers to use online banking facilities. These include reduced bank charges for online transactions and saving petrol, bus, taxi fare in not having to travel to a branch. This then supports the literature findings, which state that high motivation results in consumers engaging in buying behaviour. Perceived risks associated with an offering negatively influence use of the product or service.

6.2.2.2 Cultural factors

This section will present the findings related to the cultural consumer behaviour factors driving electronic banking.

- **Social class**

The results of this study indicate that 42% of respondents belong to LSM groups 1 to 6 and 58 % to group 7 to 10, a grouping which has high education levels, high earnings and access to durables such as computers. However, the findings of this study show that Internet access and access to computers would be a motivating reason for use of an online banking service. As stated earlier in the literature review, the average Congolese is 32 years old; 31% are single and 23% do not live with their spouses. They are educated - 47% have a tertiary education, and a further 33% have a secondary education; 36% were students in DRC, 20% were skilled professionals, and just 4% were unemployed. Congolese in South Africa represent valuable human capital (Steinberg, 2005).

The research concludes that social class plays an important part in influencing consumer behaviour; it has a big impact in influencing the Congolese clients of South African banks to use the electronic banking facility.

- **Age**

It was noted that relationships exist between the following variables at a one percent level of significance: age and the variable influencing choice of bank (family); age and the variable prompting the use of electronic banking in the future (anonymity); age and the use of electronic banking (24hr-service); age and motivator variables (except: face to face with my banker and rewards offered by the bank).

Congolese migration to South Africa is predominantly middle class, young and male. The average Congolese is 32 years old; The theoretical framework presented earlier, showed that Generation Xer's aged between 18 and 36 spend nearly 6.3 hours online each week. The mature market is resistant to change and to the adoption of new products, especially technology. The literature review also revealed the reluctance of consumers, particularly older people, to change their banking. According to Stoneman (2001:4), the greatest concentration of computer owners who have banked online in the USA, is in the 18 to 34 years-old category, representing 30% of the market. Generation X'ers represents 16% of the South Africa population.

This study thus, shows a significant relationship between age and the use of electronic banking.

- **Education**

Education levels are regarded as playing a vital role in determining a consumer`s use of the online banking service. Table 5.17 indicates a relationship between conducting electronic banking transactions in South Africa and having an educational qualification; Table 5.18 shows relationships between work and educational qualifications. Congolese migration to South Africa is predominantly middle class, young male, and educated. They are educated - 47% have a tertiary education, and a further 33% have secondary education; 36% were students in DRC, 20% were skilled professionals, and just 4% were unemployed (Steinberg, 2005).Responses to a qualitative question revealed that consumers will use the online facility when they are given the opportunity. This again indicates that high education levels necessarily influence a consumer to bank online. According to Landolt and Hochgraf (2001: 47), research conducted in Singapore indicates that professionals, executives and managers constitute 64.8% of the online banking client base.

Based on the three cultural factors examined, results lead to the following conclusion: Age, social-class and educational levels positively influence Congolese clients, of South African banks in the greater Durban area, to utilise online banking services.

6.2.3 Conclusions about sub-objective 3

Sub-objective three aimed to determine the reasons why Congolese consumers do, or do not, adopt electronic banking.

According to the results of this survey, the reasons why consumers adopt, or do not adopt, electronic banking are:

- For adoption of electronic banking, the predominant reason revealed by the respondents was they have a job which requires them to have a bank account, which then provides them with access to electronic banking
- For not adopting electronic banking, the reasons revealed by the majority of respondents was that they preferred to keep their money themselves because of xenophobic attacks, while a small number of respondents perceived electronic banking as a new innovative service. According to Kotler (2000:348), an innovation refers to a product, service, or idea that is perceived by someone as new. The adoption is therefore the decision of an individual to become a regular user of a product. Electronic banking is potentially the most radical innovation, especially in the context of bank services to customers.

There are no precise formulae to evaluate a new product`s likely acceptance or adoption. Academics have therefore identified five product characteristics that influence consumer acceptance of new products namely: relative advantage; compatibility; complexity; trialability and observability (Schiffman and Kanuk,

2007:504). Adopters have invariably been found to have different perceptions about these characteristics, in comparison with non-adopters.

According to Kotler (2000:350), the characteristics of an innovation influence the rate of adoption. Some products are adopted immediately, whereas others take a long time to gain acceptance. If the innovation is perceived to be better than the existing system (relative advantage), is consistent with the needs of the potential adopter (compatibility), and is easy to understand and use (complexity), a favorable attitude towards the innovation will be formed. Ching and Ellis (2004:411) found that the perceived relative advantage, compatibility and complexity of the innovation played a key role in the adoption of electronic banking.

6.2.4 Conclusion about sub-objective 4

Sub-objective four aimed to identify the perceptions of Congolese consumers towards electronic banking.

In this section, findings about the attitudes and perceptions towards electronic banking will be presented.

Half of the respondents in the survey believe that it is safe to use electronic banking, while some of the respondents indicated that they are uncertain about the safety of electronic banking. Results also reflected that face-to-face relationships with traditional bankers are not considered important to consumers. The literature review showed further, that most of consumers in the countries study (New Strait Times-Time Management, 2001:2-5), were interested in online banking because of time saving, 24-hour service and convenience. Additionally, research showed that most consumers are accustomed to conventional, traditional face-to-face contact with their banker, with a further survey by the financial services market

researchers, the Tower Group, indicates that even in the US, where most consumers have access to the Internet, people have been slow to move away from traditional retail channels (Harris 2001).

The conclusion which can be drawn about consumer`s attitudes and perceptions towards online banking in this study, are as follows:

- Consumers are satisfied about the safety of banking online
- A relationship with a traditional banker is not considered very important
- Convenience and time saving offered by online banking influences use.

Attitudes and perceptions do influence the use of online banking services, as positive perceptions of the product revealed in this study; justify the large number of respondents who use the product. There is an opportunity however, for banks to build on the positive perceptions of Congolese customers.

6.3 LIMITATIONS

This study was conducted to establish the perceptions of electronic banking among Congolese clients of South African banks in the greater Durban area. The methodology used in this study was designed to provide data that is trustworthy and can be believed. While the validity and reliability are improved in some areas, they are weakened in others. It is therefore, necessary to highlight the following limitations.

Firstly, since a small sample was used for this study, it is subject to the limitations of small sample studies. The findings are not representative of all Congolese living in South Africa. This is not sufficient of a problem to reject the findings, as the objective of the study was to determine the perceptions of electronic banking among Congolese consumers using South African banks, from the consumer`s

perspective, in the greater Durban area and not to generalise to South Africa as a whole. The study does provide a better understanding of these perceptions, and there was never any intention to try to extrapolate these results to all Congolese living in South Africa.

Secondly, in order to solicit the co-operation of respondents, multiple choice questions were employed throughout this study. Although the choices for each question were adopted from the literature study and amended according to the responses from pilot tests, all possible alternatives might not have been included. In some cases, the researcher had to translate the questionnaire for some respondents and this could have biased the responses.

6.4 ACADEMIC CONTRIBUTION OF THE STUDY

This research makes significant contributions to the body of knowledge, in so far as no research has been done on this topic (perceptions of electronic banking among Congolese clients of South African Banks), especially in Durban where there is very little information about Congolese consumers' behaviour towards electronic banking.

The academic community will now have a better understanding of the perceptions of electronic banking among Congolese consumers using South African banks, what has been done, and what still has to be done and improve.

Furthermore, it is important to underline that the benefits from the research will not only help the South African academic community. The results will also interest an academic community on an international scale. The research will enable the academic community to identify the perception of Congolese consumers towards

electronic banking and to identify the consumer behaviour factors that drive electronic banking.

6.5 RECOMMENDATIONS

6.5.1 Recommendations for the banking industry

Drawing from the conclusions of this study, the following recommendations can be made to stimulate the adoption of electronic banking by Congolese clients of South African banks, in the greater Durban area.

The implication of these findings and conclusions are that banks need to play a leading role in influencing the perception, and thereby the attitude and behaviour, of current and potential electronic banking users.

In the early adoption stage, the awareness of electronic banking services is essential. As electronic banking services are still new for Congolese, effective presentations using all forms of media advertising such as leaflets, brochures (in French if possible) and web pages, will be useful to introduce the services to potential customers, about the benefits of electronic banking. To access more potential adopters, information about electronic banking should be provided by bank tellers and bank assistants at branches. The information should include references to time saving, convenience (anywhere any time), low costs and information availability. In addition, banks should offer additional banking information and not just information about electronic banking.

It is also essential to provide a well-designed and user-friendly website to attract a potential adopter's attention. The customer should not be required to expend a lot of effort or time to adopt electronic banking services. Information and instructions

on the web should be provided in French and English to make the Congolese adopter comfortable. Wide publicity, underscoring the benefits and ease of use by demonstrating electronic banking services, should be provided. This could be implemented by providing computer terminals in bank branches, accompanied by an internal telephone to contact banking staff, as well as freely available documentation and brochures. Roaming staff to provide assistance in the banking hall would further assist. Regular surveys of customers' responses and their opinions of the services should be conducted to ensure continuous improvement.

In summary, recommendations for the banking industry are as follows:

- Build customer recognition of electronic banking: emphasize the advantages of electronic banking services, i.e. time saving, low cost services, along with convenience and information availability; and provide various types of information, both financial and non-financial.
- Attract customers to the website: provide a well-designed and user-friendly website; provide information in French and English; provide demonstrations in public places, e.g. bank branches, department stores, Universities and other institutions in Durban; provide both electronic and documentary demonstrations of electronic services.
- Build customer`s confidence: present the security used in both technical and non-technical terms; outline the procedures and information on how to cope with problems if they occur; and provide instructions on how to use electronic banking services safely.
- Target correct customers: persuade people in good positions and with appropriate income to adopt the services.
- Provide value to customers: monitor the historical bank usage of customers to know their needs; and provide customized services to customers.

6.5.2 Recommendations for future study

The following are areas that could be considered for future research:

- Investigate whether usage of electronic banking by Congolese consumers using South African banks in the greater Durban area has increased, a year from the date of this study.
- Investigate if the measures implemented by the banking industry in South Africa to motivate Congolese consumer`s using South African banks usage have been successful.
- The number of respondents interviewed could be increased in a national study in order to extrapolate the conclusions to incorporate the general population
- The study on the perception of electronic banking services in South Africa can be extended to other foreign national customers of South African banks living in South Africa.

REFERENCE LIST

ABSA Bank Limited. 2001. Simple banking for everyone: every day banking. Johannesburg: ABSA BANK.

Agarwal, R., Rastogi, S., and Mehrotra, A. 2009. Customers' perspectives regarding e-banking in an emerging economy. *Journal of Retailing and Consumer Service.* 14 (3):1-11.

Almogbil, A. 2005. *Security, perceptions, and practices: challenges facing adoption of online banking in Saudi*. Unpublished PhD Thesis, George WashingtonUniversity, Washington.

Al-Gahtani, S.S., Hubona, G.S. and Wang, J. 2007. Information technology (IT) in Saudi Arabia: Culture and the acceptance and use of IT. *Information & Management.*44(1): 681-691.

Bankrate.com. 2000. *Online Banking* [Online].Available at: http://www.bankrate.com [Accessed 25 October 2001].

Basson, H. 2001. Paying your bills the easy way. *Finance Week*, April 27:2-3

Beckett, A., Hewer, R., and Howcroft, B. 2000. An Exposition of consumer behaviour in the financial service industry. *International Journal of Bank Marketing*, MCB University, MCB.

Black, N.F., Lockett, A., Winkhhofer, H., and Ennew, C. 2001. The adoption of internet financial services: a qualitative study. *International Journal of Retail and Distribution Management.*29(8):390-398.

Blumberg, B., Cooper, D.R., and Schindler, P.S. 2008. *Business research methods.* 2nded. New York: McGraw Hill Higher Education Limited.

Boland and Vincent.2009. *Modern dilemma for world's oldest bank. FinancialTimes*[Online].Available at: http://www.ft.com/cms.html [Accessed 23 February 2010].

Bradley, L., and Stewart, K. 2003. The diffusion of online banking. *Journal of Marketing Management.*19(10):1087-1109.

Brogdon, C. 1999. *Banking and the Internet: past, present, and possibility* [Online]. Available at: http:// www-db.stanford.edu.html [Accessed 23 April 2004].

Burns, P.P. 2000. Service consistency across channels is a key to success. *American Banker*.165 (68):4-6.

Ching, H.L., and Ellis, P. 2004. Marketing in cyberspace: what factors drive e-commerce adoption? *Journal of Marketing Management.*20(1):409-429.

Cooper, D.R., and Schindler, P.S.2003. *Business Research Methods.*8th ed. New York: McGraw-Hill.

Dabir-Alair, R., and Griffin, S. 2001. *What does the future hold for online retail banking?*[Online].Available at: www.cgey.com/finance/future html [Accessed May 2001].

Daniel, E.1999. Provision of electronic banking in the UK and the Republic of Ireland.*International Journal of Bank Marketing*.1(13): 319-339.

Denscombe, M. 2007. *The good research guide for small-scale social research projects.*3rd ed. London: McGraw-Hill.

Du, J.2002. *Internet marketing strategy* [Online]. Available at: http://www.fji-nfo.gov.cnhtml[Accessed 10 March 2005].

Entrust. 2008. *Phishing attack* [Online]. Available at: http://www.entrust.comhtml[Accessed 29 May 2010].

Eric, L., and Andrew, M. 2009. For Banks, Wads of cash and loads of trouble. *The New York Times*, December 5:7

Featherman, M.S., and Pavlou, P. A.2003. Predicting e-services adoption: a perceived risk facets perspective. *International Journal of Human-Computer Studies.*59(1):451-474.

First National Bank Limited.2004. Online banking security. Johannesburg: FNB BANK.

Fox, S. 2002. *Online banking: A PEW Internet project data memo Pew Research Centre*[Online]. Available at:http://www.pew-internet.org [Accessed 14 April 2004].

Fung, A.2001. Half of consumers still prefer branches, poll finds.*American Banker*166(145): 2.

Gardner, S.2002.*Northwest Banks, credit unions market hard for customers to use web sites.* The Columbian.

Gates, B. 2008. *Banking is essential, banks are not* [Online]. Available at: www.slidershare.net/carolederks [Accessed 25 August 2009].

Genoa. 2004.*History of finance: a series of firsts? Giuseppe Felloni, Guido Laura* [Online]. Available at: www.giuseppefelloni.it[Accessed 9 November 2004].

Georgiades, P., and Dowsland, B. 2000.*Attitude towards online purchases behaviour.*Working paper.European Business Management School.

Gerrard, P., and Cunningham, J. B.2003. The diffusion of internet banking among Singapore consumers. *The International Journal of Banking Marketing* [Online]. Available at: http: www.proquest.umi.com/pqdweb?index [Accessed 25 April 2004].

Goldstein A. 2002. *Online banking finally clicks, more consumers make transfer to use electronic convenience* [Online]. Available at: www.dallasmorningnews.com[Accessed 18 September 2003].

Goldstuck, A.2001. *Internet access in South Africa*[Online]. Available at: http://www.Itweb.co.za/sections/features/internet [Accessed 14 April 2004].

Goldthwaite, R.A. 1999.Banks, places and entrepreneurs in Renaissance Florence. Aldershot: Variorum.

Gutjahr, A., and Blaquiere, S. 2001. *Europeans banks on the web*[Online]. Available at: http://uk.jupiterrmmxi.com xml[Accessed 1 April 2007].

Hair, J.F., Wolfinbarger, M., Ortinau, D.J., and Bush, R.P.2008. *Essentials of marketing research*. Boston: McGraw Hill.

Han, S.R., Park, C.K., and Kang, H.I. 1998. Influencing factors of consumer purchase intention in the Internet environment: flow concept, Proceeding of Korea Marketing Association Fall Conference.

Harris, L., and Brown, A.2001. *A threat and opportunity* [Online]. Available at: www.futurecompany.co.za [Accessed 28 March 2005].

Hartwick, J., and Barki, H.1999. Explaining the role of user participation in information system use. *Management Science.*40(A): 440-465.

Hawkins, D.I., Mothersbaugh, D.L., and Best, R.J. 2007.*Consumer behavior: building marketing strategy.* 10th ed.New York: McGraw-Hill.

Hope, R., Newman, P., and Mugera, P. 2001. Factors affecting the adoption of internet banking in South Africa. Department of Information Systems.Cape Town: UCT Press.

Hoyer, W., and MacInnis, D. 2000.*Consumer behaviour*. Upper Saddle River, N.J: Houghton Mifflin Company**.**

Huggett, J., and Moolman, C. 2002. *Spotlight on viability of SA online banking* [Online]. Available at: www.businessday.co.za[Accessed 2 June 2004].

Jacoby, Kaplan, and Bellman.1999. The components of perceived risk. *Proceedings of the Third Annual Conference*.Association for Consumer Research.

Jassimuddin, S.M. 2001. Saudi Arabian Banks on the Web. *Journal of Internet Banking and Commerce.*6(1):1-2.

Karjaluoto, H.2002. Electronic banking in Finland: consumer beliefs, attitudes, intentions, and behaviours. *Journal of Financial Services Marketing*.6(4): 346 -361.

Karjaluoto, H., Mattila, M., and Pento, T.2002. Factors underlying attitude formation towards online banking in Finland. *The International Journal of Bank Marketing*.20(1):261-273.

Kerem, K. 2001. Adoption of electronic banking: underlying consumer behaviour and critical success factors. Mcom dissertation.Tallim: Tallim Technical University.

Kotler, P., and Keller,K.L.2006.*Marketing management*. 12th ed.
Upper Saddle River, N.J.: Pearson Education International.

Kuisma, T., Laukkanen, T., andHiltunen, M.2007. Mapping the reasons for resistance to Internet banking: a means-end approach. *International Journal of Information Management* (electronic)27(1):75-85.

Lamb, C.W., Hair, J.F., McDaniel, C., Boshoff, C., and Terblanche, N.2000. *Marketing*.New York: Oxford University Press.

Landolt, S., and Hochgraf, L.2001. E-Security and E-Signatures serve members. *Journal of Credit Union Management* (electronic) 24(1):10.

Leaderer, A.L., Maupin, D.J., Sena, M.P., and Zhuang, Y.2000. The technology acceptance model and the World Wide Web. *Decision support systems*.29(1):269-282

Lee, M. 2009. Factors influencing the adoption of Internet banking: an integration of TAM and TPB with perceived risk and perceived benefit.*Journal of Electronic Commerce Research and Applications.*8(1):130-141

Leedy, P.D., and Ormond, J.E. 2005. *Practical research: planning and design*. 8th ed. Upper Saddle River, N.J.: Pearson Education International.

Lord, J., and Bhowan K. 2001. *Marketing Philosophy and Strategy.*2nd ed.New York: McGraw Hill Higher Education Limited.

Lunenburg, F.C., and Irby, B.J. 2008.*Writing a successful thesis or dissertation: tips and strategies for students in the social and behavioural sciences.*4th ed. Thousand Oaks: Corwin Press.

Lussier, R. 2000.*Management Fundamentals.* New York: Thomson learning.

Macesich and George.2000. Central Banking: the early years: other early banks. *Issues in Money and Banking* [Online].Available at: http://books.google.com/books [Accessed 12 March 2009].

Maharaj, M. 2009.*Evaluating customer relations in the cell phone industry.Unpublished*DComm dissertation.Durban: University of KwaZulu-Natal.

Mason, J., and Ezell, H.F. 1987. *Marketing: principles and strategy.*Platon, Texas: Business Publications.

Mboweni, T. 2004.*The South African banking structure sector-an overview of the past 10 years.*Pretoria: South African Reserve Bank.

McDaniel C. D., and Gates R. H. 2007. *Marketing research*. Chichester: John Wiley and Sons limited.

McLeod, D.2001. *Slow and in need of inspiration* [Online]. Available at: www.futurecompany.co.za [Accessed 25 May 2001].

McLeod, D., and Planting, S. 2001.*Making a net loss*[Online].*A*vailable at: www.futurecompany.co.za[Accessed 20 July 2002].

Mink, M.2001. Allaying members online fears credit union. *Executive Newsletter* (Electronic) 27(27):1-2.

Mols, N.P.1998. The Internet and the banks' strategic distribution channel decisions, *International Journal of Bank Marketing*. 17(6):245-300.

Moneyweb.2005. What is your evidence, you may ask, September 5:1.

Moneyweb. 2004. ABSA, FNB tops in e-banking. 29th January 2004.

Naidu, E.2008. Online banking consumers. *Sunday Independent*, August 03: 4.

Naylor, P. 2005. Consumers' evaluation of new products: learning from self and others.*Journal of Political Economy.*108(7):132-136.

Neal, C., Quester, P., and Hawkins, D.2002. *Consumer behaviour: Implication for marketing strategy.*3rded. Macquarie Park, NSW: McGraw-Hill.

Nedbank Limited.2003.Nedbank savvy: Now that`s the whole enchilada. Sandton: Nedbank Bank.

Neuman, W.L. 2000*. Social research methods: qualitative and quantitative approaches. 4thed.*Boston: Allyn and Bacon.

New Strait Times: Management.2001.*Banks goes online to provide faster service (RHB*). Management times

Parasuman, A., Grawal, D., and Krishan, R. 2007. *Marketing Research*. 2nded. New York: Houghton Mifflin Company.

Perreault, W.D., and McCarthy, E.J. 1999.*Basic marketing: a global–management approach.*13thed. New York: The McGraw-Hill Companies.

Peter, J.P., and Jerry, C.O. 2005.*Consumerbehavior and marketing strategy.*7thed. New York: McGraw-Hill.

Peter, J.,Olson, J., and Irwin, R. 1994. *Understanding consumer research.* New York: McGraw-Hill.

Peter, S.R., and Sylvia, C.H. 2008. *Bank Management and Financial Services.*7thed. New York: McGraw-Hill.

Pieterse, J. 2001. Guide to financial websites.*Finance Week*, April 27: 1- 2.

Pietersen, J., and Maree, K. 2007. *Statistical analysis 1: descriptive statistics, in Maree*. 1sted.Pretoria: Van Schaik Publishers.

Polatoglu, V., and Ekin, S.2001. An empirical investigation of the Turkish consumer's acceptance of internet banking service. *The International Journal of Bank Marketing.*19(4):156-166.

Pollit, D. 2001. *Electronic commerce trends* [Online]. Available at: http://www.emaraldinsight.com [Accessed 11 April 2004].

Planting, S.2000. *You can`t bank on window dressing* [Online]. Available at: www.futurecompany.co.za[Accessed 6 May 2003].

Reekie, W.D., and Brits, R.N. 1997. *Marketing in South Africa: decision, analysis, theory and practice*. Johannesburg: Macmillan.

Rentas-Guisti, L.2001. Online banking services never close. *Caribbean Business* (Electronic) 29(40):1-2.

Robinson, T. 2000. Internet banking stills not a perfect marriage. *Information Week.*17(4):104-106.

Rogerson, C. 2000. Getting institutions right?Local Government and street trades in four South African Cities.*Urban Forum*. 11(1):2.

Sara, S.B. 2007. Factors Influencing the Adoption of Internet Banking. Mcom dissertation.Luela: Lulea University of Technology.

Sarantakos, S. *2005. Social research. 3rded. New* York: Palgrave Macmillan.

Sathye, M. 1999. Adoption of Internet banking by Australian consumers: an empirical investigation. *The International Journal of Bank Marketing*.17(7):324-334.

Schiffman, L.G., and Kanuk, L.L. 2000.*Consumer behaviour.*7thed.Upper Saddle River, N.J.: Pearson Prentice Hall.

Schiffman, L.G., and Kanuk, L.L. 2007.*Consumer behaviour.*9thed. Upper Saddle River, N.J.: Pearson Prentice Hall.

Sekaran, U. 2003.*Research Methods for Business*. 4thed. New York: Danvers, MA.

Sheshunoff, A. 2000.Internet Banking-an update from the frontlines. *ABA Banking Journal.*92(1):51-55.

Sheth, J.N., and Mittal, B. 2004.*Customer behaviour: a managerial Perspective.* 2nded. Mason, Ohio: Thomson South-Western Worth: Halt, Reinhart and Winston Inc.

Singapore. 2001. *Online Banking* [Online]. Available at: www.Netvalue.com htlm[Accessed May 2001].

Shipside, S. 2000. The fight for your e-business.*New Stateman*.129(494:1-2.

Solomon, M.R. 2007. *Consumer behaviour: buying, having and being*.7thed. Upper Saddle River, N.J.: Pearson Education.

Standard Bank Limited. 2005.Access banking: banking so simple, it just makes sense. Johannesburg: Standard Bank.

Steinberg, J. 2005. A mixed reception Mozambican and Congolese refugees in South Africa [Online].Available at: www.iss.co.za html [Accessed June 2005].

Stoneman, B.2001. Expectations increase for online banking and Brokerage. *American Banker* (Electronic) 166(141):1-2.

Stones, L.2000.*Banks continue to rush online* [Online]. Available at: www.businessday.co.za [Accessed 6 April 2000].

Stones, L. 2001. *Banks continue to rush online* [Online]. Available at: www.businessday.co.za [Accessed 15 February2001].

Stones, L.2002.*Banks continue to rush online* [Online]. Available at: www.businessday.co.za [Accessed 17 May 2002].

Struwig, F.W., and Steadman, G.B. 2004.*Planning, designing and reporting research.*Cape Town: Pearson Education South Africa.

Suganthi, B., and Blachandran.2001. Internet banking patronage: an investigation of Malaysia.*Journal of Internet Banking and Commerce* [Online].Available at: http://www.arrraydev.com htm [Accessed 12 April 2004].

Suh, B., and Han, I. 2002. Effect of trust on customer acceptance of Internet banking. *Electronic Commerce Research and Applications.*1(1):247-263.

Venkatesh, V., and Morris, M.G.2000. Why do not men ever stop to ask for directions, sender, social influence, and their role in technologyacceptance and usage behavior? *MIS Quarterly.*24(1):115-139.

Walliman, N. 2001. *Your research project:a step by step guide for the first time researcher*. London: Sage Publications Limited.

Wang, Y. 2002. Determinants of user acceptance of internet banking: an empirical study. *Service. Ind. Manage. 14(5):501-519.*

Welman, C., Kruger, F., and Mitchell, B.2007. *Research Methodology*.3th ed. Cape Town: Oxford Southern Africa.

Whitely, B.E.2002. *Principles of research in behavioural sciences*.2nded. Upper Saddle River: McGraw-Hill.

Yasheen, N.2002. An investigation into the factors influencing consumer behavior in the online banking industry. Mcom dissertation.Durban: University ofKwazulu Natal.

Zarena, B.R.2006. Consumer buying behavior towards Internet banking. Mcom dissertation.Durban: University ofKwazulu Natal.

Zarcone, T. 2001. Local banks hitch into the online banking bandwagon offering. *Caribbean Business Journal*.29(40):2-3.

Zikmund, W. 2000. *Business research methods*. 6thed. Orlando: The Dryden Press.

APPENDIX 1

ETHICS CLEARANCE LETTER

857 Umbilo Road
111 Flamingo Court
Durban 4001
billyngandu@yahoo.fr

0794119337

To WHOM IT MAY CONCERN:

SUBJECT: LETTER OF CONSENT: To interview customers

My name is T.B. Ngandu, student number 20927219, a registered student at Durban University of Technology. I am conducting a study on perceptions of electronic banking amongst Congolese clients of South African Banks. I am in the process of collecting data for a postgraduate degree in Marketing: M-Tech Marketing. I will, therefore, be interviewing people living around Durban.

Completion of the questionnaire will only take approximately 15 minutes of your time. The information you will give will only be used for research purpose, and your identity and individual answers will be kept totally confidential. Participation is voluntary and you are free to withdraw from the study at any time.

Should you wish to discuss this further please feel free to contact me or my supervisor Professor Roger B Mason or my co-supervisor Dr Mandusha Maharaj.

Your assistance will be much appreciated,

Yours sincerely,
TB Ngandu

APPENDIX 2

RESEARCH QUESTIONNAIRE

The aim of this questionnaire is to obtain a clear understanding of customer perceptions towards electronic banking

1. DEMOGRAPHIC PROFILE OF SAMPLE							
1.1 Gender							
Male	**1**			Female			**2**
1.2 Area of residence							
North of Durban	**1**	South of Durban	**2**	West of Durban	**3**	Central Durban	**4**
1.3 Marital Status							
Married	**1**	Divorced	**2**	Single	**3**	Co-habitant	**4**
1.4 Education Qualification							
Primary	**1**	Tertiary	**3**	Post graduate	**5**		
Secondary	**2**	3 year degree	**4**	Other (please specify)			**6**
1.5 Age Category							
18 – 29	**1**	30 – 39	**2**	40 – 49	**3**	50 or older	**4**
1.6 Income Category (per month)							
More than R10000	**1**	R5001 to R7000	**3**	R1000 to R3000			**5**
R7001 to R10000	**2**	R3001 to R5000	**4**	Less than R1000			**6**
2. TRANSACTION ONLINE (ELECTRONIC BANKING) IN HOME COUNTRY							
2.1 Have you conducted a banking transaction online (electronic banking) in your home country before you came to South Africa?							
Yes	**1**			No			**2**
If yes go to question 2.2							
If no go to question 2.3							
2.2 What kind of electronic banking did you use in your country? (more than one can be ticked)							
Cellphone**1**	ATM	**2**	Internet	**3**	No electronic banking	**4**	Other (please specify) **5**
2.3 If you have not conducted a banking transaction online (electronic banking) in your home country before you came to south Africa, would you state the main reason? (tick only one answer)							
Prefer cash transaction			**1**	do not trust electronic banking for security reason			**4**
Prefer traditional methods used by banks			**2**	do not trust banks			**5**
I will use electronic banking, when I am given the opportunity to do it			**3**	I do not have a bank account			**6**
3. TRANSACTION ONLINE (ELECTRONIC BANKING) IN SOUTH AFRICA							
3.1 have you conducted a banking transaction online (electronic banking) since you came in South Africa?							
Yes	**1**			No			**2**
If yes go to question 3.2							
If no go to question 3.3							
3.2 What kind of electronic baking do you use in South Africa? (more than one can be ticked)							
Cellphone **1**	ATM	**2**	Internet	**3**	No electronic banking	**4**	Other (please specify) **5**
3.3 If you have not conducted a banking transaction online (electronic banking) since you came to South Africa, would you state the main reason? (tick only one answer)							

I do not have a job	**1**	Banking is not important to me	**4**
I do not have a bank account	**2**	Do not trust electronic banking for security reasons	**5**
Prefer to keep money because of xenophobia attack	**3**	Other (please specify)	**6**

3.4 Which bank do you bank with? (tick only one answer)

ABSA **1**	FNB **2**	Standard Bank **3**	Nedbank**4**	If other (please specify) **5**

3.5 Indicate how important (5) or unimportant (1) the following variables were in influencing your choice of bank?

Variables	**1**	**2**	**3**	**4**	**5**
Work					
Family					
Friends					
If other (please specify)					

4. FACTORS

4.1 Indicate how important each of the following variables would be in prompting you to use electronic banking in the future in South Africa. (1 = total unimportant, 2 = unimportant, 3 = neither important nor unimportant, 4 = important, 5 = very important)

Variables	**1**	**2**	**3**	**4**	**5**
Availability					
Unbreakable electronic security					
Anonymity					
If I spent more time online					
Transaction took less time online					

4.2 How often do you use electronic banking?

Weekly **1**	Twice a month **2**	Monthly **3**	Once every two month **4**	Cannot keep count **5**	Other (please specify) **6**

4.3 Can you suggest factors that prevent you from using electronic banking?

I do not have a cellphone	**1**	I do not know how to use computer	**5**
I do not have a computer at home	**2**	I do not know how to use internet banking	**6**
I do not have money to buy a computer	**3**	I do not know who to use cellphone for banking	**7**
I do not know how to use an ATM	**4**	Other (please specify)	**8**

5. ELECTRONIC BANKING USAGE

5.1 What do you use electronic banking for? (you may select one or more option)

Banking (statements, balance enquiry….)	**1**	Making payment	**5**
Online shopping	**2**	Transferring funds	**6**
Information research	**3**	Other (please specify)	**7**
Viewing cheque account balances	**4**		

5.2 In your opinion how safe is electronic banking?

Very safe **1**	Safe **2**	Uncertain **3**	Unsafe **4**	Very unsafe **5**

5.3 To what extent do you agree / disagree with the following statements:

5.3.1 I use electronic banking because of it's……

Dimensions	**Strongly agree 5**	**Agree 4**	**Neither agree 3**	**Disagree 2**	**Strongly disagree 1**
Convenience					
Cheaper cost (lower bank charges)					
24hr-service					
Time saving					
Other (please specify)					

5.3.2 I perceive electronic banking as risky due to….

Dimensions	**Strongly agree**	**Agree**	**Neither agree**	**Disagree**	**Strongly disagree**
Risk of misuse of private/confidential information/account details					
Lack of electronic experience					
Risk of product / service failure					
Lack of product knowledge					
I have a bad experience with electronic banking					

5.3.3 On a scale of 1 to 5 rate what extent you strongly agree (5) through to strongly disagree (1) with the following statements					
Dimensions	**Strongly agree**	**Agree**	**Neither agree**	**Disagree**	**Strongly disagree**
I prefer to go to the bank personally					
I prefer to use ATMs / cellphone / Internet					
Electronic banking is more expensive than a personal visit to the bank (traditional banking methods)					
I prefer traditional banking methods					
I use both electronic banking and personal visits to the bank					
I prefer online banking which is paperless					

6. MOTIVATORS					
6.1 On a scale of (1) to (5) rate how important (5) or unimportant (1) of the following dimensions are to you (online bankers only)					
Dimensions	**1**	**2**	**3**	**4**	**5**
Reduced bank charges for online transactions					
Saving petrol, bus, taxi fare in travelling to a branch					
Discount offered by the bank on Telkom telephone charges (toll free banking facilities)					
Face to face with my banker					
Rewards offered by the bank e.g. free e-bucks					
Other (please specify)…….					