ONLINE BANKING AND ITS EFFECT ON CUSTOMERS SAVING BEHAVIOR: A CASE OF EQUITY BANK KENYA

BY

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UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

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A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirements for the Degree of Masters in Business Administration (MBA)

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STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: ___________________________  Date: ___________________________

Anne N. Kimani (628419)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ___________________________  Date: ___________________________

Dr. Elizabeth Kalunda

Signed: ___________________________  Date: ___________________________

Dean, Chandaria School of Business
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ABSTRACT

The purpose of this study was to analyze online banking and its effect on saving behavior of customers. The study was guided by three research questions which sought to establish what the effect of internet accessibility, website security and online banking transaction costs on customers saving behavior.

This study adopted a descriptive research design and the main idea behind using this type of research design was to better define the opinions, attitudes, and behavior held by online users in regards to risk management in electronic banking. The target population of the study was 2000 customers from 30 Equity bank branches within Nairobi region and using a formula a sample size of 138 respondents was attained although only 110 responded resulting into 80% response rate. Primary data was collected for this study by administering questionnaires. Quantitative data was analyzed by the use of descriptive statistics such as mean, standard deviation, frequency and percentages. To establish the relationship, both regression analysis and correlation analyses was used to establish the impact of online banking on saving behavior of customers.

The research analyzed relationship between consumer saving behavior and internet accessibility. The results showed that ($R^2= 0.603$, p value < 0.05), hence 60.3% of the variation in consumer saving behavior was explained by the variations in internet accessibility. The regression equation established that taking internet accessibility into account and other factors held constant consumer saving behavior reduces by 0.799 and both variables were significant.

The research analyzed relationship between consumer saving behavior and website security. The results showed that ($R^2= 0.061$, p value < 0.05), hence 61.1% of the variation in consumer saving behavior was explained by the variations in website security. The regression equation established that taking web security into account and other factors held constant consumer saving behavior improved by 1.216 units and both variables were significant.

The research analyzed relationship between the dependent variable (consumer saving behavior) against cost of internet. The results showed that the $R^2$ value was 0.520 hence 52% of the variation in consumer saving behavior was explained by the variations in cost of internet. The regression equation illustrated that taking internet cost into account and
other factors held constant consumer saving behavior improved by 1.745 units and both variables were significant.

The study concluded that respondents acknowledge that internet banking is easy to use and this has enabled customers to access accounts and make payments. In addition the quality of information provided when login into account is understood by all. Also the banks have measures in place such as providing authorization tools to ensure that transactions submitted online are secure. Generally, as per the findings transactions done online are quite cheap as compared to over the counter transactions due to the affordable online annual fee. Most customer admit to paying for monthly or daily internet although the cost is considered low in comparison with the value received when handling either huge or small units for transactions.

The study therefore recommended that the bank should take up the role to convince more customers to take up online banking. In addition, most customers have concern about security in relation to internet banking. It is therefore important for the institution to communicate to the customer about the rare system down times and the anticipated value for internet banking. Finally, the bank needs to convince the clients about the affordable online banking annual fee. There is also a need to sensitize the customers on the charges involved in undertaking internet banking.

The data used in this study are from Equity bank customers and the assumption is that its online platforms operates similarly to others, so further research could be done on other banks and financial institution offering online banking in the whole industry.
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DEDICATION

I dedicate this project to God Almighty my creator, my strong pillar, my source of inspiration, wisdom, knowledge and understanding. He has been the source of my strength throughout this program and on His wings have I soared.

I also dedicate this work to my manager, Gakii Mwongera who allowed me to leave work one hour before in order to pursue my MBA. I am also highly indebted to my loving parents for the moral and financial support that they gave me during this time. I would also like to dedicate my proposal to Equity Bank limited as it would act as a referral to areas that the Bank might need to improve in future to enhance the online banking services.

Thank you. My love for you all can never be quantified. God bless you.
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ABBREVIATIONS AND ACRONYMS

ATM : Automated Teller Machine
CBK : Central Bank Of Kenya
CCK : Communications Commission of Kenya
DRC : Democratic Republic Of Congo
GPRS : General Packet Radio Service
GSM : (Groupe Spéciale Mobile) Association
ICT : Information And Communication Technology
KENEX : Kenya Exchange Service Bureau
RSE : Rwanda Stock Exchange
SWIFT : Society of Interbank Financial Telecommunication
UNCTAD : United Nations Conference on Trade and Development
UTAUT : Theory of Acceptance and Use of Technology
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

The concept of Internet banking developed with the development of the World Wide Web in the 1980’s and was intended to benefit customers in terms of saving time, speed in banking transactions and easy access to their accounts (Yahya, 2011). Internet technology has rapidly changed the design and delivery of financial services all over the world. Online banking services have been beneficial towards the service delivery to customers at their comfort without having to visit the brick and mortar. Other benefits include the opportunity to access and undertake transactions at the bank accounts at any time and place, as well as the access to personalized information for captivating investment decisions and the comparison between alternate services (Howcroft, Hilton & Hewer, 2002).

Internet banking, is basically defined as the delivery of banking services via the internet, thus offers numerous potential benefits to financial organizations (Howcroft & Durkin, 2000; O’Reilly & Finnegan, 2003), especially through the utilization of technologies and the lack of restriction to physical or geographical locations. Al-Somali, Gholami and Clegg (2009), Pikkarainen, Karjaluotaand Pahnila (2004) note that this enhances customer satisfaction by the provision of faster, easier and more reliable services through an online platform. According to Dagar (2014), online banking has been beneficial to clients as it allows them to perform all routine transactions, such as account transfers, balance inquiries, bill payments, and stop-payment requests with some even allowing for a loan or a credit card online 24 hours a day.

Dagar (2014) adds that setting up of the account is very easy and involves minimal paperwork. In deed online technological innovation has resulted in a level playing field for businesses by eliminating geographical, regulatory, and industrial barriers (Zafar, Zaheer, Saleem & Kashif, 2011). In the words of Balachandher, Santha, Norhazlin, and Rajendra (2001), current revolution in the market place has set in motion a revolution in the banking sector for the provision of a payment system that is compatible with the demands of the electronic marketplace.
According to Awad (2000), there are four electronic commerce activities internet users perform. These activities require a banking relationship and are: shopping, banking, investing, and online electronic payment for Internet services. The enormous increase of the internet is changing the way businesses interact with consumers as most businesses are now conducted using the internet. Online banking according to Daniel (1999) is therefore defined as the provision of information or services by a bank to its customers over the internet. Online banking has clearly increased the potentially reach (AbuShanab & Pearson, 2007; Ndubisi & Sinti, 2006; Shanmugam & Guru, 2000). Several empirical studies have been done to analyse the factors that impact the adoption of information technology (Chan and Lu, 2004; Ndubisi and Sinti, 2006; Sachan and Ali, 2006; Wan et al., 2005), but there is limited empirical research considering the nature of internet adoption in the banking sector especially in developed nations.

Internet banking research points out that banks which do not offer internet banking services stand losing more than 10% of their customers over the next five years as a result of the erosion of the competitive advantages in banking service delivery (Tower Group, 2005). By utilizing internet banking services as an alternative delivery channel, banks would lower operating costs by minimizing their branch networks and downsizing on service staff, in order to be able to improve banking services and customer satisfaction so as to retain existing customers (Khalfan, Alrefaei, & Al-hajery 2006; Almogbil, 2005). Internet banking is considered as the most affordable distribution channel for standardized bank operations (Polasik & Wisniewski, 2009). Yousafzai (2005), claimed that on average, payment transaction via the internet costs 0.01 US$ as compared with 0.02 US$ for a personal computer banking service, 0.027 US$ for an ATM service, 0.54 US$ for a telephone banking service and 1.07 US$ at a bank branch. From a customers’ perspective, this banking channel offers a convenient and effective way to manage related personal banking needs, due to the continuous branchless banking (Rotchanakitumunai & Speece, 2003; Bruno, 2003). Banks are incapable of achieving the benefits of internet banking unless their customers accept and fully utilize its associated capabilities.

In the developed nations, the rate of online banking adoptions has been overwhelming and according to the research firm ComScore (2012), 423.5 million people have accessed online banking sites globally from the period April 2012, reaching 28.75% of the Internet users. This consisted of 45% of the Internet users in North America, 37.8% in Europe,
25.1% in Latin America, 22% in Asia Pacific, and 8.8% in Africa. Such a low adoption rate is troublesome for banking institutions (Xue, Hitt and Chen, 2011). To increase the adoption rate, banks need to better manage factors that affect consumer adoption of the online banking. Past scholars have proposed a number of models to explain the issues affecting consumers' adoption of the online banking. A recent descriptive literature review indicate that the interest in the topic of online banking adoption has significantly grown over the past years, and it remains to be a popular research agenda (Hanafizadeh, Keating & Khedmatgozar, 2014). Despite many research, online banking adoption remains disjointed (Dahlberg, Mallat, Ondrus & Zmijewska, 2008).

In the United States alone it is reported that about 51% of U.S. adults bank online. In addition, 32% of U.S. adults, bank using their mobile phones. Statistics are based on a national representative surveys done by the Pew Research Center to evaluate the rate of consumer trust in online transactions. The findings also revealed that the numbers are in an upward trend and this is confirmed by comparing the numbers of US adults doing online banking in 2010 and 2011 (Pewcentre, 2013). In Germany, Berger and Gensler (2007) sought to establish the factors that characterized customers who adopt online banking and based on a nation-wide survey of about 20,000 retail banking customers, the findings revealed that, for retail banking sector, online banking customers had very high interest and demand for banking products, and most of them used online channel regularly.

From the iResearch (2011), the total transaction amount of personal internet banking in China was 96.5 trillion Yuan in 2010, with growth at 80.6% year-on-year and the growth has been stable from 2007 to 2014. Al-Gahtani and King (1999) stated that there will be little return from technological developments if customers fail to adopt and fully utilize its capabilities. Technology acceptance, especially the use of internet banking turned to be a vital issue in the business world today. Although notably, understanding customers’ requirements and meeting the expectation and demands from internet banking has become a challenge for banks. Courtier and Gilpatrick (1999) recommended that banks should survey customers’ requirements regularly so as to understand the factors that can influence their intention to fully utilize internet banking services. Such understanding help banks to build appropriate websites and strategies in order to encourage their customers to adopt and utilize internet banking channel.
Many studies had been conducted to investigate factors that influence internet adoption and this has been done using different theory and models. For instance, Lichtenstein and Williamson (2006) utilized mass media theories via individual and focus group discussion to determine what factors influence decision of internet banking adoption. Findings indicated that in Australian older people with low income had low awareness towards internet banking, and this was attributed towards lack of internet access, internet confidence, lack of trust, security and privacy risks. On the other hand, in Turkey, Onar, Aktas and Topcu (2010) established that issues of security and reliability were among the major factor that had an influence on the adoption of internet banking. This was also followed by issues of infrastructural competencies and user friendliness capability among respondents who has access to internet, and varied level of education and socioeconomic class.

In Malaysia however, a study conducted by Suganthy and Balachandran (2001) to determine the factors of accessibility, and the areas of concern was the reluctance to changes, costs associated with the service, trust in the bank, as well as issues of security, convenience, and the ease of use. These results were established through use of online survey. The analysis done revealed that there was a positive significant relationships between accessibility, reluctance to changes and awareness of internet banking adoption. On the other hand, a similar study by Ainin, Lim and Wee (2005) adapted website evaluation to study factors such as information, legal statement, order, ease of use, aesthetics effects, performance and how they impacted on a banks capability to provide internet banking. The findings indicated that there was a negative significant relationship between age and internet banking adoption among Klang Valley adopters. In addition the monthly gross income and job position level had a positive significant relationship with internet banking adoption. It was also established that there was no significant relationship between demographical attributes such as gender, marital status, ethnic group, level of education and internet banking adoption. The study also found that family, colleagues and peers were the most influential on issues of technology adoption decision.

Khalil and Pearson (2007) applied theory of diffusion of innovation (IDT) with the main focus being on five key belief (competitive advantage, compatibility, complexity, triability and observability) and trust their intention on the use of internet banking among university students in New Zealand. The results showed that factors such as trust, relative
advantage and trial ability had a significantly influence on user attitude and thus the intention to use internet banking technology. A similar study was conducted by Ndubisi and Sinti (2006) used IDT theory, trust and motivation theory through online survey method. The study established that importance of internet to banking needs, compatibility, complexity, trial ability, and risk associated with the service accounted for 38.0% for the variance in internet banking adoption. However, looking at the individual factors, compatibility was not a significant predictors for internet banking adoption although the results indicated that utilitarian had a significantly influence internet banking adoption. The findings however noted that internet experience, education level and frequency of usage of banking services had no influence on internet banking adoption among the University students.

Yee and Yeow (2009) utilized Theory of Acceptance and Use of Technology (UTAUT) Model to explore the behavioral intention of using internet banking at Malaccaand Kuala Lumpur through intercepts and snowball method. The findings revealed that performance expectancy, effort expectancy, social influence, facilitating conditions, self-efficacy, anxiety, and attitude towards using internet banking services and perceived credibility all influenced technology adoption in the banking sector. In general, the respondents rated themselves in high behavioral intention score.

Mokwena (2014) study to investigate the factors influencing Internet banking adoption in South African rural areas revealed that issues such as the perceived compatibility significantly influence internet banking adoption in South African rural areas. Other issues were security and the complexity of Internet banking which hampered the intention to adopt Internet banking in the South African rural areas. Huam, et al (2008) attempted to investigate the determinants of the intention to use internet banking among user with at least one experience in South Africa. Results of multiple linear regressions indicated that trust, compatibility and ease of use accounted for 56.0% of the variance of the intention to use internet banking. There is a need to therefore establish the factors that influence consumer saving behaviour and online banking.

Saving is mostly defined as the excess of income over consumption expenditure in a period or as the difference in net worth at the end of a period and the beginning of the period, (Wärneryd,1999). Saving behavior is often analyzed in a framework of a household’s or an individual’s ability and willingness to save (Katona, 1975), or at the
aggregate level (Modigliani & Brumberg, 1954). External factors, such as institutional, economic, and financial developments, influence the ability to save, while internal or individual factors, such as psychological traits including self-control, attitudes, and motives, influence the willingness to save. Recent research into the economics of the poor demonstrates that low-income households do manage and save their money in one form or another, even if the amounts saved are small (Collins et al 2009; Banerjee & Duflo 2011).

While technology has seemingly made the process efficient, in the developing economies, there are more mobile phone users than bank account owners. According to the GSM Association (GSMA), in 2012, the number of global mobile connections surpassed the 6 billion mark (GSMA, 2012). Sixty percent of mobile phone users live in the development world (UNCTAD 2008). The savings rate in Africa has been low, compared to the other continents. This is attributed to the fact that Africa is faced with credit constraints and low income which negatively affect the existing incentives to save (Kibet et al, 2009).

Momanyi and Wainaina (2016) study was done to establish the motives for savings among working population in Nairobi County. Results led to the conclusion that the top five rated motives for saving were; saving for down payment for durable goods, saving for future emergencies, accumulate funds for starting a business, reserve for future necessities and to gain financial independence in the future.

Other motives that were also rated highly included; to secure the future of their children and their needs, savings plan for the long term, save as a precaution since the future is unknown, inheritance the dependents. The study findings also indicated that the level of education is a significant demographic factor that influences saving culture. The study findings indicated that respondents who were more likely to save were highly educated and those that were lowly educated were less likely to save. Furthermore, study findings led to the inference that age is a significant demographic factor that influences saving culture.

A recent survey in Kenya indicates that there is steady increase in use of e-banking technologies such as automated teller machine (ATM), mobile and Internet (online) banking, electronic funds transfer, direct bill payments and credit card (CBK 2008). Since the start of e-banking in Kenya, financial customers now have access to a wide access to fast, efficient and convenient banking services. Most financial institutions in Kenya have
also investing large sums on money in information and communication technology (ICT). However, while the rapid development of ICT has made banking efficient and affordable, technological advancements have had a fair share of problems relating to theft and counterfeit (Okiri & Ndungu, 2013).

Bank performance is directly dependent on efficiency and effectiveness of internet banking and on the other hand tight controls ought to be put in place to prevent losses associated with internet banking. In order not to impair on their prosperity, financial institutions need to strike a balance between tight controls and standards in efficiency of internet banking. This is only possible if the effects of internet banking on financial institutions and its customers are well analyzed and understood (Njunge, 2013).

According to Mbuthia (2011), e-banking in Kenya is still developing thus the focus of most banks is on setting up the systems giving less attention to the industry technical issues. Therefore there is a need to manage costs and risks associated with internet banking as well as ensure that sound analysis of risks and costs associated to avoid harm on banks performance. The influence of internet-activities of banks on their performance continues to be insignificant irrespective of what is used as performance variable following banking literature and industry norms for bank performance definitions in Kenya.

The online banking in Kenya is a recent innovation which started back in 2008 (CBK, 2009). The first bank in Kenya to offer online banking was I&dM bank who were granted the chatter to offer E-Commerce Internet system banking in the East African region in the year 2008 (I&dM News, 2008). Since then several like banks have adopted the online banking which is most targeting the people living in the Diaspora. Currently Kenya has over 30 banks offering internet banking all which are members of the Society of Interbank Financial Telecommunication (SWIFT) and Kenya Exchange Service Bureau (KENEX) (CBK, 2011). This study analysed consumer saving behaviour of equity bank customers.

Equity Bank is one of East Africa’s leading banks whose purpose is to transform the lives and livelihoods of the people of Africa socially and economically by availing them modern, inclusive financial services that maximize their opportunities. The Bank has evolved to become an all-inclusive bank, with over 11 million accounts which make over
50% of all bank accounts in Kenya making it the largest bank in customer base in the region. Equity Bank Kenya is a subsidiary of Equity Group Holdings which has banking subsidiaries in Uganda, South Sudan, Rwanda, Tanzania and DRC. The Group is listed at the Nairobi Securities Exchange, The Rwanda Stock Exchange (RSE) and Uganda Securities Exchange. With the Eazzy Banking App and the new online platform, EazzyBiz, the institution has enabled its customers to Bank anywhere, anytime and now also allow the clients to send money to paying for goods and services, pay bills, check account status and save for future goals (Equity Bank, 2014).

1.2 Statement of the Problem

Since the beginning of e-banking Kenyan commercial banks have witnessed many changes. Customers now have access to fast, efficient and convenient banking services. Most financial institutions in Kenya are investing large sums on money in information and communication technology (ICT). However while the rapid development of ICT has made some banking tasks more efficient and cheaper thus there is a need to establish the impact of internet banking on customers saving behavior.

Previous studies in Kenya on savings such as by Arok (2014) and Nwachukwu and Egwaikhide (2007) have majorly focused on macro-economic variables such as interest rates, Inflation, Per Capita GDP and these have showed mixed results. The studies have also not taken into accounts the technological advancement and the current savings mobilization by both financial and micro financial institutions. Online banking has played a huge role towards the performance of commercial banks and this has been discussed in many studies and among the most recent ones include Okiri and Ndungu (2013) did an analysis on the impact of mobile and internet-banking on performance of banks in Kenya. The study established that the most prevalent internet banking service is balance inquiry while the least is online bill payment.

Nathridee and Piyarat (2015) on the other hand did a study to investigate the saving behavior, saving level, saving objectives, forms of saving, and the determinants of the forms of saving among customers in the banking sector. The results revealed that on average saving rate was 29.17% of income and the respondents used own decision, and data provided by bank staff, to select forms of saving and investment. This study however failed to look at the impact of online banking on the saving behavior.
Njunge (2013) did a research to analyze the relationship between gender and household savings behavior among bank customers in Kenya. The results indicated that both male and female household heads save a portion of their household and older respondents had the highest saving. In addition, the results showed that savings behavior had a positively correlation with total income, gender and education but was negatively correlated to employment status, age and age squared of the household head, however the study failed to analyze the various accounts held by the customers.

Online Banking has emerged as a strong competitive advantage for financial institutions in Kenya. Initially cellular phones were developed to improve communication however with innovation in ICT and internet bank customers’ can now use mobile phones to access information relating to their accounts.

While most of the studies analysed have focused on the use and benefits of internet banking very few research has been conducted to establish its effect on online customers saving behavior among Equity Bank customers, this study therefore aims at filling the knowledge gap.

1.3 Purpose of the Study

The main purpose of this study was to establish the effects of online banking on saving behavior of customers.

1.4 Research Questions

The research was guided by the following research questions:

1.4.1. What is the effect of internet accessibility on saving behavior of commercial banks online customers?

1.4.2. How does website security influence saving behavior of commercial banks online customers?

1.4.3. What is the effect of online banking services transaction costs on customers saving behavior?

1.5 Significance of the Study

This study will be of significance to various groups as indicated:
1.5.1 Researchers and Academicians
The findings of this study will be of great benefit to researchers and academicians as it will add knowledge to the existing literature as well as act as a reference point for further research in related topics in the financial sector.

1.5.2 Policy Makers
In the banking sector the policy maker is the Central Bank of Kenya. This study will be helpful to policy makers in the banking industry (CBK) who are the main players in charge of formulating policies that regulate the financial sector in totality. The Kenya bankers association will also borrow from the findings in order to set up the relevant guidelines that will promote growth of the industry thus enhancing profitability in the sector.

1.5.3 Management in Banks
Based on the area of saving behaviour, these findings will help the banks in product development that will appeal to a bigger audience in the banking industry. In addition, through this study, the management will better understand the customer needs and desires and thus create the necessary strategies within the institutions.

1.6 Scope of the Study
The scope of this research was limited to selected objectives and was aimed at establishing the impact of online banking and its effect on saving behaviour of Equity bank Limited customers based in Nairobi. The study took place in Nairobi between September and November 2017 and primary data was used for the study. The limitations of this study included willingness of the respondents to give out information however, this was mitigated through assurance that the information offered was treated as private and confidential and was meant for the study alone.

1.7 Definition of Terms

1.7.1 Online Banking
Online banking is basically defined as the delivery of banking services via the internet, thus offers numerous potential benefits to financial organizations (Howcroft & Durkin, 2000; O’Reilly & Finnegan, 2003).
1.7.2 Saving

Saving is the excess of income over consumption expenditure in a period or the difference in net worth at the end of a period and the beginning of the period (Warneryd, 1999).

1.7.3 Security

This represents the quality or state of being free from danger. Security, in information technology (IT), is the defense of digital information and IT assets against internal and external, malicious and accidental threats. This defense includes detection, prevention and response to threats through the use of security policies, software tools and IT services (Edirisuriya, 2007).

1.7.4 Cost

A cost is the value of money that has been used up to produce something or deliver a service, and hence is not available for use anymore. In business, the cost may be one of acquisition, in which case the amount of money expended to acquire it is counted as cost (Lichtenstein & Williamson, 2006).

1.7.5 Accessibility

This refers to the quality of being able to be reached or entered (Leiner, 2012).

1.8 Chapter Summary

This study looks at the background of online banking in reference to previous studies around the world, from where the problem statement and the purpose of the study are drawn. This chapter also specifies the specific research questions of the study and the scope as highlighted. Chapter two will analyse the literature while chapter three covers the methodology. In chapter four the results and findings from the data analysis will be presented, while in chapter five the summary, conclusion and recommendations will be drawn.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter will present literature on previous studies done on online banking and saving behaviour. This is guided by the research questions which seek to establish how internet accessibility on commercial banks online customers saving behavior, how does website security influence commercial banks online customers saving behavior and how cost influences commercial banks online customers saving behavior.

2.2 Effect of Internet Accessibility on Customer Saving Behavior

2.2.1 Internet Access
Kenya is leading Africa in internet penetration with over 30 million having access to the internet and statistics shows that 67 per cent of the population in Kenya is classified as internet users (internet world statistics, 2011). This in absolute numbers translates to 31.99 million Internet users going by the current projected Kenyan population of about 48.31 million people. This means that, two in every three Kenyans have access to the internet. This is way better than the average African internet penetration where only 18 per cent of the total African population defined as internet users (Omullo, 2017).

Today according to internet world statistics (2011), it is estimated that approximately 10.5 million Kenyan use the internet, while CCK puts the number at 17 million by end of March 2012 (CCK, 2012). It is evident that banks and other financial institutions in developed and emerging markets are embracing ebanking. For example, in Kenya, a recent survey indicates that there is steady increase in use of e-banking technologies. A variety of factors impede the access and penetration of the Internet. Only 26.6% of the individuals sampled in Ghana, Kenya, Tanzania and Zambia think that the Internet is easy to use, 40.7% of them believe that it is difficult to find places where they can access the Internet, and for 45.3% of the respondents internet access is expensive (Audience Scapes, 2010).

2.2.2 Ease of Use of Platform
Network interruptions pose a serious challenge to internet banking success. Drummond (2008) notes that, internet banking web connections are generally slower than broadband connections; the threat of losing connectivity in the middle of a transaction makes internet
banking inconvenient. For example consumers worry is if the information simply lost or is it cached locally and then uploaded when the network becomes available. Limayem, Khalifa and Frini (2000) study to investigate the factors affecting online shopping from consumers indicated that subjective norms, attitude, and beliefs concerning the consequences of online shopping have significant effects on consumers’ intentions to buy online. The findings also indicated a service efficiency has two facets in internet banking namely navigation and transaction processing efficiencies. The belief elicitation was done through a questionnaire and focus groups involving a total of 177 consumers chosen randomly from the targeted population in Turkey. Navigational efficiency is particularly important for internet banking as the restrictive visual interface is usually regarded as a major hindrance for its adoption (Lee & Benbasat, 2003). One way to address this challenge is to leverage multi-media input or output components such as speech interfaces (Fan, Saliba, Kendall and Newmarch, 2005). Another important way of enhancing efficiency is personalization (Lee, McGoldrick, Keeling & Doherty 2003).

Laukkanen (2006) study explored the customer-perceived value of two e-financial services, namely electronic fund transfer service and internet brokerage service. This is done by using a means-end approach. It is a qualitative in-depth interviewing method that is used for explaining how product or service attributes facilitate consumers’ achievement of desired end-states of being. The results indicate how different electronic services create value for customers in service consumption. The findings provide banking executives with a better understanding of what kind of value customers perceive in the consumption of different e-financial services. It was concluded that internet banking fund transfer service claim that the ability to use the service wherever wanted enables immediate actions like to transfer money or pay a bill, which in turn saves time and thus is perceived as efficient (Laukkanen, 2006).

New findings in Pew (2003) study sought to investigate the ever-Shifting internet population to investigate internet access and the digital divide. The respondents were based primarily on a national telephone survey conducted among 3,553 Americans between March and May 2002. The findings suggested that convenience means much more to consumers than simply 24/7 access and saved time. Some users saw internet banking convenience as an extension of overall internet convenience that is, they had obtained internet access in the expectation that many services and other needs fulfilment would be more convenient through its use. Convenience was mostly described in terms of
lifestyle, workplace use, housebound use, not having to travel, personal safety, not having to wait.

Pew (2003) also found that relative time savings dominated banking channel convenience perceptions. An interesting finding was that internet banking users believed internet banking to be faster than phone banking, while phone banking aficionados held the opposite view. Also of interest was that although slowness of site access and download was mentioned by several users, this issue did not unduly worry people once they had commenced internet banking.

These findings suggest the influence of habit and channel self-efficacy in perceptions of convenience. Not surprisingly, the younger users in our sample commented more on the importance of speed in their choice of internet banking than did older users. Also highlighting the speed issue, several users and non-users referred to the unpleasantness of waiting in line at bank branches (Laukkanen, 2006). Phone bankers perceived phone banking as convenient. According to one such participant, an important convenience advantage of phone banking is its ubiquity compared with inadequate internet access in hotel rooms when travelling (Olawepo, 2012).

Banks decide to invest in Internet banking for many reasons; among these are: pressures to cut costs, increase information richness for customers, pressures to produce more without increasing costs, improve the quality of services in order to stay in business or to reach a wider audience. Banking is no longer limited to geographical regions, there is improved efficiency and effectiveness of operations meaning that more transactions can be processed faster and most conveniently, which will undoubtedly impact significantly on the overall performance of the banks (Padmalatha & Justin, 2011).

Olawepo (2012) study investigated some factors that can influence the intention to use internet banking among undergraduates in a private university in Oyo, Oyo State, Nigeria. The subjects were made up of students from a private university drawn from three faculties. The study employed survey research with questionnaire used as data collection instrument. Three hundred and fifty-seven subjects cutting across different departments in the university. Five hypotheses were tested using multiple regression, correlation analysis and t-test. The findings advanced that banks can benefit from much lower operating costs by offering internet banking services, which require less staff and fewer physical branches. To the customers, internet banking allows them to perform a wide range of
banking transactions electronically via the bank's website anytime and anywhere (Grabner-Kraeuter & Faullant, 2008).

Nasri (2011) study sought to determine those factors that influence the adoption of internet banking services in Tunisia. A theoretical model is provided that conceptualizes and links different factors influencing the adoption of internet banking. A total of 253 respondents in Tunisia were sampled for responding: 95 were internet bank users, 158 were internet bank non users. Factor analyses and regression technique are employed to study the relationship. The results of the model tested clearly that with the help of the internet, banking is no longer bound to time or geography therefore consumers all over the world have relatively easy access to their accounts 24 hours per day, seven days a week.

In addition Liao, Shao, Wang and Chen (2011) research project to ascertain the adoption situation of various forms of virtual banking and the capability of TPB to predict virtual banking adoption. The study was conducted in late in Hong Kong and the target respondents of the questionnaire are professionals or those who have higher education level. Due to the limitation in time and manpower resources, convenience sampling method was used. A total of 200 questionnaires were sent out to a group of staff in several companies. The findings showed that internet banking has the advantage in that customers avoid traveling to and from a bank branch hence, customers can manage their banking affairs when they want, and they can enjoy more. Customers gain convenience and flexibility of services (Liao et al., 2011).

Ayo and Oni (2016) noted that this is because these new services can easily be accessed at any time from any locations with up-to-date information, efficient and effective response time, and use of friendly interface technology. Opening hours of banks are no longer a barrier to access banking services in addition travel and waiting times’ are no longer necessary, and access to information regarding banking services is now easily available (Ayo & Oni, 2010).

2.2.3 Technology Acceptance

Technology Acceptance Model involves two primary predictors for the potential adopter that is perceived usefulness and perceived ease of use of technology as the main determinants of the attitudes toward a new technology. Perceived usefulness is the degree to which a person believes that using a particular system would enhance his or her job
performance; while perceived ease of use is the degree to which a person believes that using a particular system would be free of effort. These two beliefs create a favorable behavioural intention toward using the Information Technology that consequently affects its self-reported use (Davis, 1989).

Research has shown that perceived usefulness and perceived ease of use are positive predictors of technology adoption (Mukabi & Mudida, 2012; Njuguna, et al., 2012). Hernandez and Mazzon (2007) argue that the greater the perceived usefulness and the greater the perceived ease of use of a particular innovation, healthier are individual’s response towards the invention and the greater their intent to adopt it. It is also inferred that both of this constructs positively explains usage behavior in technology adoption.

Further, Mukabi and Mudida, (2012) employed the extended technology acceptance model (TAM) framework to explore the influences that determine retail customers' acceptance of internet in Kenya. The exploratory research which was in context of Commercial Bank of Africa, found that the results were consistent with TAM studies that have found Perceived usefulness to be the strongest predictor of an individual's adoption of technology. Further, four out of five factors examined were found to explain 76.7% of the dependent variable. These factors were, customer’s perceived web security, customer’s perceived usefulness, customer’s access to the internet and customer’s perceived ease of use (Mukabi & Mudida, 2012). It was established that customer awareness was insignificant in determining its internet banking adoption (Mukabi & Mudida, 2012). According to the regression Analysis utilized, these factors were found to be statistically significant in that they explained the dependent variable (adoption of Internet banking in Kenya) 76.7% and only 23.3% of the dependent variable was explained by other factors not included in the study.

These results are similar to those of Njuguna et al., (2012) in that both researchers found that perceived ease of use and perceived usefulness are significant factors that influence adoption of internet banking in Kenya. One of consumers concerns with the service was internet and internet banking is privacy. This makes the security in transactions essential (Chechen et al., 2016). Since the definitions of terms may vary, Dinev and Hart (2005) chose to define privacy concerns as a fear of losing privacy due to a disclosure of information, voluntarily or not. Many researchers has tried to explain the correlations between privacy concerns and many different variables. Bergström’s (2015) research
examined public preferences regarding privacy implications of internet surveillance. The study was based on a pan-European survey and included a stated preference discrete choice experiment (SPDCE) involving the choice of an Internet Service Provider (ISP) offering varying levels of storage, access and sharing of internet activity, continuous surveillance and privacy enhancing technologies. The survey obtained 16,463 individual responses across the European Union's 27 member-states. The results showed that the single most important variable to high privacy concerns was the overall trust in other people. If the respondents had high trust in others, they were less worried about misuse of personal information (Bergström, 2015).

Similarly, a study by Boateng, Adam, Okoe and Anning-Dorson (2016) to ascertain the determinants of internet banking adoption intentions using the social cognitive theory, which accounts for changes in human behaviour. The study selected the sample from bank customers in Ghana through an intercept approach using structured questionnaires. A two stage-approach of confirmatory factor analysis and a structural equation modelling were used in analysing the data. The findings show that trust was directly linked to the adoption of internet banking amongst customers, and therefore plays a big role in the adoption process.

2.2.4 Unrestricted Access to Bank
Huang et al.,(2005) a research questionnaire was randomly distributed to 500 undergraduate students across different schools and departments in a major research university. A total reponse rate of 66 per cent was obtained from 328 questionnaires which were completed and returned. The survey questionnaire was adapted from the validated constructs of previous relevant studies and the results indicated that majority considered internet banking as one of the most effective banking transaction methods because it possesses many advantages which offline banking channels cannot offer. Thus, online banking managers aim to utilize these advantages to increase the online banking adoption rate. Based to a certain extent on reasons offered by Lee (2008), there are two main types of perceived benefits, which can be categorized as direct and indirect advantages. Direct advantages refer to immediate and tangible benefits that customers would enjoy by using online banking. For example, customers can benefit from a wider range of financial benefits, faster transaction speed, and increased information transparency.
First, this wider range of financial benefits includes the lower transaction handling fees, higher deposit rates, opportunities to win prizes and extra credit card bonus points. Second, the faster transaction speed obviously means that time can be saved since online banking does not need paper documents, the processing of which can give rise to errors and delays, and which also requires more personnel (Wendy, 2008).

Online banking automates this process by mediating transactions through websites and electronic data interchange, and can also reduce the need for customers to communicate with bank staff regarding transaction details because they can be obtained at a website. Third, during the transaction, online banking allows customers to monitor contractual performance at any time, or to confirm delivery automatically. In other words, more relevant information is immediately available and transparent to customers (Mohamed & Kathy, 2008).

Indirect advantages are those benefits that are less tangible and difficult to measure. For example, online banking allows customer to perform banking transactions anywhere in the world and enjoy 24-hour service, as well as offering customers more investment opportunities and services, such as stock quotations and news up-dates. In internet banking convenience can result from using communication capabilities when paying for goods and services, whether on foot or in cars, planes, or trains, and authorizing transactions at remote servers of banks, brokerages, and merchants (Wendy, 2008). When compared to security, cost, efficiency and privacy, convenience has been found to have less influence on adoption of internet banking (Mohamed & Kathy, 2008). Therefore, although e-commerce in general is claimed to break the temporal and geographical barriers, it is only internet banking that is truly anytime and anywhere. Internet banking improves convenience by enabling the user to view bank balances and logs of transactions done during a certain period.

Another study by Abdul (2013) to empirically examine the factors that affect the adoption of online banking in Pakistan. Perceived usefulness, perceived ease of use, trust and government support were examined to determine if these factors are affecting online banking adoption. The results showed that perceived usefulness, trust and government support all positively associated with the intention to use online banking in Vietnam. Contrary to the technology acceptance model, perceived ease of use was found to be not significant in this study. The study showed that a higher education level of students
has more intention in adopting internet banking because of convenience. This is because students already have access to the Internet so their optional is to internet banking rather than conventional systems since most of their times are spent on studies thus they have no time to practice conventional systems. Moreover, convenience means people can pays their bills, account balance check, fund transfer and other services through online banking at anywhere and anytime.

The main criticism received by this concept revolves around the fact that most consumers respond to the emotional component, without giving much importance to the rest, which complicates the measurement of consumer attitudes. It is for this reason that the multidimensional concept is abandoned in favor of a one-dimensional concept, so that the cognitive and conative compounds are relocated outside the attitude concept; the first as beliefs or knowledge and the second as intention (Alcántara, 2012). It is expected that attitude facilitates transactions and serve to reduce barriers toward the adoption of innovation (Liébana et al., 2014). It is also expected to favor intended use of the proposed mobile application (Saghafi, Moghaddr, & Aslani, 2016).

Shaikh and Karjaluoto (2015) performed a systematic review of literature on m-banking adoption published from January 2005 to March 2014, concluding that the TAM model and its adaptations is the most employed in published works.

2.3 Website Security on Customer Saving Behavior

2.3.1 System Reliability
Clay and Strauss, (2000) paper sought to demonstrate the importance of uses and gratifications theory to social media. By applying uses and gratifications theory, this paper explored and discussed the uses and gratifications that consumer receive from using social media. The study interviewed 200 mobile banking customers in the United Kingdom. It was revealed that when customers are transmitting personal financial data over the electronic network, there are risks that unauthorized parties could intercept this information. Therefore, customers’ technology orientation and perception of the technological competency of the electronic communication system is very important in their information processing behaviour and perceived trust. The reputation of the bank is a very important factor of trustworthiness.
Reliability refers to the ability to deliver expected standard at all time, how the organization handle customer services problem, performing right services for the first time, and providing services within promised time and maintaining error free record. In regards to ATMs services, Jay and Barry (2014) noted that the reliability of machine parts or product parts is considered as consistently good in quality or performance which is able to be treated at any time. For ATM environment condition and technical reliability are equated to reliable design that is functional.

Stiakakis and Georgiadis (2009) study was to examine the current level of ATMs service quality at one of the main ATM service points of a Malaysian bank. The objective of the study is to investigate the relationship between the reliability and responsiveness of ATM services with customer satisfaction and verify the determinants for service enhancement. Data was collected through questionnaire survey of 271 respondents and observations at the service point. Data was analysed using SPSS. The study aimed to identify the similarities and differences between the perspectives of providers and customers regarding the important dimensions and attributes of e-service quality (e-SQ), they concluded that reliability was a fundamental criterion of superior electronic service quality. Yang and Fang (2004) study formulated and tested a model for customer satisfaction based on service quality in ebanking. The research team developed the model on the basis of theoretical background. The research team used a structured questionnaire in order to collect data from e-banking customers of private sector banks in Pakistan using the convenience sampling method. The sample size of the study was 264. The findings stated that reliability consists of accurate order of fulfilment, accurate record, accurate quote, accurate billing, and accurate calculation of commissions which keep the service promising to the customer.

Abdullah et al., (2010) reviewed that the increasing demand for higher quality of service through better product offering and value-added services has become the reasons for most financial institution to realign their current business practices to include new technology. Delivering a higher service quality better than competitors gives an opportunity for the banks to achieve competitive differentiation and advantage and Akinci, Atilgan-Inan and Aksoy (2010) argue that the survival of an online related firm depends on the understanding the perception and assessment of electronic service quality (e-service quality) by consumers, and this is mainly true for e-banking. Indeed, Santos (2003) defines e-service quality as ‘the consumers’ overall evaluation and judgment of
the excellence and quality of e-service offering in the virtual market place’, and this definition describe the e-service quality in general as well as service quality in e-banking in particular.

Many companies use service quality as one of the effective strategies to get the competitive advantage (Dominic, Goh, Wong & Chen, 2010), especially banks, which are delivering services via online (i.e., e-banking) consider this service quality is a critical issue (Akinci et al., 2010; Ariff et al., 2012). Even though, there has been no recent statistics available to show the growth of service quality in the e-banking in Sri Lanka, especially in Batticaloa district, and generally the service quality is high degree in e-banking in the other countries (e.g., Ariff et al., 2012; Paschaloudis, 2014).

2.3.2 Customer’s Trust Levels

Sohail (2014) investigated the determinants of internet banking adoption in Greece. The research target sample consisted of internet users who have at least one bank account and are located in cities of Thessaly. Respondents were approached randomly at bank branches and internet cafes. The resulting sample comprised 271 questionnaires, 5 of which were dismissed because of missing answers, thus resulting in a sample consisting of 266 valid responses. He argued that one of the customers’ main concerns would be reliability of the network. When customers are transmitting personal financial data over the electronic network, there are risks that unauthorized parties could intercept this information. Studies on factors that affect consumers’ trust and usage of financial services have shown that trust of the website influences usage intentions; transaction security, website and company awareness influence cognitive trust while transaction security influences affective trust (Pi, Liao & Chen, 2012).

Online trust has been defined as the internet user’s psychological state of risk acceptance based on the positive expectations of the intentions or behaviors of an online service provider (Mayer et al., 2015). When processing online information, customers may often perceive that there is a high level of risk even though the risk level may be actually low (Lessig, 2009). More experienced online customers have more information about online banking, and therefore they perceive the risk to be less and thus have more trust in online transactions, (Yahya, 2011). Beyond satisfaction, repeat purchase is highly influenced by trust of the provider (Liang & Wang, 2008). While most studies on trust and internet banking or online financial services have established direct effects between trust and

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usage intentions, there are attempts to explore internet banking security management through trust management (Aryga, 2011).

Kharouf et al., (2014) stated that seldom researchers have examined the role of trustworthiness in trust formation. The authors proposed that trustworthiness acts as a signal that drives customer trust and subsequent behavioral intentions. Given this limited research conducted to date on trustworthiness and trust, it is important to understand how trustworthiness develops in internet banking and examine its role in building trust in internet banking continuance.

Roy and Shekar (2010) examined the underlying dimensions of trustworthiness in the financial services context. They found that trustworthiness consists of three second-order dimensions of competence (ability and expertise), openness (shared value and communication), and benevolence (integrity and orientation). These studies reveal that there is no clear consensus on the determinants of trustworthiness and trust. However, previous studies indicate that being concerned about its customers’ interest, expressing goodwill, sharing common values with customers, and being honest and consistency are key to developing trustworthiness and trust in online context (Kharouf et al., 2014).

There are scientists considering satisfaction an important factor that influences trust in Internet banking (Kassim & Abdullah, 2010; Loureiro, Francisco & Breazeale, 2014). According to the research conducted by Butt and Aftab (2013), satisfaction is the factor that helps to enhance customers’ trust in virtual space. In fact, satisfaction and trust are directly proportional variables, suggesting that if the customer is satisfied with the online services provided by bank, he or she will probably use it again. Using the same services means that the user feels safe, and that he or she trusts the service provider.

Yap, Wong, Loh and Bak (2010) state that perceived usefulness of Internet banking is the factor affecting the level of customers’ trust. Yap et al. (2010) claim that perceived usefulness of Internet banking positively affects the level of customers’ trust. Akhaq and Ahmed (2013), whilst studying Internet banking, stated that motivation positively influences trust. Zhu and Chen (2012) determined fairness as a factor that has a positive impact on consumers’ trust. Yap et al. (2010) state that trust in e-banking is influenced by perceived security and privacy of bank’s website, perceived usefulness of Internet banking and website’s ease of use. Liébana-Cabanillas, Muñoz-Leiva and Rejón-Guardia
Yu, Balaji and Khong (2015) study sought to empirically examine the role of trustworthiness and trust in users’ intentions to continue using internet banking. A questionnaire survey was used to collect responses from 227 actual users of internet banking in Malaysian context. The study distinguished the following factors influencing trust-building process: goodwill, employees’ competence, integrity (the service provider's interest in the client's welfare) and shared values. Zhao, Koenig-Lewis, Hanmer-Lloyd and Ward (2010) state that there is a substantial relationship between trust and perceived risk, considering that trust and perceived risk are the elements explaining clients’ intention to use e-banking services. Susanto, Lee, Zo and Ciganek (2013) mention the following factors that influence trust formation in Internet banking: perceived benefits, perceived security, perceived privacy, bank’s reputation and ease of use of a website. Lee and Moghavvemi (2015) found that there is a positive relationship between clients’ trust and the bank’s image, that is, image influences the level of trust.

2.3.3 Login Credentials Format
As an element of perceived security risk, it is the extent to which technology-enabled services are perceived to be secure, sufficiently safe and reliable to use (Banks, 2014). With more private information exposed to service providers, internet banking customers require more assurance of privacy protection and more control over the information that can be released (Sohail, 2014). Privacy Issues Consumers utilize online services because they offer convenience and save time.

However, some researchers like Guangying (2009) and Kuisma et al., (2007) have showed that online consumers might refrain from using online services because of their concerns about privacy, including the safeguard of personally sensitive information which may be sold to third parties. With increased convenience, the threat of internet banking fraud has become a great concern. Customer confidence and loyalty to a bank with internet banking services depend greatly on the protection against banking fraud and identity theft. Financial institutions are responding by using security tokens in addition to static username and passwords. For ubiquitous reach, banks are adopting mobile and software-based tokens. Protection through a single username/password authentication is not considered secure enough for personal internet banking applications in some
countries. The PIN/TAN system, usually done via a web browser that utilizes secured connections, is one in which the personal identification number (PIN) represents a password used for the login, and transaction authentication numbers (TANs) represent one-time passwords to authenticate transactions (SolidPass, 2013).

Despite the merits accrued from online banking, there is still a large customer group that are reluctant towards adopting such services, which they attribute to security reasons (Kuisma et al. 2007). Security is a very concern issue in order to change customers’ perception on online banking services from negative to positive. This is due to relationship between securities and online banking services adoption is positively related (Guangying, 2009). Because of this, bankers need to lessen frauds and risks in online banking hence all bank users can increase their confidence and retention on adopting online banking services. Thus, security in online banking needs to be high and risk on using online banking need to be lowered in order to change customers’ perception on online banking as a secure and accessible delivery channel.

As to support the statement, Mukhtar (2015) states that security in online banking services is important factor in order to change customers’ perception on internet banking from negative to positive. This is because if there is no security system during transactions process, it will be hard for the customers to give trust to the service providers. The numbers of security will always increasing due to higher demand on data access from consumers. There are few security control that has been studied which are authentication control, privacy control and non-repudiation control to enhance security in internet banking services (Ray, Ow, & Sung, 2011). To lead a better security, various techniques of security can be used in implementation of these types of security controls. Based on the above discussion, it can be seen that there is a relation between security and internet banking adoption.

According to Kilani and Jensen (2013), there are two divisions of authentication. These include; peer entity authentication and data origin authentication. Two peers are able to authenticate each other by providing a relationship between themselves in the peer entity authentication. On the other hand data origin authentication involves the proof of the source of a portion of data from a known entity. Furthermore, peer entity authentication, consists of the prover and the verifier as the participants. Here, the prover must be able to confirm the relationship while the verifier must be able to validate the accuracy the secret
presented by the prover. According to the authors, there are four essential issues that must be considered when operating with authentication systems. They include: effectiveness, usability, cost and impersonation attacks. Further, Kilani and Jensen (2013) alludes that it is difficult to achieve a perfect validation as a result of some factors that may be technical or non-technical. In the peer entity authentication, the prover provides information to the verifier inform of credentials or objects of value to prove the claim of who the prover is.

2.3.4 System Risks
Previous research in countries with different levels of E-commerce adoption shows that perceived security risk is an important predictor of internet banking adoption. Rodgers et al. (2013) in their study in Singapore identify risk to be an important factor for Internet Banking adoption. All respondents who did not use Internet Banking services had a negative perception of the security in Internet Banking. Venkatesh (2013) investigates internet banking adoption by Australian consumers’ and identifies security concerns and lack of awareness as the main obstacles to adoption. Leiner (2012) found security concerns over internet banking high in both adopters and non-adopters in Singapore. Lee (2009) on USA consumers showed greater concern among prospective adopters than current adopters over transaction security and monetary benefits when choosing an internet based banking service.

The issue of perceived risk adoption arises because economic transactions involves risk, (Gardchew, 2010). This is particularly true in the case of online banking, where the bank and the customer are physically separated, contingencies are difficult to predict and incorporate into terms and conditions, relationships are difficult to monitor, and cyber-laws are not well-defined (Lai, 2004). The heightened risk perceptions of customers’ affect the level of internet banking adoption (Malak, 2004). Therefore, heightened security concerns could stop potential damages ensuing from insecure transactions, hacking, or poor access control to important data (Chapman & Chou, 2010).

Chou (2010) study sought to re-visit college students’ attitudes toward the internet-based on a 6-t model. To achieve this, Data from 1069 participants were collected from 96 Taiwanese universities and colleges.Gender and grade level differencefound perceived web security to be a significant determinant of customer’s acceptance of online banking. Customers tend to increase purchases only if they perceive that credit card number and other sensitive information is safe. The different types of perceived risk have a significant
influence on the adoption of the channel, as they become a barrier to performing internet banking transactions (Mukher, 2013). The concept of consumer-perceived risk has been widely dealt with in the literature and has been shown to influence consumer behavior to varying degrees and in varying contexts (Lai et al., 2004; Mikes, 2014).

Research findings in general, have shown that customers’ behavioral intention to use e-commerce websites is significantly influenced by their perception about the level of security control that website has. Sohail (2014) found that perceived security is a much stronger determinant of intention to purchase online than the perceived ease of use and usefulness of the website. Likewise, Yahya (2011) showed that the rate of online product purchase is highly related to perceived security control possessed by a website.

Financial services institutions which are usually targets of cyber-fraudsters suffer from multifarious malware attacks in form of online phishing, keystroke-loggings malwares, and identity theft. According to Raghavan and Parthiban (2014), there are a number of e-fraud types witnessed in the banking sector like ATM fraud, cyber money laundering and credit card fraud and in general all the fraud types are executed with the ultimate goal of gaining access to user’s bank account.

This concurs with Dzomira (2014), that electronic fraud is classified into two categories namely direct fraud (e.g. money laundering, salami technique, employee embezzlement) and indirect fraud (e.g. malware, phishing, identity theft, etc.). Moreover, network-based threats, such as hacks, site defacement attacks, denial of service attacks, viruses’ and worms’ attack the core networks and infrastructure but do not directly try to carry out transactions and are not application specific.

Electronic banking system users still face the security risks with unauthorized access into their banking accounts via identity theft. Identity theft is one of the fastest growing crimes in which a criminal obtains key pieces of personal information or person’s identity in order to use for personal gain or in some way that involves fraud or deception (Saleh, 2013). Electronic fraud can be also initiated from within a financial institution via collusion of bank’s insiders’ and cyber criminals. According to ACI (2013), involvement of bank insiders (collusion), mostly bank employees with access to customer data can be coerced, bribed, blackmailed or duped by cyber fraudsters to disclose such information. In addition to collusion some bank employees often perpetrate what is called salami fraud.
As Kabay (2008) posits, in the salami technique criminals steal money a bit at a time. An account of a customer is debited with a smallest or insignificant amount that normally a customer takes as immaterial but the fraudster does it to a huge number of customer accounts within the bank. At the end the fraudster builds up a significant amount of money from “tiny scraps” like salami.

2.4 Online Banking Services Transaction Costs and Customers Saving Behavior

2.4.1 Transaction Costs

Studies have indicated that the cost of a payment transaction has a direct effect on consumer adoption if the cost is passed on to customers. Fenech (2002) for instance studied consumer intention to WAP shopping and found that the strongest characteristic differentiating the high and low intention groups was price consciousness. As shoppers in electronic channels are attentive to price the transaction costs of internet banking should be low enough to make the total cost of the purchase competitive with physical world prices. Arguably, a technology must be plausibly priced relative to alternatives for consumers to use the novel technology. As Laukkanen et al (2007) puts it value barrier is responsible for the failure of many new developments because of people’s perception that the cost of adopting an innovation is far greater than any ensuing benefits. Thus, if internet banking is not being adopted it could be because it is not been reasonably priced compared to either traditional Banking, ATM Banking or internet banking (Sathye, 1999). The technology used for internet banking may increase or lower the cost of Banking as each technology has its own features which differ in costs. This cost impact in turn may encourage or discourage adoption of internet banking.

With the General Packet Radio Service (GPRS), the costs advantage is that the subscriber pays for the volume of the transmitted data and not the time required in the process (Toh, 2002) making it the first technology that can not only enable but also promote internet banking. Internet banking products and services provide opportunities for simplified financial management (for example, aggregating expenses in one place for payments) and may be lower cost to firms which would then pass along cost savings to consumers hence attract even more customers (Jane, 2004).

Affordability in internet banking varies by number, size and type of transactions. There can be a typical user doing just a few transactions per month like say, single balance inquiry, single remittance and single airtime purchase per month or a user doing all the
transaction offered on his/her branchless banking account which may include other functions like account balances, saving, paying bills, making store purchases (Rosenberg, 2008). In a study conducted by Fenech (2002) on consumer intention to adopt internet banking, some interviewees said that they had refrained from using internet banking payments because of premium pricing.

Consumers cited various types of costs which had inhibited their use of internet banking. Burnham et al. (2003) identified procedural, financial and relational costs considered by consumers when switching between various types of service offerings and such costs were cited by participants. The set-up and learning procedures were major hurdles for many non-users, while still not as significant to adoption as convenience issues. Inertia was cited with comments such as, —We've got the internet at home, but I don't do banking. It's partly the slackness of not getting around to working out how to do it. Plentiful comments were made by users about difficulties anticipated or experienced in getting set up, centred on changes to current accounts, paperwork, delays such as waiting for approval, and the learning involved. Users also saw the set up procedure as a key barrier that they had overcome. After set-up, procedures required to log on, access and download the banking site, and transact, were considered costly by users and non-users alike.

According to the research conducted in Estonia (Aarma& Vensel, 2001), bank customers use bank office services on average 1.235 times per month, and wait in queue in bank office on average for 0.134 hours. Simple calculation shows, that making payments via e-banking facilities (for instance using Internet bank) rather than in the bank offices create overall economy savings in the amount of 0.93% of GDP (Average distance to nearest bank office is 4.14 km (Aarma & Vensel, 2001), which takes approximately 0.21 hours to travel. Estonian GDP in 2001 was 10 billion kroons and average' hour wage- was 35.40 kroons (Sohail, 2014).

According to Mallat (2007), the cost of a payment transaction has a direct effect on consumer adoption and usage if the cost is passed on to customers. Transaction costs should be low to make the total cost of the transaction competitive. The transaction costs of sending money through the mobile payment technology are lower than those of banks and money transfer companies. In their studies in India, Rajanish and Sujoy (2011) found that the cost of availing the mobile financial services was a common matter of concern among the villagers who were interviewed. People wanted to know whether they would need to purchase a new handset for using mobile financial services (MFS) and were also
eager to know the cost of transaction for availing this service. People were ready to pay a small amount (in the range of one rupee to two rupees) per transaction for using MFS. They were aware and appreciated the fact that using MFS would save them a lot of time, effort and money that they currently spent for accessing banking and financial services through the existing channels of delivery.

2.4.2 Technology Cost
Price of a technology is an important factor that influences the adoption of the technology. In times of increased competition, a distribution channel must organize business processes efficiently so as to reduce distribution costs. Several studies have pointed to the fact that the cost of delivery of banking service through Internet is several times less than the traditional delivery methods (Lichtenstein & Williamson, 2006). However for this section our main area of concern will be on the consumer side.

Internet provides an ever-growing market both in terms of number of potential customers and geographical reach. Technological development has made access to Internet both cheaper and faster. More and more people across the globe are accessing the net either through PCs or other devices. The purchasing power and need for quality service of this segment of consumers are considerable. Anybody accessing Internet is a potential customer irrespective of his or her location (Bahmanziari, Odom & Ugrin, 2009).

This alone is enough reason for banks to flock to Internet and to deliver more and more of their services through Internet and as soon as possible. Not adopting this new technology in time has the risk of banks getting edged out of competition (Huang et al., 2005). In such a scenario, the thrust of regulatory thinking has been to ensure that while the banks remain efficient and cost effective, they must be aware of the risks involved and have proper built-in safeguards, machinery and systems to manage the emerging risks.

Even though its cost effective character for the banking institution, provides opportunities for efficient delivery of banking services and higher profitability and a threat to those who fail to harness it (Akoh, 2001). For the consumer there is a need to have or purchase PCs or other devices to enjoy the service. This section therefore dwells on the effects of such related costs.

Perceived cost is defined as the extent to which a person believes that using mobile banking will cost money (Luarn & Lin, 2005). The cost may include the transactional cost in the form of bank charges, mobile network charges for sending communication traffic
including SMS or data and mobile device cost. A study by Wu and Wang (2005) on mobile commerce acceptance showed that perceived cost had minimal significance when compared to other variables such as perceived risk, compatibility and perceived usefulness. A further qualitative investigation on the same study was conducted, which revealed that perceived cost is normally a major concern when a technology is first introduced (Wu & Wang, 2005). However, when there is an emergency or sudden need, the utility benefits outweigh the cost issues.

The study by Wu and Wang (2005) was conducted on respondents with an average income level of US$650 per month which was equivalent to approximately Ksh 55,250. This income level was regarded as being appropriate, implying that the users could afford mobile commerce. Technological development has provided opportunities for service providers to develop their services and offer customers more flexibility. As a consequence, banks have launched multiple service access methods via new delivery channels like ATM, internet and mobile phone (Laukkanen & Pasanen, 2007). Low-cost banking can bring into its fold a considerable group of consumers who formerly could be served only at too high a cost (Datta, Pasa, & Schnitker, 2001). One issue driving future mobile banking is the cost efficiency pressures from supply side. Payment transaction costs vary. Quite often wireless capability is built into financial institution's software platform, leaving maintenance and upgrades as the only added costs (Mattila & Pento 2002; McCall, 2002).

2.4.3 Internet Cost

The desire to reduce both operational and administrative costs has driven banks to the electronic world. However, cost reduction is only realisable with an increase in consumer adoption (Bradley & Stewart, 2003). Only 60% of the banks identified competitive forces as a factor driving their banks to adopt e-banking but interestingly it was recognised as occupying the same level of importance as availability of online facilities and technology. Seventy percent of the surveyed banks identified the number of other retail banks adopting e-banking as a driver of ‘some’ significance while 80% deemed customer demand as a driver of extreme importance. This follows observations by Bradley and Stewart (2003) who noted that banks have realised that customers are the core to their businesses and thus must respond to their needs.
In Kenya, the spread of accessibility and use of Internet to the general population especially in the rural areas would be the challenge. In contrast with the findings of Howcroft et al., (2002), ability to deal with customers was not identified as an important aspect in relation to e-banking development issues.

2.5 Chapter Summary

Chapter two discussed the existing literature on the various factors affecting online customers saving behaviour. These dimensions include internet accessibility, website security, and transaction cost and their impact on customers saving behaviour.

The consequent chapter which is research design will provide the manner in which data collection and analysis will be undertaken. Chapter 3 will discuss the target population set for collecting data, method of data collection and software or quantitative systems that will be used to analyze the data collected so as to draw reliable conclusions and recommendations.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology approach for the study and highlights the research design, target population, sampling technique, data collection instruments and data analysis and presentation.

3.2 Research Design

This study adopted a descriptive survey which is a scientific method that involves observing and describing the behavior of a subject without influencing it in any way (Daniel, 2009). It is designed to gain more information about variables within a particular field of study. Daniel (2009) further suggested that its purpose was to provide a picture of a situation as it naturally happens. The main idea behind using this type of research design was to better define the opinions, attitudes, and behavior held by online users in regards to risk management in electronic banking.

3.3 Population and Sampling Design

3.3.1 Population

Target population refers to specific population about which information is desired. According to Ngechu (2004), a population is a well-defined or set of people, services, elements, events, group of things or households that are being investigated and to which the findings was generalized. The population of the study was 2000 customers from 30 Equity Bank branches within Nairobi region.

3.3.2 Sampling Design

The sampling frame was 2000 Equity bank customers. This study adopted a simple random sampling. Each member from this sampling frame had an equal chance of being selected since all equity selected customers have access to retail e-banking.

3.3.2.1 Sampling Frame

According to Cooper and Schindler (2014) a sampling frame is a complete and correct list of the members of the population only. The sampling frame for this study was the list of Equity Bank online baking customers
3.3.2.2 Sampling Technique

The research used random sampling technique where respondents was drawn. Simple random sampling is a method of selection of a sample comprising of n number of sampling units out of the population such that every sampling unit has an equal chance of being chosen and this aided the researcher reduce error and bias. (Sekaran & Bougie, 2010)

3.3.2.3 Sample Size

From the 2000 customers, the study population sample was arrived at based on the following formula (Cresswell, 2014).

Sample size = \((Z_{α/2})^2 \times P(1-P)\)

\[E^2\]

Where: \((Z_{α/2}) = Z\) value \((2.58=99\%; 1.96= 95\%; 1.645=90\% \text{ confidence level})\)

In this case 1.96 used.

\(P = \text{percentage proportion of choice (10\% used for sample size needed)}\)

\(E = \text{margin of error (5\%)}\)

Going as per the stated assumptions the sample size will therefore be:

Sample size \(= (1.96)^2 \times 0.1 (1 - 0.1)\)

\[\frac{0.05^2}{0.002.5}\]

Sample size \(= 138.2976 = 138 \text{ Respondents}\)

3.4 Data Collection Method

Primary data was collected for this study by administering questionnaires. The reason for using the questionnaire and the benefits included enabling large amounts of information from a large number of people in a short period of time and in a relatively cost effective way (Daniel, 2009). In addition, the results of the questionnaires can be easily quantified by use of SPSS software and enables for easy analysis of the objectives to answer the
research objectives. The questionnaire had both structures and unstructured questions (Daniel, 2009). The structured questions offered structured responses to facilitate tangible recommendations. The open-ended questions provided additional information that may not have been captured in the close-ended questions.

The questionnaire was divided into five sections with the first section looking at the demography and section two to five capturing the variables under study; which sought to establish the effect of internet accessibility on saving behavior of commercial banks online customers, how website security influence saving behavior of commercial banks online customers, and the effect of online banking services transaction costs on customers saving behavior.

### 3.5 Research Procedures

The questionnaires were carefully designed and piloted with a few members of the population for further improvements. This was done in order to enhance the validity and accuracy of data to be collected for the study. The respondents were Equity Banks’ corporate customers using internet banking for their operations. Before issuing the questionnaire the researcher sought permission from supervisors within the branches, and this was done via an official communication by a letter from United States International University. Ample time was allowed for respondents to fill in the questionnaires, and the information received was treated confidential for academic purposes only.

### 3.6 Data Analysis Methods

Before processing the responses, the completed questionnaires was edited for completeness and consistency. Quantitative data was analyzed by the use of descriptive statistics such as mean, standard deviation, frequency and percentages. The findings were displayed by use of tables and figures. This was done by tallying up responses, computing percentages of variations in response as well as describing and interpreting the findings in line with the study objectives. Content analysis was used to test data that was qualitative in nature or aspect of the data collected from the open ended questions. Likert scale type of questions was used to determine respondent’s attitudes or feelings about a given subject. In most cases it is used to measure the level of the respondents’ satisfaction or consent rate (Daniel, 2009).
Descriptive statistics which included frequencies, percentages and measures of central tendencies such as mean, mode and medium were used to analyse the data. Based on the information that was obtained from the sample, inferential statistics were used to analyse the relationship between variables. Regression and correlation analysis was used to assess the effects of corporate culture on the employee job performance. The data was analysed using Statistical Package for Social Sciences (SPSS Version 24) as a tool and it was presented using tables, graphs and charts.

To establish the relationship, a regression analysis and correlation analysis to establish the impact of online banking and saving behavior of customers was performed and the linear regression equation in the form \( Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + \varepsilon \) was established

Where:

\( Y \) = consumer's saving behavior which is the dependent variable

\( b_0 \) refers to the intercept of the regression equation which represents the consumer saving behavior online banking is not considered.

\( X_1 \) refers to internet accessibility

\( X_2 \) refers to website security

\( X_3 \) refers to cost influences

\( \varepsilon \) is the error term which captures the unexplained variations in the model.

\( b_1, b_2 \) and \( b_3 \) are regression coefficients of the respective independent variables.

3.7 Chapter Summary

This chapter has clearly stated the research methodology used in carrying out the study. The questionnaires were administered to a sample size of 138 customers using online banking through simple random sampling technique. The next chapter presents the results and findings of this study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the results established from the data analysis done. This included results relating to the demography and specific research objectives aimed at establishing online banking and its effect on saving behaviour of customers.

4.1.1 Response Rate

The research issued a total of 138 questionnaires. 110 questionnaires were filled and returned giving a response rate of 80% as indicated in Table 4.1 below. This implies that the response rate was sufficient for the study.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filled and returned</td>
<td>110</td>
<td>80</td>
</tr>
<tr>
<td>Non-response</td>
<td>28</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>138</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2 General Information

4.2.1 Gender

On analysis of gender the result established that majority of respondents accounting for 70% were male while female were 30% as shown in Figure 4.1 below. This implies that both genders were well represented.

![Figure 4.1: Gender of Respondents]

4.2.2 Age of Respondents

The study established that respondents aged between 18-25 accounted for 10.9%. Those aged 26-30 years were the majority representing 53.6%. The respondents aged 31-35
represented 7.3%, those aged 36-40 were 7.3%, and those aged over 40 were 10% as shown in Figure 4.2. This implies that the respondents were mature enough and have experience in the sector, in addition they also understand the questions asked.

![Age of Respondents](image)

**Figure 4.2: Age of Respondents**

### 4.2.3 Company Registration

To establish company’s years of registration the finding revealed that 13.6% were registered before the year 2000. 51.8% of the companies were registered between 2001-2010, while those registered after 2011 were 34.5% as shown in Figure 4.3. This implies that the firms’ have operated long enough to experience the impact of online banking.

![Company Registration](image)

**Figure 4.3: Company Registration**

### 4.2.4 Duration of Internet Services Usage

Respondents were asked the duration they have used the internet services. The findings indicate that 30% have used it for less than a year, 21% between 1-2 years, while those who have used it for 3 years and above accounted for 49% as shown in Figure 4.4. This implies that the firms’ have used online banking long enough to understand its benefits.
4.2.5 Use of Internet Banking

The study sought to determine how the customers use internet banking and the findings show that 90% of respondents use the service to check balance. In addition those who use the service to request cheques were 81%, and only 24% downloaded accounts statement on the platform. It was also revealed that 98% making transfer and bill payments on the platform as shown in table 4.2

Table 4.2: Use of Internet Banking

<table>
<thead>
<tr>
<th>Response</th>
<th>Check Balance</th>
<th>Requesting Cheques</th>
<th>Download account statement</th>
<th>Making Transfer and Bill Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>90.</td>
<td>81</td>
<td>24</td>
<td>98</td>
</tr>
<tr>
<td>No</td>
<td>10.</td>
<td>19</td>
<td>76</td>
<td>2</td>
</tr>
<tr>
<td>Total (%)</td>
<td>100%</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2.6 Convenience of Internet Banking

To establish if the platform was convenient, 99% of the respondents indicated that use of internet banking was convenient and only one percent felt it wasn’t as indicated in Figure 4.5
4.3 Consumer Saving Behavior

The study sought to analyze consumer saving behavior and to achieve this objective, Respondents were asked a set of questions to indicate to what extent they agree or disagreed with statement. Using a five point Likert scale where 1 - Strongly Disagree 2 - Disagree 3 - Neutral 4 - Agree 5 - Strongly Agree.

4.3.1 Descriptive of Consumer Saving Behaviour

Analysis revealed that with the benefits consumers have been able to save funds regularly for online payments (m=4.28, sd=.791). It was also agreed by a majority that loan capacity has increased as a result of saving with online banking (m=3.61, sd=.949). Findings also show that the bank has invested in robust modules therefore don’t need to visit bank regularly to increase saving for online payments (m=4.51, sd=.974). Majority of the customers also revealed that their online queries are well and promptly resolved thus encourage me to save more (m=4.20, sd=.965).

The analysis also show that respondents agreed that all the time assess to account and instant payment processing on the internet has prompted them to save regularly for online payments (m=4.13, sd=.900). It was also revealed that a majority agreed that with internet banking they are no longer exposed to risk of handling and carrying physical cash to the bank therefore I save regularly for my online payment (m=4.56, sd=.736) as shown in table 4.3

Figure 4.5: Convenience of Internet Banking
Table 4.3: Descriptive of Consumer Saving Behaviour

<table>
<thead>
<tr>
<th>Variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>n</th>
<th>M</th>
<th>sd</th>
</tr>
</thead>
<tbody>
<tr>
<td>With the benefits am able to save funds regularly for online payments</td>
<td>0.0</td>
<td>0.0</td>
<td>20.9</td>
<td>30</td>
<td>49.1</td>
<td>110</td>
<td>4.28</td>
<td>0.791</td>
</tr>
<tr>
<td>Loan capacity has increased as a result of saving with online banking</td>
<td>0.0</td>
<td>12.7</td>
<td>33.6</td>
<td>33.6</td>
<td>20</td>
<td>110</td>
<td>3.61</td>
<td>0.949</td>
</tr>
<tr>
<td>The bank has invested in robust modules therefore don’t need to visit bank regularly to increase saving for online payments</td>
<td>0.0</td>
<td>5.5</td>
<td>1.8</td>
<td>23.6</td>
<td>69.1</td>
<td>110</td>
<td>4.51</td>
<td>0.974</td>
</tr>
<tr>
<td>My online queries are well and promptly resolved thus encourage me to save more</td>
<td>0.9</td>
<td>7.3</td>
<td>10.9</td>
<td>32.7</td>
<td>48.2</td>
<td>110</td>
<td>4.20</td>
<td>0.965</td>
</tr>
<tr>
<td>All the time assess to account and instant payment processing on the internet has prompted me to save regularly for online payments</td>
<td>0.0</td>
<td>5.5</td>
<td>18.2</td>
<td>34.5</td>
<td>41.8</td>
<td>110</td>
<td>4.13</td>
<td>0.900</td>
</tr>
<tr>
<td>With internet banking am no longer exposed to risk of handling and carrying physical cash to the bank therefore I save regularly for my online payments</td>
<td>0.0</td>
<td>0.9</td>
<td>11.8</td>
<td>17.3</td>
<td>70</td>
<td>110</td>
<td>4.56</td>
<td>0.736</td>
</tr>
</tbody>
</table>

4.4 Effect of Internet Accessibility on Saving Behavior

The study sought to analyze how internet accessibility affect consumer saving behavior, and to achieve this objective; respondents were asked a set of questions to indicate to what extent they agree or disagreed with statement. Using a five point Likert scale where 1 - Strongly Disagree 2 - Disagree 3 - Neutral 4 - Agree 5 - Strongly Agree.

4.4.1 Descriptive Analysis of Internet Accessibility

The findings revealed that most customers agreed that internet banking is easy to use thus encouraging saving (m=4.35, sd=.808). It was also acknowledged that with internet banking customers are able to access accounts and make payments 24 hours thus saving more (m=4.61, sd=.509). Majority of the customers also agreed that the information quality provided when they try login into account online was clear and straight forward thus encourage them to save (m=4.21, sd=.679).
Table 4.4: Descriptive Analysis of Internet Accessibility on Consumer saving Behaviour

<table>
<thead>
<tr>
<th>Variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>n</th>
<th>M</th>
<th>sd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet banking is easy to use thus encouraging saving</td>
<td>0</td>
<td>3.6</td>
<td>10</td>
<td>33.6</td>
<td>52.7</td>
<td>110</td>
<td>4.35</td>
<td>.808</td>
</tr>
<tr>
<td>With internet banking am able to access my accounts and make payments 24hours thus encouraging saving</td>
<td>0</td>
<td>0</td>
<td>.9</td>
<td>37.3</td>
<td>61.8</td>
<td>110</td>
<td>4.61</td>
<td>.509</td>
</tr>
<tr>
<td>The information quality provided when I try login into account online is clear and straight forward thus encourage me to save.</td>
<td>0</td>
<td>0</td>
<td>14.5</td>
<td>50</td>
<td>35.5</td>
<td>110</td>
<td>4.21</td>
<td>.679</td>
</tr>
<tr>
<td>Am able to access the log in link whenever I travel outside the country encouraging me to save.</td>
<td>0</td>
<td>0</td>
<td>21.8</td>
<td>43.6</td>
<td>34.5</td>
<td>110</td>
<td>4.13</td>
<td>.743</td>
</tr>
<tr>
<td>Am able to login and make payments very fast on the internet banking as compared to long queues in the branches thus encouraging saving</td>
<td>0</td>
<td>0</td>
<td>1.8</td>
<td>21.8</td>
<td>76.4</td>
<td>110</td>
<td>4.75</td>
<td>.478</td>
</tr>
<tr>
<td>The access page for first time users is straight forward with less jargon allowing quick registration process thus encourage saving.</td>
<td>0</td>
<td>10.9</td>
<td>4.5</td>
<td>39.1</td>
<td>45.5</td>
<td>110</td>
<td>4.19</td>
<td>.953</td>
</tr>
</tbody>
</table>

Key: 1=Strongly Disagree; 2= Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree;
M=Mean; sd=Standard Deviation

The analysis also revealed that customers are able to access the log in link whenever they travelled outside the country encouraging them to save (m=4.13, sd=.743). On the issues of login, the highest percentage agreed that they are able to login and make payments very fast on the internet banking as compared to long queues in the branches thus encouraging saving (m=4.75, sd=.478). On the other hand, the results show that access page for first time users is straight forward with less jargon allowing quick registration process thus encourage saving (m=4.19, sd=.953).

4.5 Effects of Website Security on Saving Behavior

The study sought to analyze effect of Web security on consumer saving behavior and to achieve this objective, Respondents were asked a set of questions to indicate to what extent they agree or disagreed with statement. Using a five point Likert scale where 1 - Strongly Disagree 2 - Disagree 3 - Neutral 4 - Agree 5 - Strongly Agree.
4.5.1 Security Concern
The study sought to establish customers concern about security in relation to internet banking and saving behavior. The finding revealed that 9.1% were not at all concerned, 17.3% were a little concerned while 10.9% were somewhat concerned. In addition the majority accounting for 62.7% were very concerned as indicated in Table 4.5

Table 4.5: Security Concern

<table>
<thead>
<tr>
<th>Variable</th>
<th>Distribution</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percentage</td>
</tr>
<tr>
<td>Not at All</td>
<td>10</td>
<td>9.1</td>
</tr>
<tr>
<td>A little Concern</td>
<td>19</td>
<td>17.3</td>
</tr>
<tr>
<td>Somewhat Concern</td>
<td>12</td>
<td>10.9</td>
</tr>
<tr>
<td>Very Concerned</td>
<td>69</td>
<td>62.7</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

4.5.2 Descriptive Analysis of Website Security
Analysis of the factors of web security revealed that the system down times are rare and customers get value for internet banking thus save more (m=3.84, sd=.862). It was also indicated that the bank provides authorization tools to ensure that transactions submitted online are secure which encourages saving (m=4.67, sd=.592). On the other hand, login credentials and online account have never hacked and therefore acted as an encouragement for customers to save more (m=4.46, sd=1.011).

The findings also show that customers are able to receive a confirmation and notification whenever they undertake any online transactions assuring them of website and transactions security thus allowing them to save more (m=4.56, sd=.953). In addition, the analysis showed that the internet banking servers are secure and process payments promptly thus encouraging the customers to save more (m=4.43, sd=.981) as shown in Table 4.6
Table 4.6: Descriptive Analysis of Website Security on Consumer saving Behaviour

<table>
<thead>
<tr>
<th>Variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>N</th>
<th>M</th>
<th>sd</th>
</tr>
</thead>
<tbody>
<tr>
<td>The system down times are rare and I get value for internet banking thus I save more</td>
<td>0.9</td>
<td>5.5</td>
<td>24.5</td>
<td>47.3</td>
<td>21.8</td>
<td>110</td>
<td>3.84</td>
<td>.862</td>
</tr>
<tr>
<td>The bank provides authorization tools to ensure that transactions submitted online are secure which encourages saving</td>
<td>0</td>
<td>0</td>
<td>6.4</td>
<td>20</td>
<td>73.6</td>
<td>110</td>
<td>4.67</td>
<td>.592</td>
</tr>
<tr>
<td>My login credentials and online account have never hacked and therefore encourages me to save more</td>
<td>5.5</td>
<td>0</td>
<td>5.5</td>
<td>20.9</td>
<td>68.2</td>
<td>110</td>
<td>4.46</td>
<td>1.011</td>
</tr>
<tr>
<td>I receive a confirmation and notification whenever I undertake any online transactions assuring me of website and transactions security thus I save more</td>
<td>5.5</td>
<td>0</td>
<td>0</td>
<td>21.8</td>
<td>72.7</td>
<td>110</td>
<td>4.56</td>
<td>.953</td>
</tr>
<tr>
<td>Internet banking servers are secure and process payments promptly thus encourage me to save more</td>
<td>5.5</td>
<td>0</td>
<td>2.7</td>
<td>30</td>
<td>61.8</td>
<td>110</td>
<td>4.43</td>
<td>.981</td>
</tr>
</tbody>
</table>

Key: 1=Strongly Disagree; 2= Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree; M=Mean; sd=Standard Deviation

4.6 Effect of Cost on Consumer saving Behaviour

The study sought to analyze effect of cost on consumer saving behavior and to achieve this objective, Respondents were asked a set of questions to indicate to what extent they agree or disagreed with statement. Using a five point Likert scale where 1 - Strongly Disagree 2 - Disagree 3 - Neutral 4 - Agree 5 - Strongly Agree.

4.6.1 Descriptive Analysis of Cost

Analysis of the influence of cost on consumer saving behaviour revealed that a majority of respondents agreed that transactions done online are quite cheap as compared to over the counter transactions making me save more (m=4.02, sd=.977). It was also established that the bank has an online annual fee which majority consider affordable thus allowing them to save more (m=3.81, sd=.943).
Table 4.7: Descriptive Analysis of Cost on Consumer Saving Behaviour

<table>
<thead>
<tr>
<th>Variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>N</th>
<th>M</th>
<th>sd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactions done online are quite cheap as compared to over the counter transactions making me save more</td>
<td>0.9</td>
<td>10</td>
<td>10.9</td>
<td>42.7</td>
<td>35.5</td>
<td>110</td>
<td>4.02</td>
<td>.977</td>
</tr>
<tr>
<td>The bank has an online annual fee which I consider affordable thus I save more</td>
<td>0.9</td>
<td>6.4</td>
<td>30.9</td>
<td>34.5</td>
<td>27.3</td>
<td>110</td>
<td>3.81</td>
<td>.943</td>
</tr>
<tr>
<td>I have to pay for monthly or daily internet so that I can access my account which is quite low in comparison with the value I get on internet banking thus encouraging me to save</td>
<td>16.4</td>
<td>0.9</td>
<td>15.5</td>
<td>32.7</td>
<td>34.5</td>
<td>110</td>
<td>3.68</td>
<td>1.388</td>
</tr>
<tr>
<td>The cost and risk that comes with internet banking is minimal as compared to over the counter transactions thus encourages saving</td>
<td>0.9</td>
<td>6.4</td>
<td>3.6</td>
<td>33.6</td>
<td>55.5</td>
<td>110</td>
<td>4.36</td>
<td>.896</td>
</tr>
<tr>
<td>Internet banking is conducive for transactions whether huge or small thus encourages me to save</td>
<td>0</td>
<td>6.4</td>
<td>7.3</td>
<td>37.3</td>
<td>49.1</td>
<td>110</td>
<td>4.29</td>
<td>.860</td>
</tr>
<tr>
<td>The cost and time of visiting the branch, queuing to be served has been reduced by internet banking therefore am able to save funds regularly</td>
<td>5.5</td>
<td>0.9</td>
<td>0</td>
<td>26.4</td>
<td>67.3</td>
<td>110</td>
<td>4.49</td>
<td>.984</td>
</tr>
</tbody>
</table>

Key: 1=Strongly Disagree; 2= Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree; M=Mean; sd=Standard Deviation

The finding also show that most customer admit that they have to pay for monthly or daily internet so that they could access their account which was quite low in comparison with the value they receive on internet banking thus encouraging them to save more (m=3.68, sd=1.388). The findings also revealed that the cost and risk that comes with internet banking was minimal as compared to over the counter transactions thus encourages saving (m=4.36, sd=.896). In addition, the analysis established that internet banking was conducive for transactions whether huge or small thus encouraged most of the customers to save (m=4.29, sd=.860). Finally, the analysis established that the cost and time of visiting the branch, queuing to be served had been reduced as a result of the
customers adopting internet banking therefore allowing them to save funds regularly (m=4.49, sd=.984) as shown in Table 4.7

4.7 Inferential Statistics

4.7.1 Correlation Analysis
A Pearson correlation analysis was done to establish the relationship between the dependent variable (customer saving) against other core factors and the result established a strong positive correlation between customer saving and internet accessibility (r=0.776, p=0.000); website security (r=0.781, p=0.000); and internet cost (r=0.721, p=0.000). All the variables were significant as indicated in table 4.20. Therefore, an increase in combined variables of internet accessibility, website security and internet cost lead to an increase in online customer saving.

The study also established a significant correlation between internet accessibility and Web security (r=.530, p=0.00). In addition, the study also established a significant correlation between internet accessibility and internet cost (r=.550, p=0.000). The analysis done also established a significant correlation between web security and internet cost (r=.760, p=0.000)

Table 4.8: Correlation Analysis of Consumer Saving Behavior and Cofactors

<table>
<thead>
<tr>
<th></th>
<th>saving behavior</th>
<th>internet accessibility</th>
<th>web security</th>
<th>cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>internet accessibility</td>
<td>Pearson Correlation</td>
<td>.776**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>web security</td>
<td>Pearson Correlation</td>
<td>.781**</td>
<td>.550**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>cost</td>
<td>Pearson Correlation</td>
<td>.721**</td>
<td>.530**</td>
<td>.760**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>110</td>
<td>110</td>
<td>110</td>
<td>110</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

4.7.2 Regression Analysis of Internet Accessibility and Consumer Saving Behavior
The research analyzed the relationship between the dependent variable, saving behavior, against internet accessibility. The results showed that the R² value was 0.603 hence
60.3% of the variation in consumer saving behavior was explained by the variations in internet accessibility as illustrated in Table 4.9.

**Table 4.9: Model Summary of Internet Accessibility and Consumer Saving Behavior**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.776a</td>
<td>.603</td>
<td>.599</td>
<td>.41362</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), internet accessibility

**4.7.2.1 ANOVA Analysis of Consumer Saving Behavior and Internet Accessibility**

ANOVA analysis result of the regression between consumer saving behavior and internet accessibility at 95% confidence level, the F critical was 163.912 and the P value was (0.000) therefore significant the results are illustrated below in Table 4.10

**Table 4.10: Anova of Consumer Saving Behavior and Internet Accessibility**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>28.042</td>
<td>1</td>
<td>28.042</td>
<td>163.912</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>18.477</td>
<td>108</td>
<td>.171</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>46.519</td>
<td>109</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: saving behavior
b. Predictors: (Constant), internet accessibility

**4.7.2.2 Coefficients of Consumer Saving Behavior and Internet Accessibility**

The regression equation illustrated in Table 4.11 established that taking internet accessibility into account and other factors held constant consumer saving behavior reduces by 0.799 and both variables were significant.

\[ Y = \beta_0 + \beta_1 X_1 + \epsilon \]

\[ Y = -0.799 + 1.147X_1 \]

Where:

Y is the dependent variable (consumer saving behaviour)

\( \beta_0 \) is the regression constant;

\( \beta_1 \) coefficients of independent variables;
X₁ factors that determine internet accessibility, and ε is the error term.

Table 4.11: Coefficients of Consumer Saving Behavior and Internet Accessibility

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>-.799</td>
<td>.394</td>
</tr>
<tr>
<td>internet accessibility</td>
<td>1.147</td>
<td>.090</td>
</tr>
</tbody>
</table>

4.7.3 Regression Analysis of Consumer Saving Behavior Website Security

The research analyzed the relationship between the dependent variable consumer saving behavior, against website security. The results showed that the $R^2$ value was 0.611 hence 61.1% of the variation in consumer saving behavior was explained by the variations in website security as illustrated in table 4.12.

Table 4.12: Model Summary of Consumer Saving Behavior Website Security

<table>
<thead>
<tr>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
</tr>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), web security

4.7.3.1 ANOVA Analysis of Consumer Saving Behavior and Website Security

ANOVA analysis result of the regression between consumer saving behavior and website security at 95% confidence level, the $F$ critical was 169.4242 and the $P$ value was (0.000) therefore significant the results are illustrated below in table 4.13.
Table 4.13: ANOVA Analysis of Consumer Saving Behavior Website Security

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>28.409</td>
<td>1</td>
<td>28.409</td>
<td>169.424</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>18.110</td>
<td>108</td>
<td>.168</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>46.519</td>
<td>109</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: saving behavior

b. Predictors: (Constant), web security

4.7.3.2 Coefficients of Consumer Saving Behavior and Website Security

The regression equation illustrated in Table 4.14 established that taking web security into account and other factors held constant consumer saving behavior improved by 1.216 units and both variables were significant.

\[
Y = \beta_0 + \beta_1 X_1 + \epsilon
\]

\[
Y = 1.216 + 0.713 X_1 + 0.40949
\]

Where:

- \(Y\) is the dependent variable (consumer saving behaviour)
- \(\beta_0\) is the regression constant;
- \(\beta_1\) coefficients of independent variables;
- \(X_1\) factors that determine web security, and \(\epsilon\) is the error term.

Table 4.14: Coefficients of Consumer Saving Behavior and Website Security

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.216</td>
<td>.234</td>
</tr>
<tr>
<td>web security</td>
<td>.713</td>
<td>.055</td>
</tr>
</tbody>
</table>


4.7.4 Regression Analysis of Consumer Saving Behavior and Cost

The research analyzed relationship between the dependent variable (consumer saving behavior) against cost of internet. The results showed that the $R^2$ value was 0.520 hence 52% of the variation in consumer saving behavior was explained by the variations in cost of internet as illustrated in table 4.15.

**Table 4.15: Model Summary of Consumer Saving Behavior and Internet Cost**

<table>
<thead>
<tr>
<th>Model</th>
<th>Std. Error</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Adjusted R</td>
<td>of the R Square</td>
</tr>
<tr>
<td>1</td>
<td>.721a</td>
<td>.520</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), cost

4.7.4.1 ANOVA Analysis of Consumer Saving Behavior and Internet Cost

ANOVA analysis result of the regression between consumer saving behavior and internet cost at 95% confidence level, the F critical was 117.032 and the P value was (0.000) therefore significant the results are illustrated below in table 4.16

**Table 4.16: ANOVA Analysis of Consumer Saving Behavior and Internet Cost**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>24.193</td>
<td>1</td>
<td>24.193</td>
<td>117.032</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>22.326</td>
<td>108</td>
<td>.207</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>46.519</td>
<td>109</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: saving behavior
b. Predictors: (Constant), cost

4.7.4.2 Coefficients of Consumer Saving Behavior and Internet Cost

The regression equation illustrated in Table 4.17 established that taking internet cost into account and other factors held constant consumer saving behavior improved by 1.745 units and both variables were significant.

\[ Y = \beta_0 + \beta_1 X_1 + \varepsilon \]

\[ Y = 1.745 + 0.601 X_1 + .45467 \]

Where:
Y is the dependent variable (consumer saving behaviour)

β0 is the regression constant;

β1 coefficients of independent variables;

X1 factors that determine internet cost, and ε is the error term.

### Table 4.17: Coefficients of Consumer Saving Behavior and Internet Cost

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>Std. Error</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1.745</td>
<td>.232</td>
<td></td>
<td>7.511</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>cost</td>
<td>.601</td>
<td>.056</td>
<td>.721</td>
<td>10.818</td>
</tr>
</tbody>
</table>

#### 4.8 Multi Linear Regression

The research analyzed relationship between the dependent variable (consumer saving behavior) against cofactors (internet accessibility, website security and internet cost). The results showed that the $R^2$ value was 0.796 hence 79.6% of the variation in consumer saving behavior was explained by the variations in internet accessibility, website security and internet cost as illustrated in table 4.18.

### Table 4.18: Model Summary of Consumer Saving Behavior and Cofactors

<table>
<thead>
<tr>
<th>Model</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.892^a</td>
<td>.796</td>
<td>.790</td>
<td>.29955</td>
<td>.796</td>
<td>137.473</td>
<td>3</td>
<td>106</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), web security, internet accessibility, cost

#### 4.8.1 ANOVA Analysis of Consumer Saving Behavior and Cofactors

ANOVA analysis result of the regression between consumer saving behavior and internet cost at 95% confidence level, the F critical was 117.032 and the P value was (0.000) therefore significant the results are illustrated below in table 4.19
Table 4.19: ANOVA Analysis of Consumer Saving Behavior and Cofactors

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>37.008</td>
<td>3</td>
<td>12.336</td>
<td>137.473</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>9.512</td>
<td>106</td>
<td>.090</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>46.519</td>
<td>109</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: saving behavior

b. Predictors: (Constant), web security, internet accessibility, cost

4.8.2 Coefficients of Consumer Saving Behavior and Cofactors

The regression equation illustrated in Table 4.20 established that taking internet cost into account and other factors held constant consumer saving behavior reduced by 0.910 units and all variables were significant.

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon \]

\[ Y = -0.910 + 0.148X_1 + 0.355X_2 + 0.692X_3 + 0.29955 \]

Where:

- \( Y \) is the dependent variable (Consumer saving);
- \( \beta_0 \) is the regression constant;
- \( \beta_1, \beta_2, \beta_3 \) and \( \beta_4 \) are the coefficients of independent variables;
- \( X_1 \) is the factor that determines internet accessibility;
- \( X_2 \) is factors that determine web security;
- \( X_3 \) is factors that determine internet cost; and
- \( \varepsilon \) is the error term.

Table 4.20: Coefficients of Consumer Saving Behavior and Cofactors

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>-.910</td>
<td>.286</td>
</tr>
<tr>
<td>cost</td>
<td>.148</td>
<td>.058</td>
</tr>
<tr>
<td>web security</td>
<td>.355</td>
<td>.064</td>
</tr>
<tr>
<td>internet accessibility</td>
<td>.692</td>
<td>.079</td>
</tr>
</tbody>
</table>
4.9 Chapter Summary
The chapter presents the results and findings achieved from the data collected with the aim of analyzing online banking and its effect on saving behavior of customers. The first section presents the demography data, in the subsequent section the data is presented in line with the specific objectives of the study which sought to determine the effect of internet accessibility, website security and online banking services transaction costs on customers saving behavior. Chapter five will present the discussions, conclusions and findings of the study.
CHAPTER FIVE

5.0 DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This section seeks to analyse the findings and this will be done by comparing previous literature related to online banking. This will be organized based on the specific research questions which sought to establish the effect of internet accessibility, website security and online banking services transaction costs on customers saving behaviour.

5.2 Summary
The purpose of this study was to analyze online banking and its effect on saving behavior of customers. The study was guided by three research questions which sought to establish what the effect of internet accessibility, website security was and online banking services transaction costs on customers saving behavior.

This study adopted a descriptive research design and the main idea behind using this type of research design was to better define the opinions, attitudes, and behavior held by online users in regards to risk management in electronic banking. The target population of the study was 2000 customers from 30 Equity bank branches within Nairobi region and using a formula a sample size of 138 respondents was attained although only 110 responded resulting into 80% response rate. Primary data was collected for this study by administering questionnaires. Quantitative data was analyzed by the use of descriptive statistics such as mean, standard deviation, frequency and percentages. To establish the relationship, both regression analysis and correlation analyses was used to establish the impact of online banking on saving behavior of customers.

The research analyzed relationship between consumer saving behavior and internet accessibility. The results showed that the $R^2$ value was 0.603 hence 60.3% of the variation in consumer saving behavior was explained by the variations in internet accessibility. ANOVA analysis result of the regression between consumer saving behavior and internet accessibility at 95% confidence level, the F critical was 163.912 and the P value was (0.000) therefore significant. The regression equation established that taking internet accessibility into account and other factors held constant consumer saving behavior reduces by 0.799 and both variables were significant.
The research also analyzed relationship between consumer saving behavior and website security. The results showed that the $R^2$ value was 0.611 hence 61.1% of the variation in consumer saving behavior was explained by the variations in website security. ANOVA analysis result of the regression between consumer saving behavior and website security at 95% confidence level, the F critical was 169.4242 and the P value was (0.000) therefore significant. The regression equation established that taking web security into account and other factors held constant consumer saving behavior improved by 1.216 units and both variables were significant.

The research also analyzed relationship between consumer saving behavior and cost of internet. The results showed that the $R^2$ value was 0.520 hence 52% of the variation in consumer saving behavior was explained by the variations in cost of internet. ANOVA analysis result of the regression between consumer saving behavior and internet cost at 95% confidence level, the F critical was 117.032 and the P value was (0.000) therefore significant. The regression equation illustrated that taking internet cost into account and other factors held constant consumer saving behavior improved by 1.745 units and both variables were significant.

The research undertook a multi regression analysis between consumer saving behavior, and internet accessibility, website security and internet cost. The results showed that the $R^2$ value was 0.796 hence 79.6% of the variation in consumer saving behavior was explained by the variations in internet accessibility, website security and internet cost. ANOVA analysis result of the regression between consumer saving behavior and internet cost at 95% confidence level, the F critical was 117.032 and the P value was (0.000) therefore significant. The multi linear regression equation illustrated that taking internet accessibility, website security and internet cost into account and other factors held constant consumer saving behavior reduced by 0.910 units and all variables were significant. Internet accessibility had the highest impact, followed by websecurity and cost.

5.3 Discussions

5.3.1 Effect of Internet Accessibility on Saving Behavior

The research analyzed relationship between the dependent variable (consumer saving behavior) against internet accessibility. The results showed that the $R^2$ value was 0.603 hence 60.3% of the variation in consumer saving behavior was explained by the
variations in internet accessibility. It has been established that internet banking fund transfer service claim that the ability to use the service wherever wanted enables immediate actions like to transfer money or pay a bill, which in turn saves time and thus is perceived as efficient (Laukkanen, 2006). ACNielsen (2005) findings in Australia findings reveal that convenience is the most important factor in making the decision to bank using the internet. According to Pew (2003) study also established that some users saw internet banking convenience as an extension of overall internet convenience that is, they had obtained internet access in the expectation that many services and other needs fulfilment would be more convenient through its use. Pew (2003) also found that internet banking users believed internet banking to be faster than phone banking, while phone banking aficionados held the opposite view. Also of interest was that although slowness of site access and download was mentioned by several users, this issue did not unduly worry people once they had commenced internet banking.

ANOVA analysis result of the regression between consumer saving behavior and internet accessibility at 95% confidence level, the F critical was 163.912 and the P value was (0.000) therefore significant. This implied that internet accessibility was a very vital aspect as far as saving was concerned. Padmalatha and Justin (2011) notes that banks decide to invest in internet banking for many reasons; among these are: pressures to cut costs, increase information richness for customers, pressures to produce more without increasing costs, improve the quality of services in order to stay in business or to reach a wider audience. Olawepo (2012) further advanced that banks benefit from much lower operating costs by offering internet banking services, which require less staff and fewer physical branches. To the customers, internet banking allows them to perform a wide range of banking transactions electronically via the bank's website anytime and anywhere (Grabner-Kraeuter & Faullant, 2008).

The regression equation established that without taking internet accessibility into account and other factors held constant consumer saving behavior reduces by 0.799 and both variables were significant indicating a positive relationship. Nasri (2011) noted that with the help of the internet, banking is no longer bound to time or geography therefore consumers all over the world have relatively easy access to their accounts 24 hours per day, seven days a week. In addition (Liao, Shao, Wang & Chen, 2011) showed that internet banking has the advantage in that customers avoid traveling to and from a bank branch hence, customers can manage their banking affairs when they want, and they can
enjoy more. Customers gain convenience and flexibility of services (Liao et al., 2011). This is because these new services can easily be accessed at any time from any locations with up-to-date information, efficient and effective response time, and use of friendly interface technology (Ayo & Oni, 2010).

5.3.2 Effect of Website Security on Saving Behavior

The research analyzed relationship between the dependent variable (consumer saving behavior) against website security. The results showed that the $R^2$ value was 0.611 hence 61.1% of the variation in consumer saving behavior was explained by the variations in website security. Stiakakis and Georgiadis (2009) found reliability as fundamental criterion of superior electronic service quality. Yang and Fang (2004) stated that reliability consists of accurate order of fulfilment, accurate record, accurate quote, accurate billing and accurate calculation of commissions which keep the service promising to the customer.

Similarly, Sohail, (2014) argued that one of the customers main concerns would be reliability of the network. When customers are transmitting personal financial data over the electronic network, there are risks that unauthorized parties could intercept this information. Studies on factors that affect consumers’ trust and usage of financial services have shown that trust of the website influences usage intentions; transaction security, website and company awareness influence cognitive trust while transaction security influences affective trust (Pi, Liao & Chen, 2012). Online trust has been defined as the internet user’s psychological state of risk acceptance based on the positive expectations of the intentions or behaviors of an online service provider (Mayer et al., 2015).

Abdullah et al. (2010) reviewed that the increasing demand for higher quality of service through better product offering and value-added services has become the reasons for most financial institution to realign their current business practices to include new technology. Delivering a higher service quality better than competitors gives an opportunity for the banks to achieve competitive differentiation and advantage and Akinci, Atilgan-Inan and Aksoy (2010) argue that the survival of an online related firm depends on the understanding the perception and assessment of electronic service quality (e-service quality) by consumers, and this is mainly true for e-banking. Indeed, Santos (2003) defines e-service quality as ‘the consumers’ overall evaluation and judgment of the excellence and quality of e-service offering in the virtual market place’, and this
definition describe the e-service quality in general as well as service quality in e-banking in particular.

The regression equation established that taking web security into account and other factors held constant consumer saving behavior improved by 1.216 units and both variables were significant. Many companies use service quality as one of the effective strategies to get the competitive advantage (Dominic, Goh, Wong & Chen, 2010), especially banks, which are delivering services via online (i.e., e-banking) consider this service quality is a critical issue (Akinci et al., 2010; Ariff et al., 2012). More experienced online customers have more information about online banking, and therefore they perceive the risk to be less and thus have more trust in online transactions, (Yahya, 2011). There are scientists considering satisfaction an important factor that influences trust in Internet banking (Kassim & Abdullah, 2010; Loureiro, Francisco & Breazeale, 2014). According to the research conducted by Butt and Aftab (2013), satisfaction is the factor that helps to enhance customers’ trust in virtual space. In fact, satisfaction and trust are directly proportional variables, suggesting that if the customer is satisfied with the online services provided by bank, he or she will probably use it again. Using always the same services means that the user feels safe, that is, he or she trusts the service provider.

5.3.3 Effect of Online Banking Services Transaction Costs On Saving Behavior

The research analyzed relationship between the dependent variable (consumer saving behavior) against cost of internet. The results showed that the \( R^2 \) value was 0.520 hence 52% of the variation in consumer saving behavior was explained by the variations in cost of internet. The cost is passed on to customers. Fenech (2002), studied consumer intention to WAP shopping and found that the strongest characteristic differentiating the high and low intention groups was price consciousness. As shoppers in electronic channels are attentive to price the transaction costs of internet banking should be low enough to make the total cost of the purchase competitive with physical world prices. Arguably, a technology must be plausibly priced relative to alternatives for consumers to use the novel technology. As Laukkanen et al (2007) puts it value barrier is responsible for the failure of many new developments because of people's perception that the cost of adopting an innovation is far greater than any ensuing benefits. Thus, if internet banking is not being adopted it could be because it is not been reasonably priced compared to either traditional Banking, ATM Banking or internet banking (Sathye, 1999). The technology used for internet banking may increase or lower the cost of Banking as each
technology has its own features which differ in costs. This cost impact in turn may encourage or discourage adoption of internet banking.

Affordability in internet banking varies by number, size and type of transactions. There can be a typical user doing just a few transactions per month like say, single balance inquiry, single remittance and single airtime purchase per month or a user doing all the transaction offered on his/her branchless banking account which may include other functions like account balances, saving, paying bills, making store purchases (Rosenberg, 2008). In a study conducted by Fenech (2002) on consumer intention to adopt internet banking, some interviewees said that they had refrained from using internet banking payments because of premium pricing.

The regression equation illustrated that taking internet cost into account and other factors held constant consumer saving behavior improved by 1.745 units and both variables were significant. Indeed, internet banking products and services provide opportunities for simplified financial management (for example, aggregating expenses in one place for payments) and may be lower cost to firms which would then pass along cost savings to consumers hence attract even more customers (Jane, 2004). Burnham et al. (2003) identified procedural, financial and relational costs considered by consumers when switching between various types of service offerings and such costs were cited by participants. According to the research conducted in Estonia (Aarma & Vensel, 2001), bank customers use bank office services on average 1.235 times per month, and wait in queue in bank office on average for 0.134 hours.

According to Mallat (2007), the cost of a payment transaction has a direct effect on consumer adoption and usage if the cost is passed on to customers. In their studies in India, Rajanish and Sujoy (2011) found that the cost of availing the mobile financial services was a common matter of concern among the villagers who were interviewed. People wanted to know whether they would need to purchase a new handset for using mobile financial services (MFS) and were also eager to know the cost of transaction for availing this service.

5.4 Conclusions
5.4.1 Effect of Internet Accessibility on Saving Behavior
From the findings we can conclude that majority of users acknowledge that internet banking is easy to use and this has enabled customers to access accounts and make
payments. In addition the quality of information provided when login into account has made it very convenient to use. Also the issue of accessibility is global and this has enabled customers to access the log in link whenever they travel. It is also acknowledged that logging in and making payments is very fast on the internet banking as compared to long queues in the branches.

5.4.2 Effect of Website Security on Saving Behavior

It can also be concluded from the analysis that Equity bank has put in place measures such as providing authorization tools to ensure that transactions submitted online are secure. In terms of security login credentials and online account have been considered safe from hacking measures have been put in place to ensure customers are able to receive a confirmation and notification whenever they undertake any online transactions assuring them of website and transactions security thus allowing them to save more,

5.4.3 Effect of Online Banking Services Transaction Costs on Saving Behavior

Generally, as per the findings transactions done online are quite cheap as compared to over the counter transactions due to the affordable online annual fee. Most customer admit to paying for monthly or daily internet although the cost is considered low in comparison with the value received when handling either huge or small units for transactions.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Effect of Internet Accessibility on Saving Behavior

Internet banking is easy to use thus encouraging saving, it is therefore recommended that clients at the bank should be convinced to take up online banking and this would be better done by the use of adverts and giving incentives to new members. The online platforms should be created in a way that the saver is able to accommodate many users and transactions at all times despite the times of the month. The bank also need to regularly update the information quality provided and ensure that the message passed across is always clear and straightforward.

5.5.1.2 Effect of Website Security on Saving Behavior

Most customers have concern about security in relation to internet banking. It is therefore important for the institution to communicate to the customer about the rare system down
times, login credentials format, passwords and perceived system risks that come along with using online banking. This should be done on a regular basis and the institution can do this by use of the various media to educate their customers on the systems safety.

5.5.1.3 Effect of Online Banking Services Transaction Costs on Saving Behavior

The bank needs to convince the clients about the affordable online banking annual fee. There is also a need to sensitize the customers on the charges involved in undertaking internet banking. The bank may also form a partnership with telephone companies to offer its clients with internet enabled phones that are capable of undertaking online banking at an affordable cost.

5.5.2 Recommendation for Further Research

The data used in this study is derived from Equity bank customers and the assumption is that its online platforms operates similarly to others, so further research could be done on other banks and financial institutions offering online banking in the whole industry.
REFERENCES


APPENDICES

APPENDIX I: LETTER

To Whom It May Concern

Dear Sir/Madam,

I am a student at the United States International University Africa undertaking a degree in the Masters in business administration (MBA). I am carrying out a research as part of the program degree requirements on online banking and its effect on saving behavior of customers.

You have been selected as one of the respondents. Your role in this study will only involve completing a questionnaire. The questions to be asked will relate to your experience and opinions in your area of specialization. This research is aimed at allowing you to provide details about what you honestly think.

Please note that any information you give will be treated with confidentiality and at no instance will it be used for any other purpose other than for this project. Your assistance will be highly appreciated. I look forward to your prompt response.

Thank you for your indulgence.
Yours Faithfully,

Anne N. Kimani (Researcher)
APPENDIX II: QUESTIONNAIRE

Section A: Demography

1. Gender
   Male [ ]    Female [ ]

2. Age
   18-25 [ ]    26-30 [ ]    31-35 [ ]
   36-40 [ ]    Over 40 [ ]

3. When was your company registered? ____________________

4. For how long have you used internet banking services? ____________________
   Less than one year [ ]    1-2 years [ ]    3 years and above [ ]

5. How often do you use internet banking?
   Daily [ ]    Once a week [ ]
   More than 2 times a week [ ]    Once a month [ ]

6. How do you use internet banking?
   Checking balance [ ]    Paying bills and suppliers [ ]
   Download account statement [ ]    Cash withdrawal [ ]

7. Has internet made banking convenient for you?
   Yes [ ]    No [ ]
   Somehow [ ]
Section B: Consumer's Saving Behavior.

Using a scale of 1-5 tick the appropriate answer from the alternatives, 1- Strongly Disagree 2-Dissagree 3-Uncertain 4-Agree 5- Strongly Agree

<table>
<thead>
<tr>
<th>Variable</th>
<th>5</th>
<th>4</th>
<th>3</th>
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</thead>
<tbody>
<tr>
<td>SB1. With the benefits that come along with Internet banking am able to save funds regularly for online payments</td>
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<tr>
<td>SB2. My loan capacity has increased as a result of saving online</td>
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<td>SB3. My savings with the bank have increased as a result of internet banking usage</td>
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<tr>
<td>SB4 Customer care is very responsive to queries and therefore encourage me to save more online</td>
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<tr>
<td>SB5. All time access has enabled me to save periodically using online banking.</td>
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<tr>
<td>SB6. The quick service offered on the online platform has allowed me to enjoy saving online.</td>
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</table>

Section C: Internet Accessibility and Consumer's Saving Behavior

Using a scale of 1-5 tick the appropriate answer from the alternatives, 1- Strongly Disagree 2-Dissagree 3-Uncertain 4-Agree 5- Strongly Agree

<table>
<thead>
<tr>
<th>Variable</th>
<th>5</th>
<th>4</th>
<th>3</th>
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</tr>
</thead>
<tbody>
<tr>
<td>IA1. Internet banking is easy to use thus encourages saving</td>
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<tr>
<td>IA2. With internet banking am able to access my account and make payments 24hours thus save more</td>
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<tr>
<td>IA3. The information quality provided when I try to login into my account online is clear and straight forward thus encourages saving</td>
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<tr>
<td>IA4. Use of internet banking facilitates my saving as am able to access the login link even when I travel outside the country</td>
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<tr>
<td>IA5. Access to internet banking has minimized the risk of carrying huge volumes of cash to the bank therefore allowing me to enjoy saving</td>
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<tr>
<td>IA6 The access page for first time users is easy to use and therefore facilitate customer registration and saving</td>
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</tbody>
</table>

What other accessibility issues prevent the utilization of internet banking by corporations?
Section D: Website Security and Consumer's Saving Behavior

WC1. How concerned are you about security in relation to making payments or banking over the Internet?

Not at all concerned [ ]
A little concerned [ ]
Somewhat concerned [ ]
Very concerned [ ]
I know I should be concerned, but I'm not [ ]

WC2. My account has been hacked before?
Yes [ ] No [ ]

Using a scale of 1-5 tick the appropriate answer from the alternatives, 1- Strongly Disagree 2-Dissagree 3-Uncertain 4-Agree 5- Strongly Agree

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>WC3. The system down times are rare and I get the value for internet banking thus I save more</td>
<td></td>
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<td>WC4. The bank provides authorization tools to ensure that transactions submitted online are secure which encourages saving</td>
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<tr>
<td>WC5. My login credentials cannot be hacked and therefore encourage me to save more online.</td>
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<tr>
<td>WC6. Someone can easily login in my profile without me getting an alert on phone or email</td>
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<td>WC7. I am assured of my savings as I receive confirmation and notification whenever I undertake any online transactions</td>
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<tr>
<td>W8. Internet banking servers are secure and process payments promptly thus allow me to save more</td>
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</tbody>
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What other security issues prevent the utilization of online banking by corporations?

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________
Section E: Cost Influences on Consumer's Saving Behavior.

Using a scale of 1-5 tick the appropriate answer from the alternatives, 1- Strongly Disagree 2-Dissagree 3-Uncertain 4-Agree 5- Strongly Agree

<table>
<thead>
<tr>
<th>Variable</th>
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<th>4</th>
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</tr>
</thead>
<tbody>
<tr>
<td>CI1. Transactions done online are quite cheap as compared to over the counter transactions making me save more</td>
<td></td>
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<tr>
<td>CI2. The bank has an online annual fee which I consider ok and thus I save more</td>
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<tr>
<td>CI3. I have to pay for internet with service providers for me to enjoy saving using internet banking</td>
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<tr>
<td>CI4. The cost and risk that comes with internet banking is minimal as compared to over the counter transactions thus enable more saving.</td>
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<tr>
<td>CI5. Internet banking is conducive for transactions whether huge or small thus encourage my saving</td>
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<tr>
<td>CI6. I prefer saving using internet banking as it allows me to save on transport and time</td>
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</tbody>
</table>

CI7. What other cost issues prevent the utilization of online banking by corporations?

________________________________________________________________________
________________________________________________________________________