

Factors Influencing the Adoption of Internet Banking by Small and Medium Enterprises (SMEs) in Nyamagana District, Mwanza-Tanzania

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Abstract

Information technology is very essential in changing the banking industry worldwide. Introduction of internet banking offers banking firms a new leading edge of opportunities and challenges. Extensive application and adoption of this knowledge and skills allows banks to create solutions and plans to attract consumers to their internet banking services, thus enabling these institutions in gaining a greater share in the business industry. In Tanzania, we are still behind on the long run track of internet banking. We are far off mainly because internet banking is a new industry hence the acceptance and the use of internet banking is limited. To date very little research has been conducted on factors which influence consumer adoption of internet banking therefore, there is a need for this study. This study investigates attitudes of Tanzanians banking customers towards the adoption of internet banking. This research is specifically targeted to people in Nyamagana District in Mwanza region . The research framework based on the diffusion of innovation theory was used to identify factors that would influence the adoption of internet banking. This report has reviewed current literature and opinions about this innovative banking technology. It has also focused factors like: consumer demographic characteristics, consumer perceptions toward internet banking characteristics and social influences that affect consumer adoption on this mode of banking. It has also looked at how the extensive of internet banking can be measured. Explanations of the methodology used in conducting 425 interviews to obtain primary information for this study is given. Results of the 425 interviews and the analysis of these results; with graphs and figures to determine the extent that the factors studied influence customer adoption of internet banking, is also analyzed. The research objectives were tested by using descriptive statistics tools such as bar graphs and statistical tables so as to measure the relationship between consumers' demographic characteristics and the adoption of internet banking. Bar graphs and statistical tables were used to describe differences between users and non-users in terms of their perceptions of internet banking. The key findings reveal that demographic factors including age, income, education level and occupation have a relationship with the adoption of internet banking. Psychological factors including perceived relative advantage, perceived compatibility, perceived complexity, perceived risk, and perceived cost were found to influence the adoption of internet banking. Social influences including opinions of friends, parents and colleagues were not found to be significant factors to influence the adoption of internet banking in the Tanzanian context. The theoretical contributions and the practical implications of the findings are discussed and suggestions for future research are presented.

Keywords: Internet Banking; Small and Medium Enterprises(SMEs);Retail Banking.

Abbreviations

SAUT- Saint Augustine University of Tanzania
ICT- Information and Communication Technology
ATM- Automated Teller Machine
URT-United Republic of Tanzania
CRDB-Cooperative Rural Development Bank
NMB-National Microfinance Bank
NBC-National Bank of Commerce
TPSB-Tanzania Postal Saving Bank
SMEs-Small and Medium Size Enterprises
BOT-Bank of Tanzania
SPSS-Statistical Package for Social Sciences

1.0 Introduction and Background

This chapter contains the background of the study, purpose of the study, statement of the research problem, objectives of the study, research questions, variables of the study, definition of key terms, significance of the study, scope of the study, limitation of the study and the conceptual framework. All the way through the past three decades, innovation within the banking industry has speedily increased in an effort by the industry to fight growing competition from incumbents, new entrants, accelerating costs and the increasing need by banks to

satisfy complicated consumer demands. The most recent innovation to occur within the industry has been electronic distribution channels and, more specifically, internet banking which represents a means of revolutionizing and modernizing this traditionally stagnant industry (Bradley, 2000:2).

In attendance there is no doubt that the innovative development in information and communication technology will change the banking industry. Internet banking, despite the doubts about its future, will be an important part of these changes. This study attempts to provide a practical picture of the current market for internet banking in Tanzania. The factors involved are; demographic factors, consumers' perceptions and attitudes toward internet banking, social influences affecting the decision to adopt internet banking as well as the scope of services offered and information on the banks plans for the future.

According to Stegman (1999) cited by Ongkasuwan (2002:4), internet banking in the United States has reduced costs in the banking industry and improved service quality for their existing and potential new customers worldwide. The demand for online banking via the Internet increased from 4.8 million customers in 1997 to about 7.8 million customers in 1998. Most of the forecasts for online banking predicted that this growth rate would continue by the year 2000, with more than 14 million customers using online banking services via the Internet during the year 2001.

According to Birth and Young (1997) cited by Ongkasuwan (2002:4), UK internet banking services have encountered an increasing demand for cross-border payment transactions involving small amounts. Many UK banks continue to develop and launch new banking services on the Internet in order to satisfy and meet their Internet-based customer requirements in terms of time, ease of use, security and privacy. By June 1999, the U.K. and other eight western European countries namely; France, Spain, Portugal, Germany, Switzerland, Holland, Luxembourg and Scandinavia had become leading nations in providing internet banking services in Europe.

According to Tang (2004:3), China has decided to take advantage of the financial restructuring process and the Internet revolution in Asia. China's Central Bank has initiated and encouraged the development of internet banking services since 31 May, 2000. This new internet banking system provides 24 hours access to financial transaction services, personal financial consulting and utility fee payments. According to Ongkasuwan (2002:5) in Asia and the Pacific, many banks, lending organizations, credit companies such as VISA, and computer vendors such as IBM have formed alliances in order to develop internet banking service standards for their customers. Banks in Singapore, Australia, Indonesia, Korea, Hong Kong, Taiwan, and Thailand formed an organization called Interactive Financial Services (IFS). Through IBMs Global Network Standard, members are able to provide and exchange their internet banking services to their alliance customers. This will eventually allow seamless, interactive banking and other e-business services across these banks around the world.

Research conducted in Singapore shows an understanding of why users are more accepting of internet banking services and should help bank managers implement this self-service technology (Gerrard and Cunningham, 2003:16). To date very little concern has been given to research these factors locally and possibly this is why internet banking has not been more widely spread in this country. The fact that Tanzania trails many other countries in the rate of adoption of internet banking indicates that there is a pressing need for a locally based study of this kind.

Conclusively, the purpose of this study is to identify and describe the factors influencing the adoption of internet banking by consumers in Nyamagana district.

2.0 Statement of the research problem

The composite annual growth of internet banking has been 80 percent since 1994. Today, more than 100 million households worldwide bank online, and 25 percent of American households have adopted internet banking (Polatoglu and Ekin, 2001:157). In nowadays globalized world, internet banking has been ahead position as a new opportunity for banking institutions. These new opportunities and challenges have resulted in new competitors in the global banking market (Suganthi, et al., 2001:2).

Internet banking in Africa is a new industry, consumer acceptance and use of internet banking is still small (Karin, 2002:1). There is limited understanding of factors influencing the SMEs in Tanzania to adopt internet banking because very little research has been undertaken in Tanzania; therefore there is a need for a study of this nature. An understanding of how demographic characteristics, social influences, consumers' perceptions and attitudes toward internet banking influence the adoption of internet banking can allow banks to create solutions and plans to attract SMEs to use internet banking to gain more share in the internet banking market. These factors include demographic factors such as age, education level, income and occupation; consumers' perceptions on internet banking such as perceived advantage, compatibility, complexity, perceived risk and cost of adoption; social influences such as opinions of family, friends, and colleagues. Hence the question: What are the factors that influence the adoption of internet banking by SMEs in Tanzania? This research study strives to redress the scarcity of knowledge and understanding of these critical factors and provide bankers with a helpful reference which can be used to develop and adapt their own internet banking services to bring about more dynamic market growth.

3.0 Objectives of the study

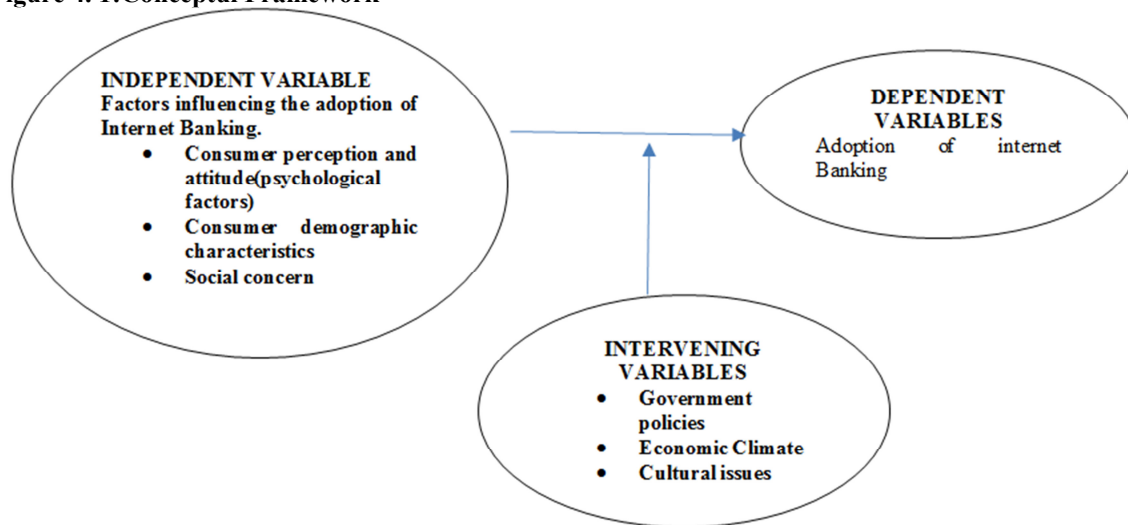
The general objective of the study is to identify the factors influencing the adoption of internet banking by SMEs in Nyamagana District. The specific objectives of this study were to;

- I. To identify the factors that encourages consumers to use internet banking.
- II. To measure the relationships between the factors (consumer demographic factors, internet banking characteristics, social influences) and the adoption of internet banking.
- III. To identify the factors that discourage customers from using internet banking.

4.0 Conceptual framework

Reinchel and Ramey (1987) define a conceptual framework as a set of broad ideas and principles taken from relevant fields of inquiry and used to structure a subsequent presentation. The problem under study can be conceptualized as follows;

Figure 4. 1: Conceptual Framework



5.0 Research Methodology

Aaker et al (2002) define a research design as the detailed blue print used to guide the research study towards its objectives. Similarly Kothari (2004) defines research design as the conceptual structure within which research is conducted; it constitutes a blue print for the collection measurement and analysis of data.

This quantitative study aims at identifying the factors influencing the adoption of internet banking by SMEs in Nyamagana district “A quantitative study, consistent with the quantitative paradigm, is an inquiry into a social or human problem, based on testing a theory composed of variables, measured with numbers, and analyzed with statistical procedures, in order to determine whether the predictive generalizations of the theory hold true” (Babbie and Mouton, 2002:646). The research was descriptive, that is, it was used to determine market characteristics. Malhotra (1999:87) defines descriptive research as “a type of conclusive research which has as its major objective the description of something”. Thus, the research, marked by a clear statement of the problem and detailed information needs, as was shown in previous chapters, corresponds to descriptive research. Finally, the five Ws of research specific to a descriptive design, have been identified (Malhotra, 1999:88): Who? (SMEs), When? (Currently), Where? (In Nyamagana district), Why? (To investigate factors influencing the adoption of internet banking), Way? (By identifying consumers’ demographic characteristics, perceptions, and attitudes towards internet banking). As the respondents were considered at a fixed point in time, the research used a cross-sectional methodology (Bailey, 1987:460). “The cross-sectional study is the most frequently used descriptive design in marketing research. Cross-sectional designs involve the collection of information from any given sample of population elements only once” (Malhotra, 1999:89).

6.0 Analysis, Discussion And Presentation

6.1 Introduction

The general objective of the study is to identify the factors influencing the adoption of internet banking by SMEs in Nyamagana District. The following objectives guided the investigation and they form the basis for the following presentation and discussion.

1. To identify the factors that influence consumers to use internet banking.
2. To measure the relationship between the factors (consumer demographic factors, internet banking characteristics, social influences) and the adoption of internet banking.

3. To identify the factors that discourage customers from using internet banking. This study analyzed 425 responses. All the respondents were customers of major commercial banks in Nyamagana District; there were 340 non-users and 85 users of internet banking. The results of the statistical analysis as reported here were obtained using the SPSS version 12 computer program. Appropriate frequency tables and graphs were inserted for clear illustration. The analysis was conducted in order to identify the factors that influence consumer usage of the Internet. The ultimate aim of the study was to gain a better understanding of factors that influence the adoption of internet banking. The data was analyzed in accordance with the three research objectives. The analysis begins with a description of the demographic profile of the respondents, which will give the reader an insight into demographic trends typical of any representative sampling of retail banking customers in the Nyamagana District

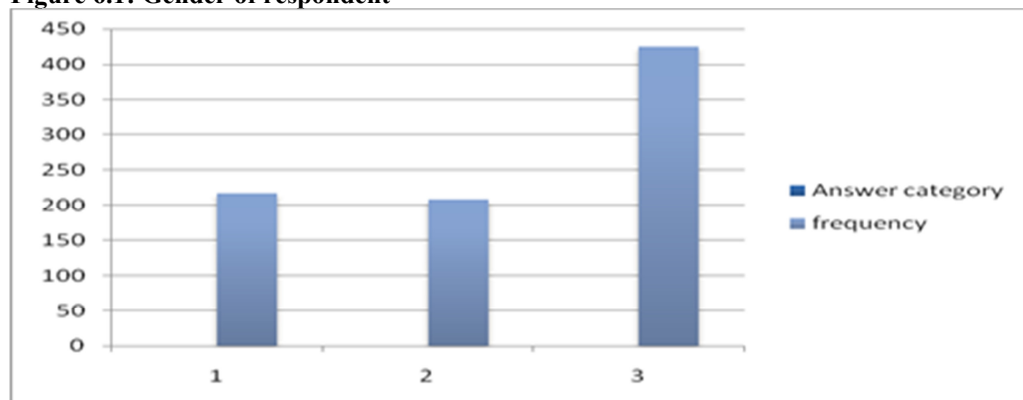
6.2 Background information of respondents

Frequencies were used to determine how often a respondent made a certain response to a particular question. This gives general information about what the information means. This section introduces the demographic profile of the participants. Firstly, the participants are introduced together in terms of their demographics. Secondly, this section introduces some important demographic findings in the different groups separately.

6.2.1 Gender

As reflected in Figure 6.1, 48.94 percent of the study participants were female and 51.06 percent were male. This indicates that both males and females were nearly equally represented in the sample size of this research. This, however, should not be taken as an indication that both the male and female respondents use internet banking equally.

Figure 6.1: Gender of respondent

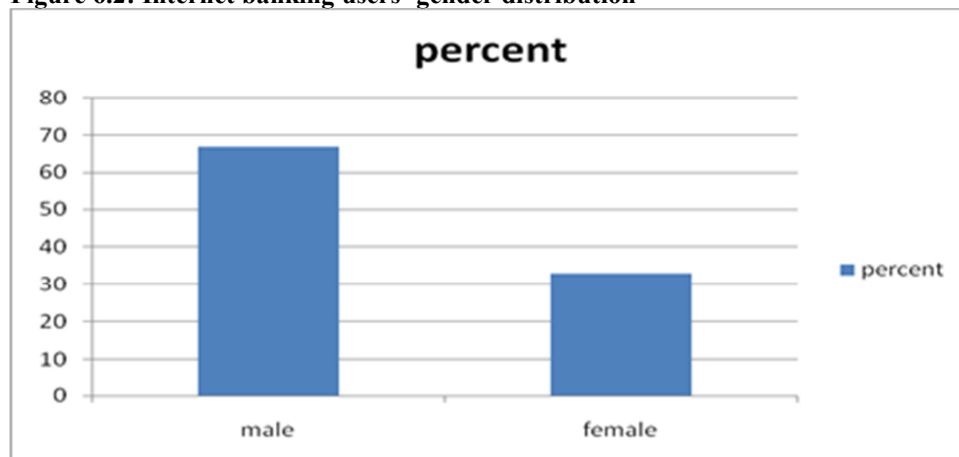


Source: Field data (2012).

6.2.2 User and non-user gender distribution

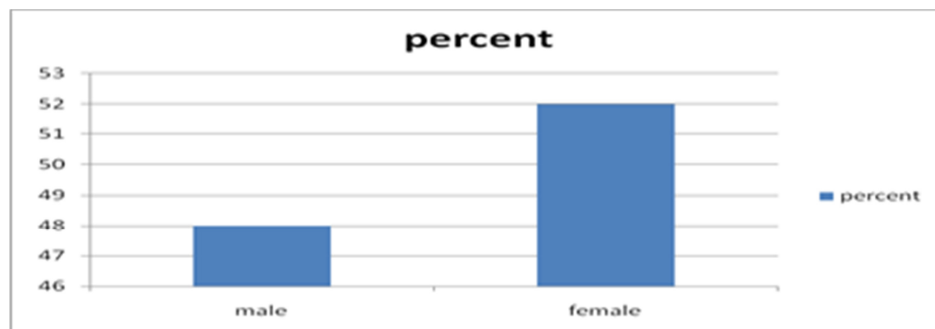
Figures 6.2 and 6.3 reflect user and non-user by gender distribution. With 67 percent of users being male and 52 percent of non-users being female. These results show that men are using internet banking more than women. This indicates that gender could be a factor that affects customer adoption of internet banking in Tanzania.

Figure 6.2: Internet banking users' gender distribution



Source: Field data (2012)

Figure 6.3: Internet banking non-users' gender distribution



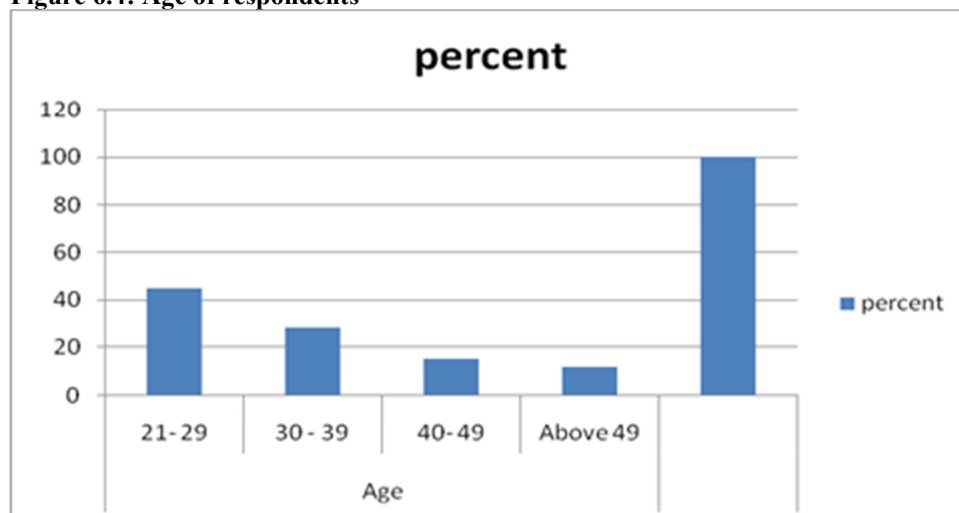
Source: Field data (2012)

Figures 6.2 and 6.3 reflect user and non-user gender distribution. With 67 percent of users being male and 52 percent of non-users being female, these results show that men use internet banking more than women. This indicates that gender could be a factor that affects customer adoption of internet banking in Nyamagana district. Figure 6.2 and Figure 6.3 Internet banking users' gender distribution Internet banking non-users' gender distribution Internet banking users 67% , 33% for male, female respectively Internet banking non-users 48% ,52% for male, female respectively.

6.2.3 Age

Figure 6.4 shows the age groups into which respondents fell. Almost half of the respondents (46 percent) fall into the 21 to 29 age group, with 27 percent in the 30 to 39 age group, 16 percent in the 40 to 49 age group and only 11 percent in the over 50 age group. The demographic age profile of the study participants shows that the 21 to 29 age group is dominant.

Figure 6.4: Age of respondents

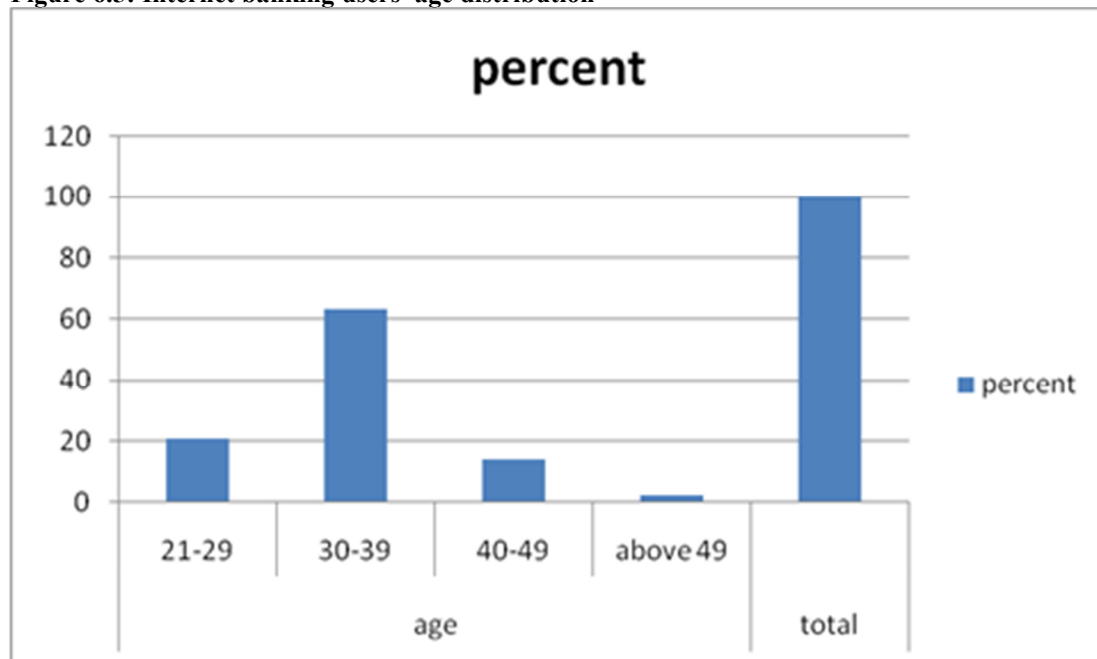


Source: Field data (2012)

Age 45%, 28%, 15%, 12% for 21-29, 30-39, 40-49 and over 49 respectively.

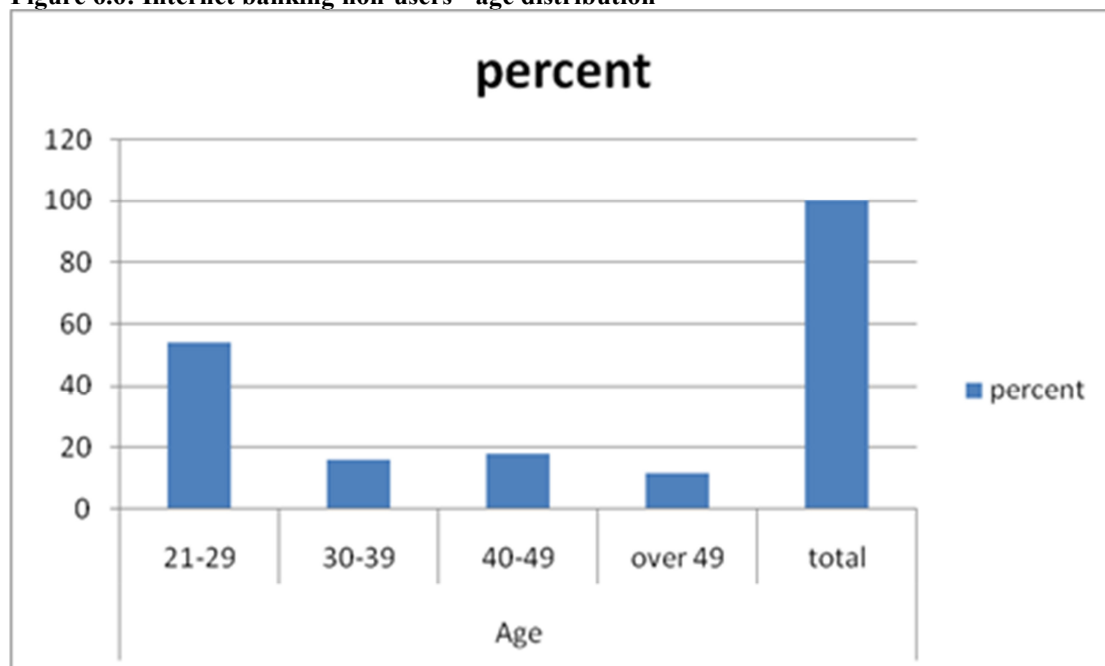
Figure 6.4 shows that non-users are relatively young (54 percent in the 21-29 age group), while users are relatively older (Figure 6.4). Research quoted previously shows that in Finland (Karjaluoto et al., 2000:263) age have an impact on the use of internet banking and the typical user is between 35 and 49. As this is not borne out by the aforementioned findings it is likely that the age of typical Nyamagana district internet banking users differs from those in Finland. The age group 30-39 accounts for 63 percent of the users, which is a relatively high proportion. To sum up, the present data analysis suggests that age has an impact on the use of internet banking. Additionally, the results imply that typical most of internet banking users are middle-aged(30-39) as also indicated by the figures 6.5 and internet banking non users are of lower aged(21-29) as indicated in figure 6.6.

Figure 6.5: Internet banking users' age distribution



Source: Field data (2012)

Figure 6.6: Internet banking non-users' age distribution



Source: Field data (2012)

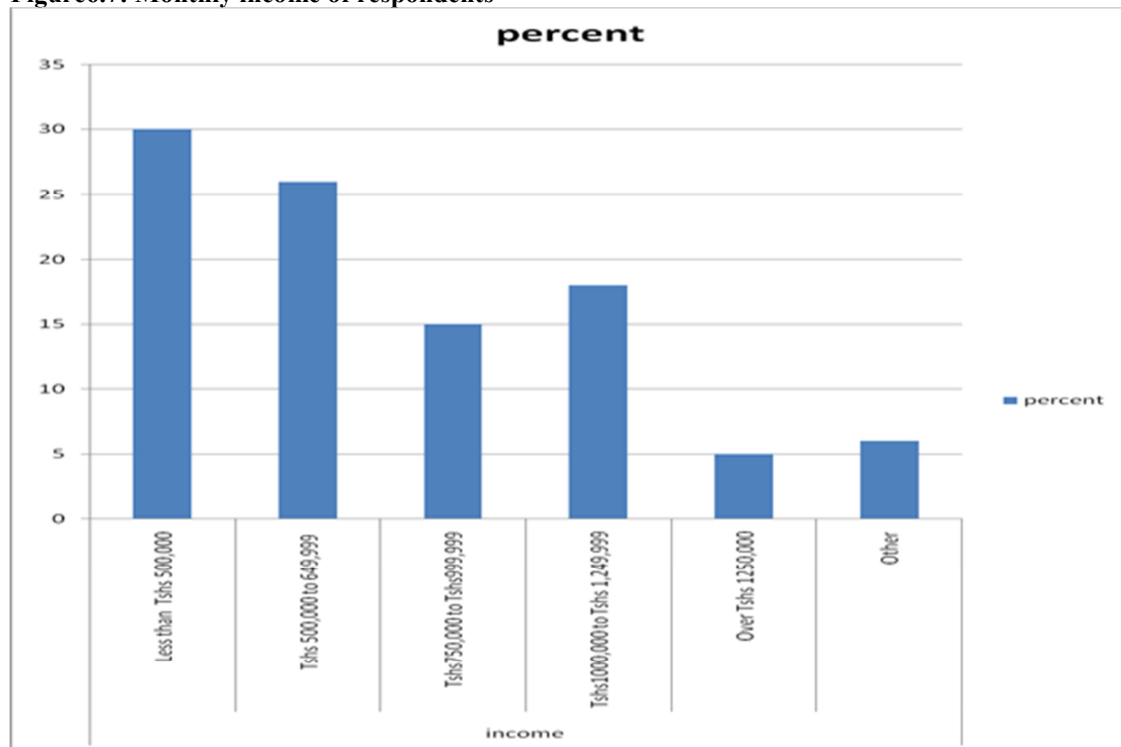
Internet banking users: 22%, 63%, 14%, 2% for 21-29, 30-39, 40-49 over 49 of Age respectively.

Non-users of Internet banking: 54%, 16%, 18%, 12% for 21-29 30-39 40-49 over 49 of Age respectively.

6.2.4 Income

Figure 6.7 displays the monthly income of respondents. 23 percent of the respondents earn over Tsh. 1,000,000, while 15% were in the Tsh. 750, 000 to Tsh. 999,999 brackets. The respondents in these groups are likely to have their own computers with Internet access. Those earning below Tsh. 500, 000 accounted for 30 percent of the total respondents. This group is unlikely to have access to a computer or the Intern

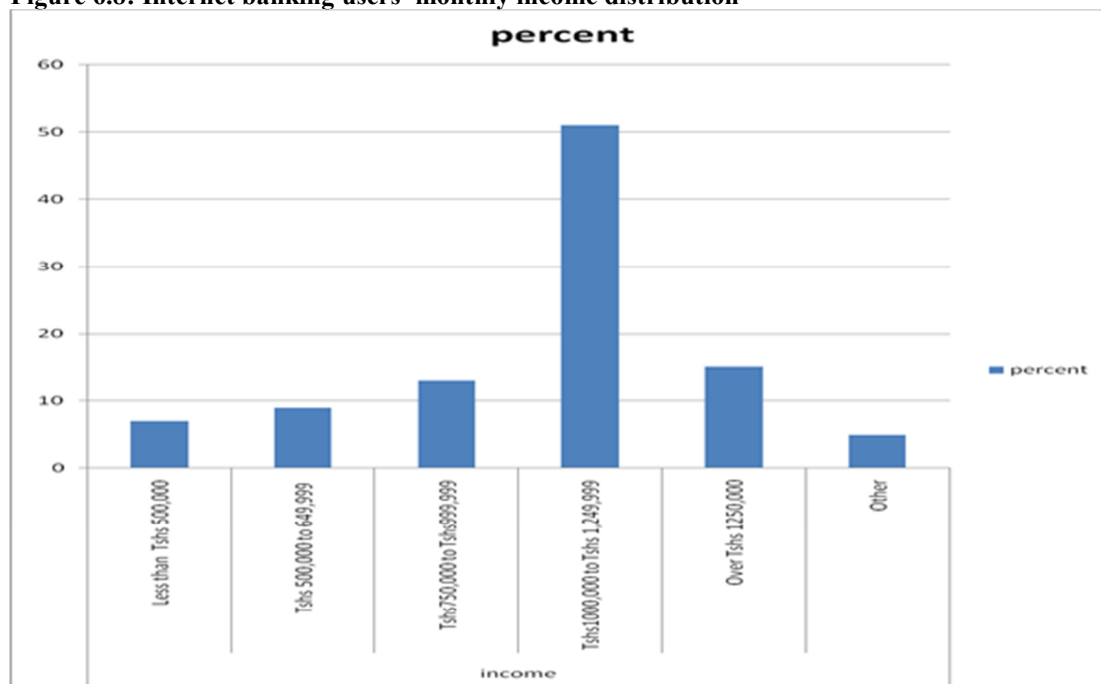
Figure6.7: Monthly income of respondents



Source: Field data (2012)

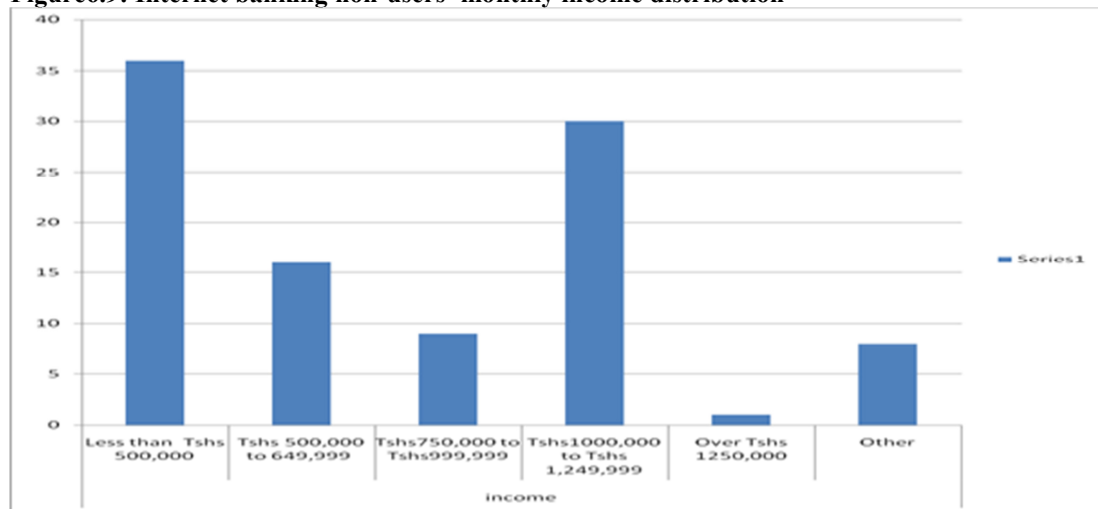
Figures 6.8 and 6.9 contrasts the income disparity between users and non-users and indicates that monthly income seems to be a major factor affecting the use of internet banking. The findings show that a total of 64 percent of users have a monthly income of more than Tshs 1000,000 per month. Another interesting implication of Figure 4.9 is that about 66 percent of non-users have an income of less than Tsh 1000,000 per month, and that only 10 percent of non-users have an income of more than Tsh 1000,000 per month. This finding concurs with prior studies (Karjaluoto, et al., 2002:265), which show that income has a major effect on the adoption of internet banking. Internet banking users earn a higher income than non-users.

Figure 6.8: Internet banking users' monthly income distribution



Source: Field data (2012).

Figure6.9: Internet banking non-users' monthly income distribution

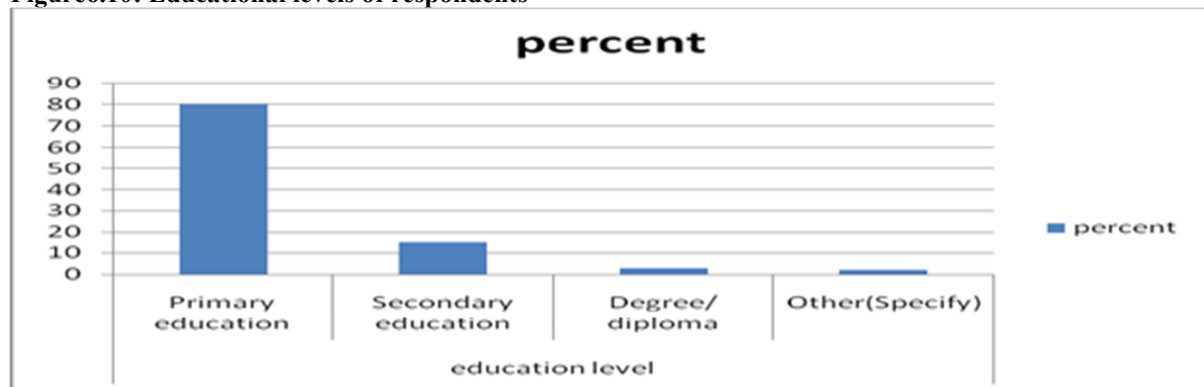


Source: Field data (2012)

6.2.5 Educational levels of respondents

The educational levels of the participants varied widely. Figure 6.10 indicates that 80 percent (340) have primary education; 15 percent (64) have secondary education, 3 percent (13) have degree/diploma and 2 percent (8) have other education.

Figure6.10: Educational levels of respondents

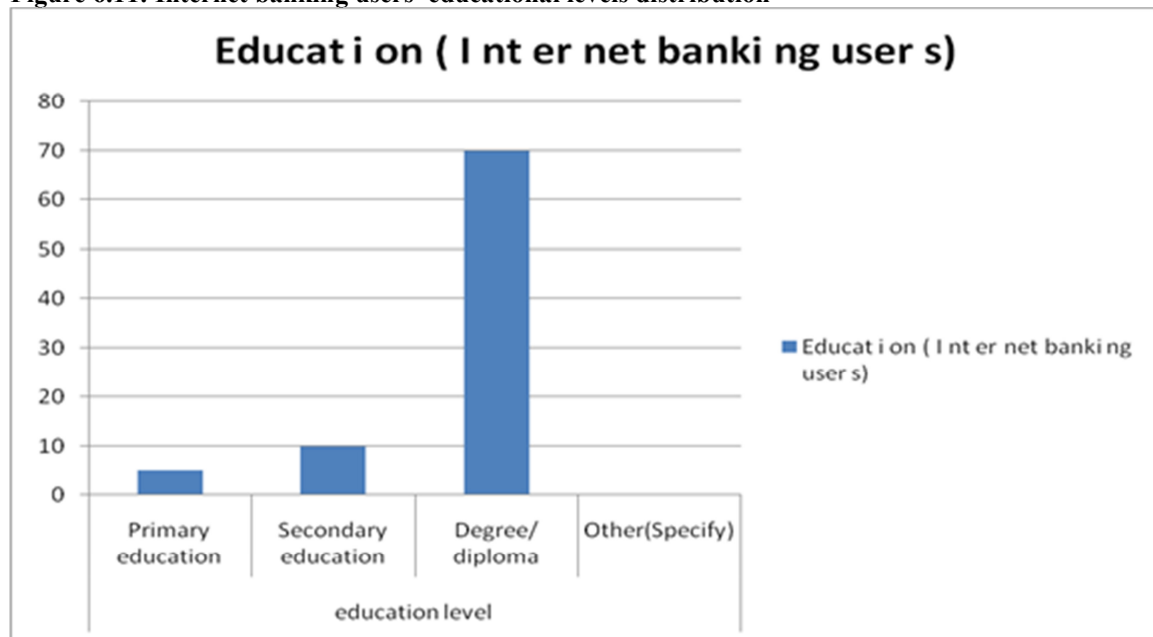


Source: Field data (2012)

6.2.6 Internet banking users and non users educational levels distribution

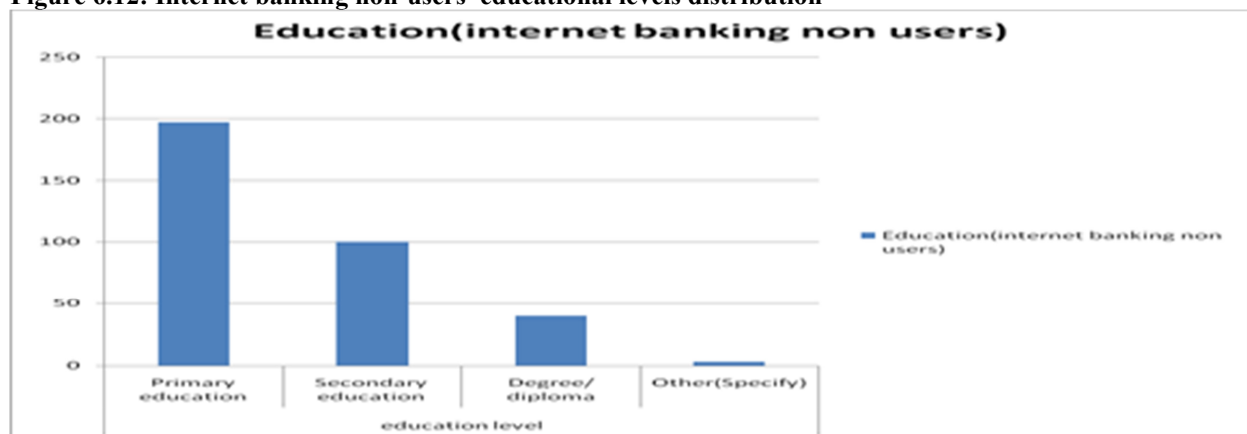
Figures 6.11 and 6.12 compare the educational levels distribution between users and non-users. The higher educational levels are particularly significant in both groups, as earlier research indicates that high levels of education enhance the consumer's ability to process more complex information and make decisions based on that (Polatoglu and Ekin, 2001:159). The educational levels distribution between user and non-user groups was exactly in line with this. Figure 6.11 shows that 82.4 percent of internet banking users (70) have a high educational levels while figure 6.12 shows that only 11.8 percent of the non-users (40) have a tertiary level education.

Figure 6.11: Internet banking users' educational levels distribution



Source: Field data (2012)

Figure 6.12: Internet banking non-users' educational levels distribution

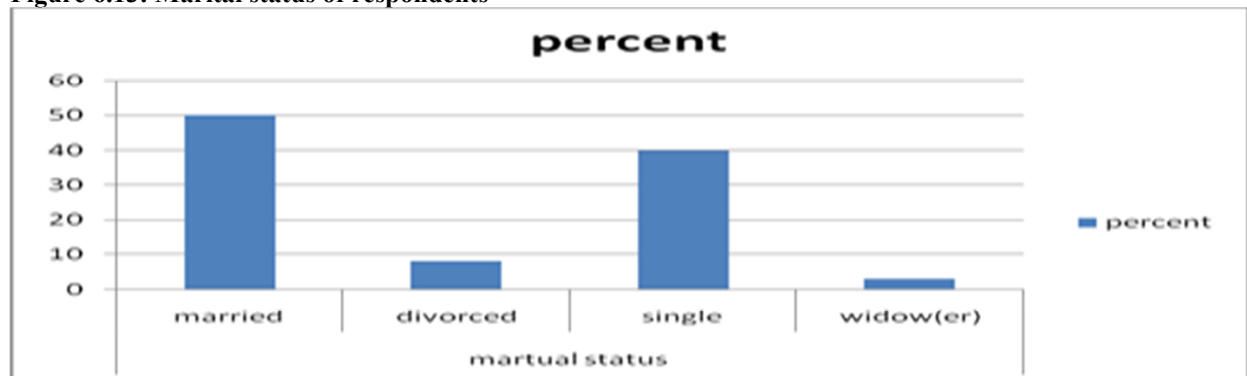


Source: Field data (2012)

6.2.7 Marital status

Figure 6.13 shows that more than half of the respondents (50 percent) are married, 8 percent are divorced, 40 percent are single and 3 percent were widowed.

Figure 6.13: Marital status of respondents



Source: Field data (2012)

6.2.8 Internet banking users and non users marital status distribution

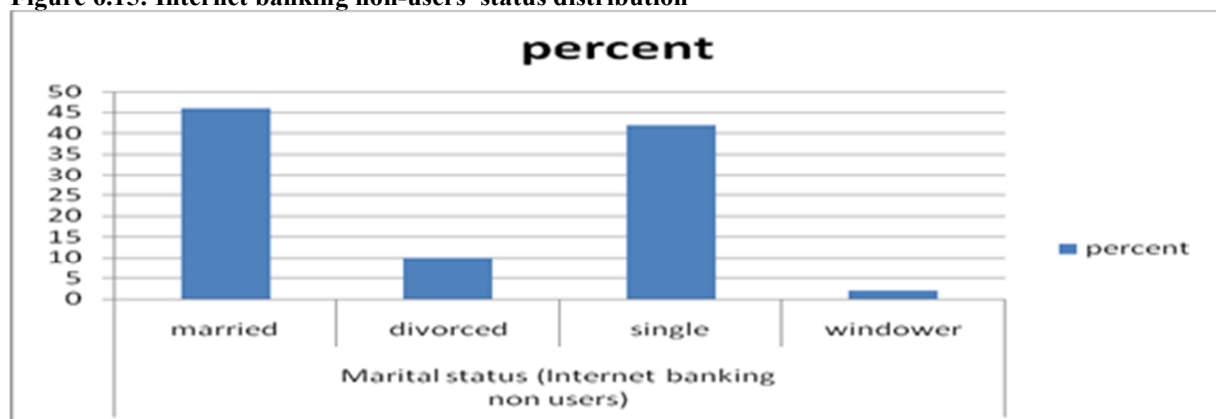
More specifically, 80 percent of the internet banking users are married, whereas less than half (43 percent) of the non-users are single. This is partly explained by the fact that users are older than non-users. The frequency results given in Figure 6.14 and 6.15 suggest that marital status influences the use of internet banking. Marital status 53% 7% 39% 1% for married, divorced single and widow(er) respectively.

Figure 6.14: Internet banking users' marital status distribution



Source: Field data (2012).

Figure 6.15: Internet banking non-users' status distribution



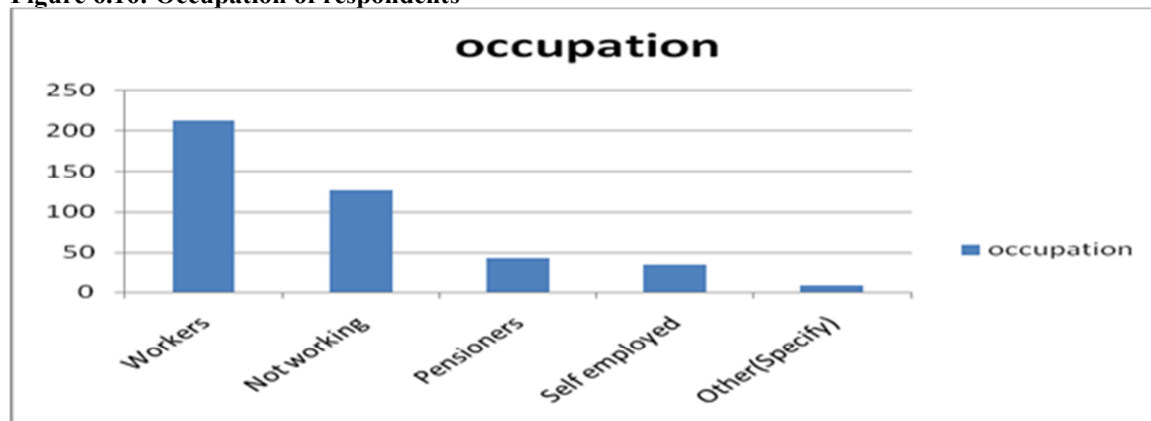
Source: Field data (2012)

Marital status (Internet banking users) 80%, 4%, 16%, 0% for married, divorced, single and widow(er) respectively. Marital status for non Internet user 46% 10% 42% 2% for married, divorced, single and widow(er) respectively.

6.2.9 Occupation of respondents

The occupation distribution of the respondents varies widely. Figure 6.16 shows that the largest proportion of respondents is employed (50%). While 30% are unemployed, 10% (43) are pensioners and 2% (8) have other occupation.

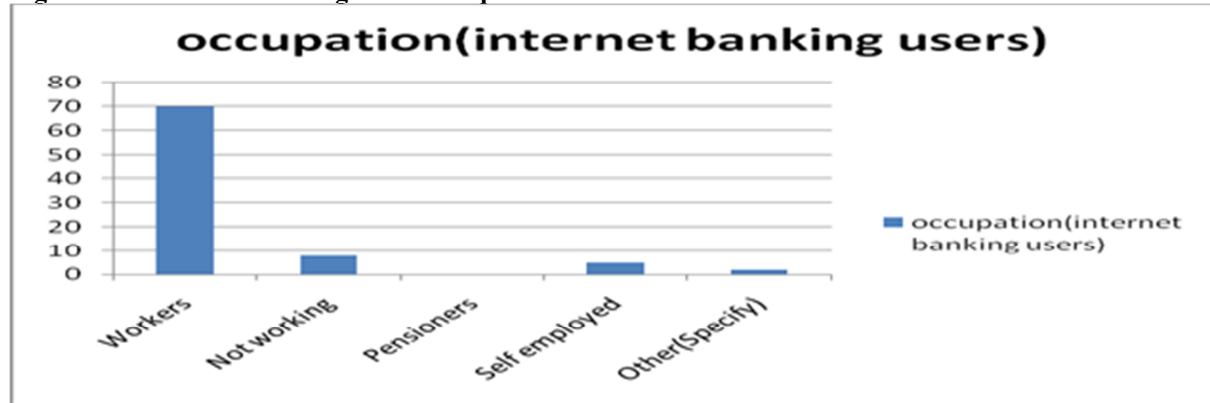
Figure 6.16: Occupation of respondents



Source: Field data (2012)

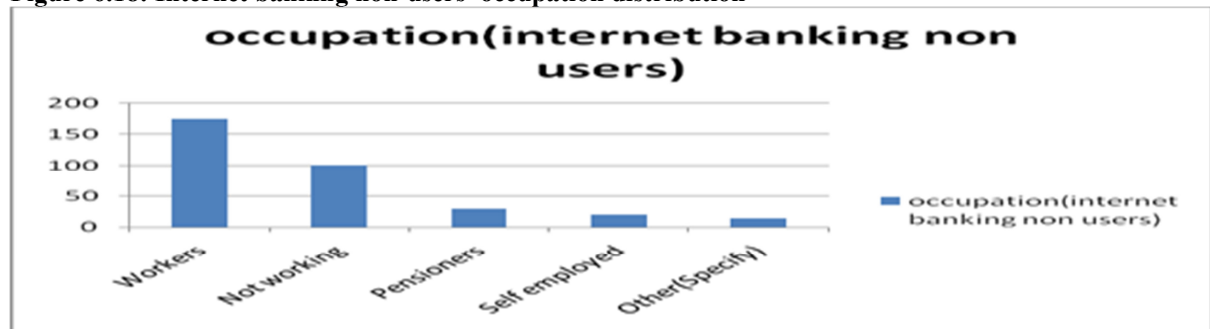
Occupation 212, 127, 43, 34 and 8 for workers, not working, pensioners, self-employed and others. Figures 6.17 and 6.18 depict the occupation distribution between the two different groups. As can be seen, 82.35% of the users (70) are employed, whereas of the non-users (29.4%) are not employed (100). To sum up, occupation seems to have an impact on the use of internet banking; and most users are employed, but the majority of non-users are unemployed. This confirms other research findings (Karjaluoto, 2002:359), which reveal that occupation has an impact on the usage of internet banking, and that users are generally well educated and have better occupations than non-users.

Figure 6.17: Internet banking users' occupation distribution



Source: Field data (2012)

Figure 6.18: Internet banking non-users' occupation distribution



Source: Field data (2012)

Occupation (Internet banking users) 70, 8, 0, 5 and 2 for workers, not working, pensioners, self employed and other. Occupation (Internet banking nonusers) 175, 100, 30, 20 and 15 workers not working pensioners self employed other.

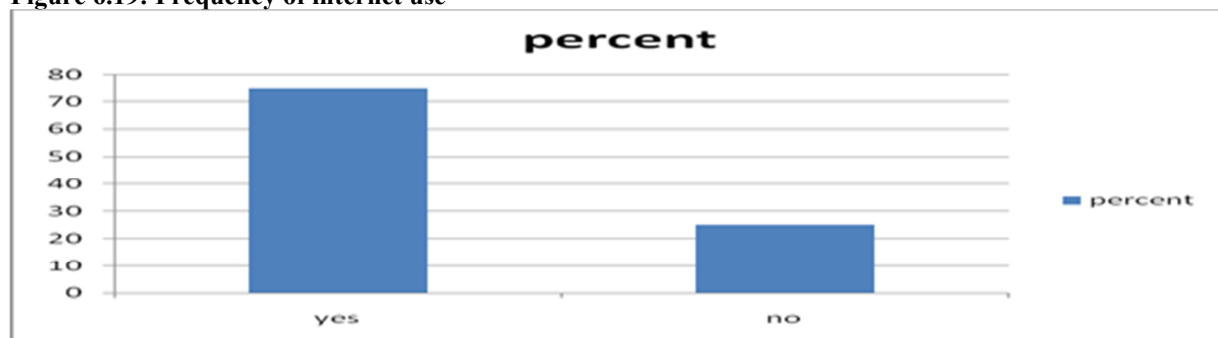
6.3 Internet usage

This section discusses the usage patterns of respondents of the Internet, the location where they have access, what they use the Internet for and how frequently they use the Internet. The influence of all these factors on the use of internet banking is also discussed.

6.3.1 Frequency of Internet use

The results shown in Figure 6.19 are in response to a question aimed at establishing the number of respondents who use the internet for any purpose (but not necessarily for internet banking). A total of 75 percent of the respondents use the Internet in the Nyamagana district.

Figure 6.19: Frequency of internet use



Source: Field data (2012)

Internet usage 75% and 25% for yes and no respectively.

6.3.2 The place where respondents use the internet

Table 6.1 reveals that 41 percent of respondents (175) use the Internet at their work places, 22 percent (95) at their homes, and 25 percent at internet cafés (105) and 11 percent at libraries (45). This indicates that many of the respondents use the internet at more than one location.

Table 6.1:Where do respondents use internet

	Location where internet used	Yes	Percent (yes)	no	total
valid	Home	95	22	330	425
	Work place	175	41	250	425
	Internet cafe	105	25	320	425
	Library	45	11	380	425
	other	5	1	420	425

Source: Field data (2012)

6.4 What respondents use the Internet For?

Table 6.2 reveals that the Internet is mostly used for e-mail (73%) and as a means of keeping up to date with the news (65%). 51% of respondents use the Internet for entertainment and 40% for study purpose. Only 28% of the respondents do their banking on the internet. These results suggest that there is a real need for Internet-based financial service delivery in Nyamagana district.

Table 6.2:What respondents use the internet for?

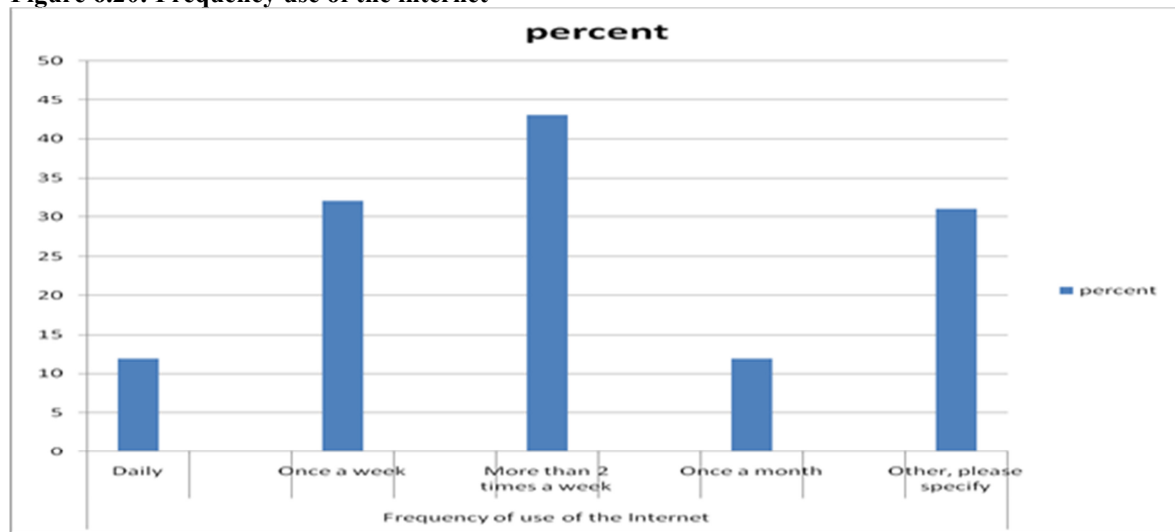
	What do you use Internet for	Yes	Percent (yes)	no	Total
valid	Email	310	73	115	425
	Entertainment	217	51	208	425
	Study	170	40	255	425
	Update on current news	276	65	149	425
	Banking	119	28	306	425
	Other	1	0.25	424	425

Source: Field data (2012)

6.5 Frequency of use of the Internet

Figure 6.20 indicates that 43 percent of the respondents use the Internet more than 2 times a week; 32 percent use the internet once a week; 12 percent use the Internet daily and 12 percent use the Internet once a month.

Figure 6.20: Frequency use of the internet



Source: Field data (2012)

6.6 Research objectives

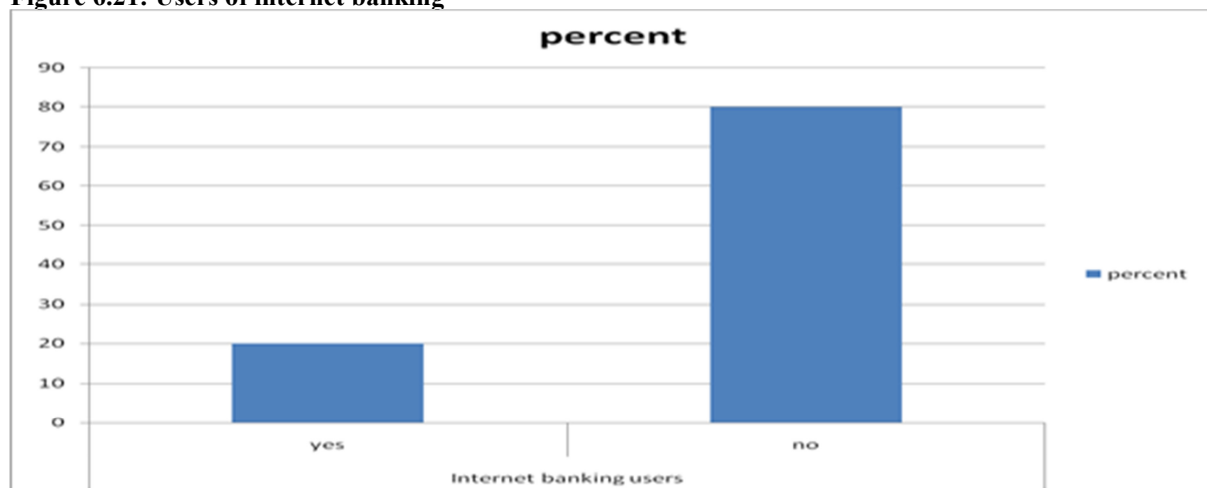
Three research objectives were investigated in this study. The results on each research objectives were discussed next.

6.6.1 Research objective 1: To identify the factors that encourage consumers to use internet banking.

This objective reveals findings about the respondents' habits with regard to internet banking in Nyamagana District. The willingness of respondents to conduct internet banking and what they use internet banking for as well as factors encouraging the adoption of internet banking are tested in this section.

The result of a question aimed at establishing the number of internet banking users within the sample is illustrated in Figure 6.21. Surprisingly only 20 percent of the respondents use internet banking despite the fact that 75 percent of the respondents are Internet users.

Figure 6.21: Users of internet banking



Source: Field data (2012)

Internet banking users 20% and 80% for yes and no respectively.

6.6.1.1 Factors that encourage the use of internet banking

The purpose of this question was to establish some of the factors that would encourage non-users to change their attitudes towards internet banking. Table 6.3 show that 64.7% of the non-users revealed that free Internet access would be a major factor, 58.8% stated that free skills training would encourage them to change and 47% agreed that if banks could provide better security they would be inclined to change to internet banking. Some of the issues indicated under 'other' include an increase in the number of personal transactions allowed, and the provision of better support (brought about by increased staffing) when an enquiry or problem is encountered.

Table 6.3: Factors encouraging the use of internet banking

Factors influencing the use of internet banking	yes	percent	No	Total
Free internet access	220	64.7	120	340
Free skill training	200	58.8	140	340
More economical banking transactions	90	26.5	250	340
Better security	160	47	180	340
Other	10	3	330	340

Source: Field data (2012)

6.6.1.2 The place where respondents learned about internet banking

Table 6.4 indicates the sources from which users learned about internet banking. It emerges that television and radio (56.5%) have been the most effective means of promoting internet banking, followed by newspaper and magazine coverage (49.4%), printed promotional material put out by banks (35.3%) and finally word-of-mouth (11.8%). The data presented in Table 6.4 reveals that broadcasted media and printed periodicals are the most effective channels by which banks can promote their internet banking services. Internet banking involves personal finance matters, and is therefore unlike other IT innovations, so existing users are unlikely to influence non-users by showing them how easy it is to use. Instead, banks need to provide interactive demonstration accounts on the Internet so that non-users have an opportunity to try it out and know what the relative advantages of internet banking are. Banks could also offer video demonstrations in their branches aimed particularly at those who do not use the internet. On the whole, banks should use every effective means to educate those clients who do not use internet banking.

Table 6.4: Where respondents learned about internet banking

Source of internet banking	yes	percent	no	Total
Bank leaflets/advertisements	30	35.3	55	85
Television/Radio	48	56.5	37	85
Newspaper/Magazines	42	49.4	43	85
Word-of-mouth	10	11.8	75	85

Source: Field data (2012)

6.6.1.3 The bank of preference to respondents

Table 6.5 indicates that CRDB Bank is the preferred bank of the respondents who use internet banking. NMB took the second position and NBC and TPSB took the third and fourth place respectively.

Table 6.5: Which banks do respondents prefer for internet banking

Preferred banking users	Yes	percent	No	Total
NMB	30	35	55	85
CRDB	48	56	37	85
NBC	22	26	63	85
TPSB	10	12	75	85
Others	5	6	80	85

Source: Field data (2012)

6.6.1.4 Uses of internet banking

Table 6.6 shows that internet bankers use their online service for viewing account statements (96%), for viewing cheque account balances (82%); for making payments (35%), and for transferring funds (24%).

Table 6.6 : What respondents use internet banking for

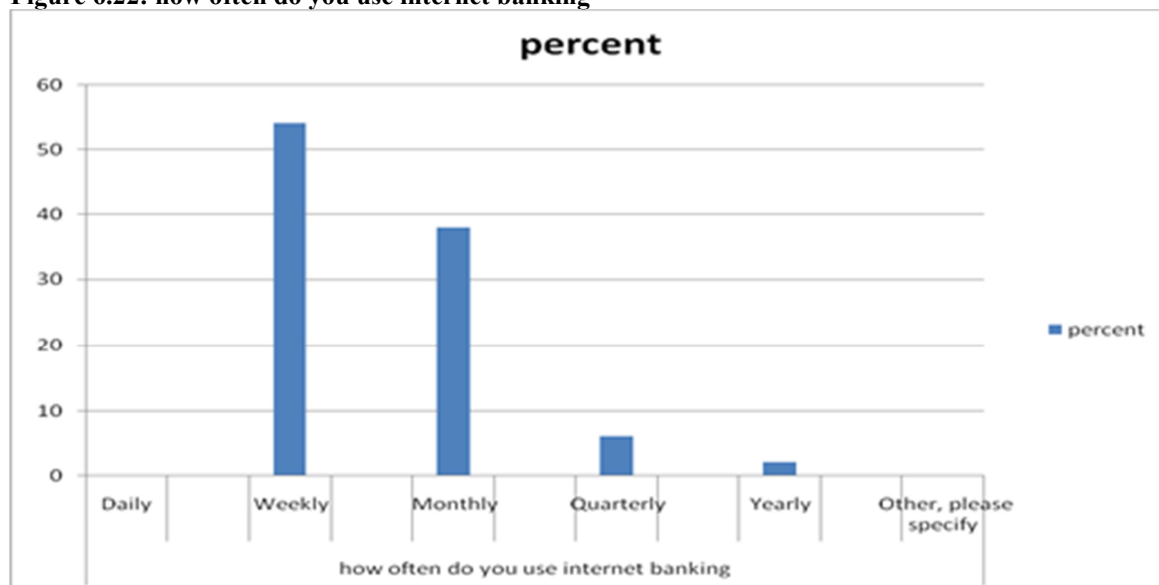
Uses of internet banking	Yes	percent	No	total
Viewing account statements	82	96	3	85
Viewing cheque account balances	70	82	15	85
Making payments	30	35	55	85
Transferring funds	20	24	65	85
Other	0	0	85	85

Source: Field data (2012)

6.6.1.5 The frequency with which respondent's use internet banking

Figure 6.22 illustrates that 54 percent of the respondents use internet banking weekly, 38 percent use it monthly, 6 percent use it quarterly, and 2 percent use it annually. None of the respondents use internet banking daily.

Figure 6.22: how often do you use internet banking



Source: Field data (2012)

6.6.1.6 Perceptions of internet Banking

This section reports on the perceptions and attitudes of respondents towards using internet banking. The respondents were asked to rate each item on a scale ranging from 1 (strongly disagree) to 5 (strongly agree), as recommended by Struwig and Stead (2001:94) for conducting this kind of research.

6.6.1.7.1 The relative advantages of internet banking

The following sub-sections report on responses to questions concerning attitudes and perceptions towards the internet banking characteristic of relative advantage.

Internet banking enables better management of finances

The response to this question confirms that when customers perceive internet banking as being advantageous then, they become far more likely to adopt internet banking for themselves. As reflected in Table 6.7, a total of 46 percent of the respondents agree that internet banking enables users to manage their finances better than branch-based banking does. Table 6.7 also reflects interesting results in that only 25 percent of non-users agreed that internet banking users conduct their finances better. Clearly internet banking users have a contrary viewpoint because 76 percent of them do agree that internet banking enables them to manage their finances better. Therefore this result is in keeping with the findings of Leaderer, et al., (2000:272), which suggest that perceived usefulness is associated with the adoption of electronic technologies.

Table 6.7: Internet banking enables better management of finances

Option	frequency	percent	Internet banking user frequency	Internet banking users percent	Internet banking non users frequency	Internet banking non users percent
Strongly disagree	4	1	0	0	5	2
Disagree	135	32	0	0	150	44
Neither	90	21	20	24	100	29
Agree	110	26	15	18	55	16
Strongly agree	86	20	50	58	30	9
Total	425	100	85	100	340	100

Source: Field data (2012)

Internet banking saves time

In response to this question, customers indicate that they perceive time savings as being an important advantage, though not all respondents believe that this benefit can result from using internet banking. Table 6.8 shows that 80 percent of the respondents agree that internet banking is much better than traditional banking because of time savings. Previous research reveals that consumers may be motivated to use some electronic banking facilities because they can save time by not having to visit a branch. This is a very important motivation for using internet banking (Fox, 2002:9). Table 4.8, also reveals that 94 percent of users agree that internet banking allows them to conduct transactions at any time, from any location, with time savings being the end result. Thus internet banking eliminates time and place constraints. Surprisingly Table 6.8 also shows that about half of non-users (31 percent) disagree that internet banking can be time saving.

Table 6.8: Internet banking saves time

Option	frequency	Percent	Internet banking users frequency	Internet banking users percent	Internet banking non users frequency	Internet banking non users percent
Strongly disagree	5	1	0	0	5	2
Disagree	110	26	0	0	100	29
Neither	55	13	5	6	35	10
Agree	145	34	35	41	120	35
Strongly agree	110	26	45	53	80	24
Total	425	100	85	100	340	100

Source: Field data (2012)

Internet banking makes respondents more comfortable communicating with their bank

In response to this question, customers indicate that they perceived being able to communicate more comfortably with their banks as being an important advantage. Table 6.9 reveals that a total of 42 percent of respondents agreed that internet banking makes communication with their banks more comfortable. As can be seen from Table 6.9, 54 percent of users agreed while only 35 percent of non-users agreed that internet banking makes communication with their banks more comfortable. Consequently internet banking users perceive that internet banking enables them to communicate with their bank more comfortably than non-users in this research.

Table 6.9: Internet banking makes respondents more comfortable communicating with their bank

Option	frequency	Percent	Internet banking users frequency	Internet banking users percent	Internet banking non users frequency	Internet banking non users percent
Strongly disagree	4	1	0	0	6	2
Disagree	135	32	3	4	126	37
Neither	107	25	19	22	89	26
Agree	117	28	23	27	95	28
Strongly agree	62	14	40	47	24	7
Total	425	100	85	100	340	100

Source: Field data (2012).

6.6.2 Research objective 2: To measure the relationship between the factors (SMEs demographic factors, internet banking characteristics, social influences) and the adoption of internet banking.

In this objective the study reveal the following issues;

6.6.2.1 The compatibility of internet banking

The following sub-sections report on responses to questions concerning attitudes and perceptions towards the internet banking characteristic of compatibility.

Internet banking suits respondents' life styles

This question probes customer perceptions about the impact that internet banking has on their life style and what influence this has on their willingness to use internet banking. Table 6.10 reveals that 26 percent of the respondents agree that internet banking suits their life style. These results show that 82 percent of users were in agreement, whereas just 12 percent of non-users agreed that internet banking suits their life style. This indicates that internet banking users perceive internet banking to be suitable to their life style far more than non-users do.

Table 6.10: Internet banking suits respondents' life styles with their bank.

Option	Frequency	Percent	Internet banking users frequency	Internet banking users percent	Internet banking non users frequency	Internet banking non users percent
Strongly disagree	32	8	4	5	29	9
Disagree	162	38	0	0	161	47
Neither	118	28	11	13	107	32
Agree	70	16	36	42	34	10
Strongly agree	43	10	34	40	9	2
Total	425	100	85	100	340	100

Source: Field data (2012)

Internet banking suits respondents' work styles

This question probes customer perceptions about the impact that internet banking has on their work style and what influence this has on their willingness to use internet banking. Table 6.11 reveals that a total of 26 percent of respondents agreed that internet banking suits their work style. Table 6.11 shows that 82 percent of users agreed whereas just 12 percent of non-users agreed that internet banking suits their work style. Consequently

internet banking users perceive that internet banking fits their work style far more than non-users do.

Table 6.11: Internet banking fitting respondents work styles with their bank

Option	frequency	Percent	Internet banking users frequency	Internet banking users percent	Internet banking non users frequency	Internet banking non users percent
Strongly disagree	28	7	4	5	29	9
Disagree	139	33	0	0	161	47
Neither	119	28	11	13	107	32
Agree	90	21	36	42	34	10
Strongly agree	49	11	34	40	9	2
Total	425	100	85	100	340	100

Source: Field data (2012)

Internet banking makes respondents' life convenient

This question aims to establish if internet banking is perceived to be convenient by the respondents and whether this is a factor that influences its usage. Research conducted in Estonia (Kerem, 2001:7) states that the most important factors in engaging in internet banking are first and foremost better access to the services (convenience). Table 6.12 reveals that a total of 30 percent of the respondents agree that internet banking makes their life more convenient. As can be seen from Table 6.12, 81 percent of users agreed while just 15 percent of non-users agreed that internet banking makes their lifestyle more convenient. Consequently users perceived that internet banking makes their life more convenient whereas non-users do not. Therefore this result concurs with research findings discussed previously in this study.

Table 6.12: Internet banking makes respondents life convenient

Option	Frequency	Percent	Internet banking users frequency	Internet banking users percent	Internet banking non users frequency	Internet banking non users percent
Strongly disagree	23	5	3	4	20	6
Disagree	93	22	0	0	92	27
Neither	184	43	13	15	172	51
Agree	76	18	33	39	42	12
Strongly agree	49	12	36	42	14	4
Total	425	100	85	100	340	100

Source: Field data (2012)

6.6.2.2 The complexity of internet banking

The following sub-sections report on responses to questions concerning attitudes and perceptions towards the internet banking characteristic of complexity.

The ease of conducting internet banking

The question aims to understand how customer perception of the ease of use of internet banking influences their willingness to use internet banking. Table 6.13 shows that 45 percent of all the respondents agree that internet banking is easy to use. This amounts to 87 percent of the users agreeing, and only 22 percent of the non-users agreeing that internet banking is easy to use. Hence this result is in line with the earlier literature review, which suggests that ease of use has a positive influence on the adoption of internet banking (Cheung, et al., 2000:49).

Table 6.13: Internet banking program is easy

Option	Frequency	Percent	Internet banking users frequency	Internet banking users percent	Internet banking non users frequency	Internet banking non users percent
Strongly disagree	12	3	0	0	11	3
Disagree	74	17	0	0	73	21
Neither	191	45	11	13	180	54
Agree	93	22	28	33	66	19
Strongly agree	55	13	46	54	10	3
Total	425	100	85	100	340	100

Source: Field data (2012)

The complexity of using internet banking

The question aims to determine if there is a difference between users and non-users in their perceptions of how complex internet banking is. Table 6.14 shows that a total of 38 percent of respondents agreed that internet banking is too complex for them. Table 6.14 shows that 45percent of the non-users agreed that internet banking is complex. Contrary to this, only 8 percent of users agreed that internet banking is complex. It emerged that there is a difference between users and non-users when it comes to their perceptions of the complexity of internet banking.

Table 6.14: Internet banking is complex

Option	Frequency	Percent	Internet banking users frequency	Internet banking users percent	Internet banking non users frequency	Internet banking non users percent
Strongly disagree	58	14	50	59	8	2
Disagree	53	12	13	15	41	12
Neither	152	36	15	18	138	41
Agree	140	33	4	4	135	40
Strongly agree	21	5	3	4	18	5
Total	425	100	85	100	340	100

Source: Field data (2012)

The simplicity of the internet banking process

The question aimed to understand customers' perception on the simplicity of using the internet banking process and how it influences their acceptance of internet banking. Table 6.15 shows that 21 percent of the respondents agree that the internet banking process is simple for them to use, 80 percent being users; but only 7 percent of non-users agree that the internet banking process is simple for them to use.

Table 6.15: Internet banking is simple

Option	frequency	Percent	Internet banking users frequency	Internet banking users percent	Internet banking non users frequency	Internet banking non users percent
Strongly disagree	27	7	0	0	26	8
Disagree	136	32	3	4	133	39
Neither	171	40	14	16	157	46
Agree	52	12	36	42	17	5
Strongly agree	39	9	32	38	7	2
Total	425	100	85	100	340	100

Source: Field data (2012)

6.6.2.3 Social influences on internet banking

Social factors are considered to be a powerful influence that affects attitudes towards internet banking. The results presented in this section describe responses to questions examining how respondents perceive the effect of social influences on internet banking.

The influence of friends on the use of internet banking

This question aimed at investigating if the adoption of internet banking is influenced by friends. Earlier research (Cheung, 2001:116) indicates that classmates and friends are likely to have an influence on potential adopters and existing users of internet banking. Table 6.16 reveals that 42% of the respondents agree that friends influence their attitudes towards internet banking. The users (44%) and 60 % of non-users disagreed that friends influence their attitudes towards internet banking. Consequently this result contradicts the earlier literature review and it appears that in Nyamagana District the opinion of friends is not a major factor affecting the adoption of internet banking.

Table 6.16: My friends influence me to use internet banking

Option	frequency	Percent	Internet banking users frequency	Internet banking users percent	Internet banking non users frequency	Internet banking non users percent
Strongly disagree	116	27	38	44	78	23
Disagree	40	9	3	4	37	11
Neither	93	22	4	5	89	26
Agree	160	38	36	42	124	36
Strongly agree	16	4	4	5	12	4
Total	425	100	85	100	340	100

Source: Field data, 2012

The influence of parents on the use of internet banking

This question aimed at revealing if the adoption of internet banking is influenced by parents. Table 6.17 shows that 34 % of respondents agreed that parents have influenced them to use internet banking. Less than half of both users (45%) and non-users (55%) agree that their parents have had influence on them with regard to internet banking.

Table 6.17: My parents influence me to use internet banking

Option	frequency	Percent	Internet banking users frequency	Internet banking users percent	Internet banking non users frequency	Internet banking non users percent
Strongly disagree	160	38	43	51	117	34
Disagree	29	7	2	2	25	7
Neither	90	21	3	3	89	26
Agree	132	31	35	42	97	29
Strongly agree	14	3	2	2	12	4
Total	425	100	85	100	340	100

Source: Field data (2012)

The influence of colleagues on the use of internet banking

This question aimed at determining whether the adoption of internet banking is influenced by colleagues. Table 6.18 shows that less than half of respondents (43%) agree that colleagues have an influence on them with regard to internet banking. As can be seen from Table 4.18, more than half the users (49%) and non-users (38%) do not agree that colleagues influence them to use internet banking. This indicates that colleagues do not significantly influence each other by their attitudes towards internet banking.

Table 6.18 : My colleagues influence me to use internet banking

Option	Frequency	Percent	Internet banking users frequency	Internet banking users percent	Internet banking non users frequency	Internet banking non users percent
Strongly disagree	118	28	38	45	82	24
Disagree	50	12	3	4	48	14
Neither	82	19	4	5	78	23
Agree	160	38	35	41	124	36
Strongly agree	15	3	5	5	8	3
Total	425	100	85	100	340	100

Source: Field data (2012)

6.6.3 Research objective 3: To identify factors that discourage SMES from using internet banking.

From this objective the findings revealed that 80 percent (340 respondents) who do not use internet banking gave the following reasons for not using this facility: firstly, 135 respondents indicated that the cost of Internet access is too high; secondly, 120 respondents do not believe that internet banking is sufficiently safe; thirdly, respondents do not know how to use the Internet. The fourth (75) and fifth (68) most common reasons are that they are not good with computers and they do not feel there is a need for them to engage in internet banking. These are the main reasons given by non-users' for their reluctance to adopt internet banking. The full range of

results is shown in Table 6.19. A smaller number of the respondents indicated that they did not own a computer (65) or have no internet access (60). Being unequipped for internet banking is one of the reasons why non-users do not adopt internet banking services. Other respondents indicated that they were unaware of internet banking. In this regard banks should be doing a lot more to bring about awareness and actively promote this service.

Table 6.19: Factors that discourage the use of internet banking by SMEs

Factors that discourage internet banking use	Yes	No	Total
No internet access	60	280	340
No computer at home	65	275	340
Not good at computer	68	272	340
Not good at using internet	75	265	340
Cost of internet access is high	135	205	340
Internet banking is not safe	120	220	340
No need	67	273	340
Have not heard of the internet banking	45	295	340
Other	5	335	340

Source: Field data (2012)

6.6.3.1 The perceived cost of internet banking

The following statements are the basis for questions about the respondents' attitudes and perceptions towards the cost of internet banking.

Telecommunication costs are expensive

This question aimed to establish customer perceptions of the telecommunication cost of internet banking. 76 percent of the respondents agree that the telecommunication costs are expensive compared to only 16 percent who disagree. More specifically Table 6.20 shows that 87 percent of the non-users agree that the telecommunication costs are expensive while 65 percent of the users did not agree that the telecommunication costs are expensive. This is an indication that perception of cost plays an important part in the consumer decision-making process and when viewed negatively, hampers customer acceptance of internet banking. This finding concurs with Botha (2002:23) who states that high Internet access costs is a factor which inhibits growth in Tanzania because people are too concerned about cost to maintain lengthy internet connections.

Table 6.20 : Telecommunication costs are expensive

Option	Frequency	Percent	Internet banking users frequency	Internet banking users percent	Internet banking non users frequency	Internet banking non uses percent
Strongly disagree	13	3	7	8	6	2
Disagree	54	13	49	57	5	1
Neither	35	8	3	4	30	9
Agree	243	57	17	20	227	67
Strongly agree	81	19	9	11	72	21
Total	425	100	85	100	340	100

Source: Field data (2012)

The cost of internet banking services

This question aimed to understand if customer perceptions of the cost-effectiveness of internet banking influence their willingness to accept internet banking. Results as reflected in Table 6.21 indicate that a total of 76 percent of the respondents agree that internet banking service fees are too expensive. 87 percent of the non-users agreed that the internet banking service fees are expensive compared to users of which just 32 percent agreed that internet banking service fees are expensive. Results, therefore, indicate that internet banking charges are a key factor in motivating the use of internet banking. This information will assist banks in establishing their target market for internet banking.

Table 6.21: Internet banking service fees are expensive

Option	Frequency	Percent	Internet banking users frequency	Internet banking users percent	Internet banking non users frequency	Internet banking non users percent
Strongly disagree	12	2	7	8	5	1
Disagree	58	14	48	57	9	3
Neither	33	8	3	3	30	9
Agree	217	51	19	22	197	58
Strongly agree	105	25	8	10	99	29
Total	425	100	85	100	340	100

Source: Field data (2012)

The cost of Internet installation

This question aims to understand if customer perceptions of Internet setup costs influence their use of internet banking. Research quoted earlier shows that consumers will not adopt a new financial product unless it reduces costs and does not require them to change their behavior when using it (Bareczal and Ellen, 1997:135). A total of 69 percent of the respondents agree that the Internet setup costs are too expensive. Table 6.22 reveals that 61 percent of the users do not agree that Internet installation costs are expensive, while 77 percent of non-users agree that Internet installation costs are expensive. This factor will inhibit customers who are not suitably equipped from using internet banking. Therefore this finding is in line with the research findings of Bareczal and Ellen (1997:135).

Table 6.22: Internet installation costs are expensive

Option	Frequency	Percent	Internet banking users frequency	Internet banking users percent	Internet banking non users frequency	Internet banking non users percent
Strongly disagree	10	2	6	7	5	1
Disagree	56	13	46	54	10	3
Neither	68	16	4	5	63	19
Agree	207	49	19	22	187	55
Strongly agree	84	20	10	12	75	22
Total	425	100	85	100	340	100

Source: Field data (2012)

The cost-effectiveness of internet banking

This question aimed at measuring how likely customers are to accept internet banking if they perceive it to be cost-effective. A total of 24 percent of the respondents consider internet setup costs to be too expensive. Table 6.23 reveals that 79 percent of users perceive that internet banking is cost-effective which contrasts with the 37 percent of non-users who do not agree that internet banking is cost-effective.

Table 6.23: Internet banking is cost-effective

Option	Frequency	Percent	Internet banking users frequency	Internet banking users percent	Internet banking non users frequency	Internet banking non users percent
Strongly disagree	15	4	2	2	13	3
Disagree	118	28	3	4	115	34
Neither	188	44	13	15	176	52
Agree	69	16	41	48	27	8
Strongly agree	35	8	26	31	9	3
Total	425	100	85	100	340	100

Source: Field data (2012)

6.6.3.2 The perceived risk of internet banking

The results presented in this section describe responses to questions concerning the perception of risk associated with internet banking by the respondents.

Safety of banking at the branch

The question aimed to probe customers' beliefs about the safety of banking at a traditional branch. 67% of the respondents believe that it is safe to bank at a branch. Table 6.24 shows that 71% of users and 62.8% of non-users perceive that banking in the branch is safe. This indicates an established perception in the mind of the consumer, making it difficult to convince customers to try new innovations. Marketers have to work hard to change the beliefs of customers as negative perceptions influence the consumer decision-making process. This may be the reason why the majority of the respondents choose not to use internet banking.

Table 6.24 :Banking at the branch is safe

Option	Frequency	Percent	Internet banking users frequency	Internet banking users percent	Internet banking non users frequency	Internet banking non users percent
Strongly disagree	8	2	0	0	9	3
Disagree	18	4	7	8	13	4
Neither	120	28	9	10	110	32
Agree	183	43	43	51	136	40
Strongly agree	96	23	26	31	72	21
Total	425	100	85	100	340	100

Source: Field data (2012)

The safety of internet banking

This question investigated consumer beliefs about the safety of internet banking. A total of 34% of the respondents believe that it is safe to bank online. Table 6.25 shows that most of the users (88%) agree, but only 20 % of the non-users consider internet banking to be safe. Consequently the higher the perception of risk in using internet banking the less likely an individual will be to adopt it.

Table 6.25: Internet banking is safe

Option	Frequency	Percent	Internet banking users frequency	Internet banking users percent	Internet banking non users frequency	Internet banking non users percent
Strongly disagree	25	6	0	0	27	8
Disagree	120	28	3	4	119	35
Neither	134	32	7	8	127	37
Agree	103	24	47	55	57	17
Strongly agree	43	10	28	33	10	3
Total	425	100	85	100	340	100

Source: Field data (2012)

Disclosure of credit card and account details on the Internet

This question aimed to determine whether respondents are confident in disclosing credit card and account details on the Internet. 60% of respondents are not confident in disclosing credit card and account details on the Internet. Table 6.26 reveals that 64% of non-users are not confident to reveal their credit card and account details on the Internet, and this is a reluctance that is shared by nearly half of the users (44%). Undoubtedly, safety is at the forefront of the minds of consumers and their perceptions that the Internet is not safe may be one of the factors that fuel their reluctance to use internet banking.

Table 6.26:Disclosure of credit card and account details on the internet

Option	Frequency	Percent	Internet banking users frequency	Internet banking users percent	Internet banking non users frequency	Internet banking non users percent
Strongly disagree	107	25	22	26	82	24
Disagree	146	35	16	19	138	40
Neither	80	19	5	6	74	22
Agree	74	17	39	45	34	10
Strongly agree	18	4	3	4	12	4
Total	425	100	85	100	340	100

Source: Field data (2012)

Disclosure of personal information on the Internet

This question probed consumer perceptions about the safety of bank websites. A total of 60% of the respondents are not comfortable with disclosing personal information on the Internet. Table 6.27 shows that only 49 % of users are confident to disclose their particulars on the Internet, while the majority of non-users (64%) are also reticent. This confirms that negative perceptions concerning the safety of internet banking abound among consumers. Results show that negative perceptions about internet safety influence the decision-making process, resulting in negative consumer outcomes.

Table 6.27: Disclosure of personal information on the internet

Option	Frequency	Percent	Internet banking users frequency	Internet banking users percent	Internet banking non users frequency	Internet banking non users percent
Strongly disagree	107	25	25	30	83	25
Disagree	149	35	13	15	133	39
Neither	78	19	5	6	73	21
Agree	73	17	39	45	34	10
Strongly agree	18	4	3	4	17	5
Total	425	100	85	100	340	100

Source: Field data, 2012

7.0 Summary, Conclusion and Recommendations

7.1 Summary

In summary, all the objectives of this study were achieved. With respect to research objective 1, the factors encourage the adoption of internet banking in the Tanzania context were identified. These were demographic factors such as age, income, educational level and occupation, which have an impact on a consumer's adoption of internet banking in Tanzania. Psychological factors such as perceptions of relative advantage, compatibility, complexity, perceived risk, and perceived cost were identified.

For research objective 2, a measure of the relationship between the factors and the adoption of internet banking was determined. Demographic factors, including age, income, education level and occupation were found to have influences and impacts on decisions to adopt internet banking. Psychological factors, including perceptions of relative advantage, compatibility, complexity, risk, and cost are found to be significant. However, negative perceptions of complexity, risk and cost were indications of negative attitudes towards adopting internet banking. Negative perceptions and attitudes influence the decision-making process, resulting in negative consumer behavior outcomes. Social influences, including the opinions of friends, parents and colleagues were found to have insignificant differences in having influenced internet banking users and non-users.

With respect to research objective 3 that identified the factors that discourage customers from using internet banking, the complexity, cost and risk perceived by non-users hindered the adoption of internet banking. This research is especially valuable for the Tanzania banking industry. Findings in this study shed some light for Tanzania banks interested in implementing internet banking strategies by emphasizing the relevant criteria at each phase necessary for a successful adoption process.

7.2 Conclusion

From responses this study present the results of the statistical analysis and establishes consumer attitudes towards internet banking. It also identifies those factors which influence the use of internet banking and those factors which discourage the use of internet banking. These factors concern consumer demographic characteristics, consumer perceptions towards internet banking and social influences.

This study also presents the results of the data analysis, profiling the banking habits and internet banking expectations of respondents. The descriptive statistics was used to identify the relationship between consumer demographic characteristics and the adoption of internet banking. The descriptive statistics was used to test differences between users and non-users in terms of their perceptions of internet banking. This study describes the demographics of the survey participants, and confirms that demographics (age, income education level and occupation) have an impact on their use of internet banking. Most users are middle-aged (i.e. between 31-39), have monthly incomes over 1000,000 are educated to tertiary levels and are employed.

Most attitudinal factors including relative advantage, compatibility, complexity, perceived risk, and perceived cost are found to be significant, however complexity, perceived risk and perceived cost present a negative relationship. Social influences did not result in any significant differences between users and non-users. On the basis of these findings the conclusions and recommendations will be made in this study.

Theoretically, this study contributed to the existing literature in the following ways. Firstly and

foremost, this study provided fresh information on the differences between non-users and users of internet banking. Secondly, the findings of this study make an important contribution to the literature by investigating a little studied, yet important, group of internet banking adopters, which are SMEs in Nyamagana district and Tanzania. The findings from this study can be directly compared with those obtained previously in other countries. Thirdly, the study provides information of interest to the Tanzania banking industry. Last but not least, the instruments developed and validated in this study can be used in future research. The validated research framework proposed in this study can hence serve as a basis for hypothesis formulation for future research in this area.

7.3 Recommendations

Drawing from the conclusions of this study the following recommendations can be made. Recommendations are made to the bankers to promote SMEs adoption of internet banking in line with the four P's in marketing: product, price, promotion and place.

7.3.1 Product

This survey provides the rankings of internet banking services by users. For the banks wishing to launch their internet banking services, the type of products and services offered through internet banking should basically include those frequently used by their clients as well as services requiring few interactions with bank staff. Banks need to look into better equipping their systems with more powerful and advanced computer technologies.

7.3.2 Price

A key factor which drives the use of internet banking in this country is cost effectiveness. Hence, a reduction in the cost of internet banking transactions can motivate consumers to use the service. The desires for cost reductions will be a key driver for banks to increase the adoption rate of internet banking.

7.3.2 Promotion

Promotion is defined as "the co-ordination of all seller initiated efforts to set up channels of information and persuasion to facilitate the sale of a good or service." (Ayanwale et al., 2005, pp 260). Consumers of all ages can be targeted. The target market could also include small and medium businesses in Tanzania. An important feature in promoting internet banking is the emphasis on lower charges for online transactions as a key benefit. Promotions could be held at branches, offering prizes to customers who sign up and use the online facility. Banks offering internet banking should launch campaigns to direct awareness to potential adopters.

7.3.3 Place

Banks could target business and establish relations with them. The benefits of internet banking can be illustrated to the owners of the company. Banks could penetrate new markets through the use of company Internet sites as SMEs may be encouraged to open bank accounts in order to utilize the internet banking facilities.

7.4 Suggested areas for further research

Findings of this study have raised questions requiring further research. In this regard the following areas are recommended for further research.

1. The study on the adoption of internet banking services in Tanzania can be extended to corporate customers. Comparison can then be made between individual customers and corporate customers in terms of the factors influencing their adoption decisions, the criteria for selecting an internet banking service, and the types of products and services perceived to be useful.
2. The number of respondents interviewed could be increased in a national study focusing the whole country in order to extrapolate the conclusions to incorporate the general population.
3. When the number of internet banking customers i.e SMEs reaches a critical mass, future studies may examine the factors that contributed to this increase in usage. For example, such a study could take place a year from the date of this study.

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