

*How Customers Learn About and Decide To Use Online
Banking Services
Research Executive Summary*



*The Ohio State University's
Consumer Finance Monthly Survey*

Business Problem: You have spent a lot of time, money and effort in developing online banking services but customers are not using the service. What are the most effective methods of increasing consumer adoption of online banking?

Solution: Financial institutions can use results from this research to improve both customer knowledge and customer use of computer banking.

Research Details: This research paper argues that convincing people to use online banking services is a two-step process. The first step is to ensure customers are aware and have access to this new technology, while the second step is to convince customers to adopt the technology.

Empirical results were obtained from a telephone survey of 1,000 individuals. The analysis shows not surprisingly that individuals know whether their bank offers online services if the bank sends them written marketing information, an employee tells them directly or if they discuss the service with family and friends. Not as obvious is that the most effective method of ensuring that customers know about the service is having employees talk to customers. The least effective is for banks to rely on word of mouth.

Given that customers know about the online service, what causes them to *use* it? Surprisingly, personal characteristics like a customer's age, income, amount of education or if they own a personal computer have no impact on using the service. Additionally, sending marketing materials, having employees talk to customers and relying on word of mouth also have no impact. What does have an impact? The four factors that have an impact are a customer's perception that the service is useful, reliable, secure and simple to use. Among these four factors, usefulness is far and away the most important factor, with reliability a distant second. Empirical results show security and simplicity are the third and fourth factors, but there is little difference between these two.

Research Title: *A Sample Selection Model of Consumer Adoption of Computer Banking*

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