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Investigating linkage between customer value and technology adoption behaviour: A study of banking sector in India

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ABSTRACT

The present study has been framed to analyze relationship between customer value perception and their technology adoption behaviour with reference to banking customers in India. Being primary in nature by employing multistage stratified sampling approach, the study has included a sample of 1201 banking customers residing in 12 different cities of India. Further, the relationship between customer value perception and technology adoption has been examined through the development of a model named Integrated Technology Adoption model by applying structural equation modelling approach. The results of the study highlight behavioural intentions towards technology adoption as the strongest predictor of value perception of the customers followed by their personal disposition towards technology adoption, perceived usefulness and perceived ease of use. Based on the findings of the study, probable courses of actions have been suggested to the banks for enhancing value perception of the customers regarding the latest banking technologies, thereby, ensuring long-term profitability and sustainability.

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1. Introduction

Customer value is emerging as one of the focal points that facilitate organizations to sustain the pressure of competition and differentiate them from the other competitors (Hamid, 2012). Considering the imperative role of customer value banking sector has also started framing strategic moves directed towards enhancing value perception of the customers regarding the products/services offered by banks (Al-Shbiel & Al-Olimat, 2016; Yadav & Suvarna, 2013). Among such moves, one of the promising initiatives taken by the banks is introduction of new and improved technologies into banking operations (Bajaber, AlQulaity, & Zafar, 2016; Kumar, Saxena, Suvarna, & Rawat, 2016). Introduction of latest technologies (such as internet banking (IB), mobile banking (MB), etc.) allow customers to carry out their banking transactions on anytime-anywhere basis, thereby, attempting to enhance value

proposition of the customers regarding services offered by banks with the use of latest available technologies.

Since the rationale of introducing latest technologies into the banking operations is to provide convenience to customers with the ultimate aim of enhancing their value perception, it becomes imperative for the banks to explore impact of such technologies on value perception of the customers. The exploration of such kind will enlighten banks regarding the facets of technology adoption behaviour of the customers that affect their value perception regarding latest technologies. However, available research in this field indicates that the phenomenon of customer value and technology adoption has been hardly studied in its entirety and comprehensively with reference to banking customers in India, though the concept has received substantial acknowledgement from distinct researchers (Bhatt & Bhatt, 2016; Karthikeyan & Soniya, 2016; Noori, 2015; Rao & Budde, 2015). Therefore, with the aim to prepare a novel and path-breaking contribution to the existing literature, the present research work has been framed to examine relationship between customer value and their technology adoption behaviour with reference to banking customers in India. Accordingly, Integrated Technology Adoption (ITA) model has been developed and proposed in the present study.

The next part of the study has attempted to explore literature pertaining to the phenomenon of customers value and its

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relationship with technology adoption behaviour of the customers. Further, the present contribution includes elaboration of the research methodology followed by discussion regarding the results and conclusions emanating from the present study along with probable business implications for the banking sector.

2. Review of literature

2.1. Customer value perception and technology adoption behaviour

Technology adoption behaviour of customers play a significant role in shaping their value perception regarding the technology (Rajagopal, 2006). Technological innovations in banking services induce customers to adopt technology by enhancing their convenience level and this eventually leads augmented value perception of customers towards using banking technologies. Similarly, Bhatt and Bhatt (2016) have stated that providing assistance regarding adoption mobile banking technology to the customers add to their value perception. Similarly, features of technology including ease with which technology can be operated; effectiveness and efficiency involved in operating the banking technologies (Chen, 2013; Laukkanen, 2007; Peppers & Rogers, 2004).

Further, Ho and Ko (2008) and Khadem and Mousavi (2013) uncovered that the customers, who perceive internet banking useful, easy-to-use, cost-effective and possess readiness to use technology, are willing to adopt internet banking and have high value perception regarding internet banking. Also, Hamprecht and Brunier (2011) stated that customers across all generations, are looking for services that are consistent, customized as well as useful and this belief of the customers has also been found to affect their value perception. Further, Yieh, Chen, and Wei (2012) have also unveiled significant relationship between technology readiness and customer value perception. Similarly, researchers, such as Loureiro, Kaufmann, and Rabino (2013), Hung, Chang, Eng, and Woing (2013), Hamid (2012), Wachter, Kim, and Kim (2012); also highlighted significant role of technology adoption decision of the customers and various facets related to it, such as perceived usefulness, optimism, etc. on the value perception of the customers.

2.2. Technology adoption behaviour of customers

The phenomenon of value perception of the customers towards technology is difficult to understand in entirety without shedding light on their technology adoption phenomenon (Ho & Ko, 2008). Among such research contributions, the renowned attempts include Technology Readiness Index (TRI) developed by Parasuraman (2000); Technology Adoption Model (TAM) (Davis, Bagozzi, & Warshaw, 1989); Innovation diffusion theory (IDT) (Rogers, 1995); Theory of Reasoned Action (TRA) (Fishbein & Ajzen, 1975); Theory of Planned Behaviour (TPB) (Ajzen, 1991); The Unified Theory of Acceptance and Use of Technology Model (UTAUT) (Venkatesh, Morris, Davis, & Davis, 2003); Technology Adoption Propensity (TAP) index (Ratchford & Barnhart, 2011), etc. Broadly, three categories of technology adoption facets exhibiting significant impact on technology adoption behaviour of the customers have been highlighted. The three categories include personal disposition of customers towards technology adoption manifested through personal traits, namely, optimism, innovativeness, risk taking propensity, discomfort, self-efficacy, psychological resilience, social influence, habit, etc.; technology attributes, namely, perceived usefulness, perceived ease of use, performance expectancy, effort expectancy, relative advantage, etc. and facilitating condition available. Based on these models, distinct researchers

at different points of time and with reference to different technologies have either validated the aforesaid models or considered different technology adoption facets in their studies. For instance, TAM has been validated with reference to different technologies including e-banking, e-learning, 3G mobile services, mobile banking, etc. in different economies, such as Korea, USA, Japan, Singapore, etc. (Akturan & Tezcan, 2012; Al-Shbiel & Al-Olimat, 2016; Fathema, Shannon, & Ross, 2015; Qteishat, Alqatawna, & Al-Ma'aitah, 2013). Likewise, TRI has also been validated in different settings and with reference to different technologies, including e-banking, e-insurance, e-learning system, self-service technologies, e-shopping, etc. (Chen, Chen, & Chen, 2009; Gupta & Garg, 2015; Ling & Moi, 2007; Taylor, Celuch, & Goodwin, 2002) in nations. Further, the significant role of various other facets, such as self-efficacy, risk social influence, habit, psychological resilience, facilitating conditions, etc. in technology adoption decision of the customers have been explored (Al-Haderi, 2013; Al-Qeisi & Al-Abdallah, 2013; Bakker, Gierveld, & Rijswijk, 2006; Compeau & Higgins, 1995; Farzianpour, Pishdar, Shakib, & Toloun, 2014; Limayem & Hirt, 2003; Venkatesh & Davis, 2000; Venkatesh et al., 2003; Venkatesh, Thong, & Xu, 2012; Verhoef et al., 2009; Vinayek & Jindal, 2011). Besides, different studies found in the literature have also shown varied results. Aboelmaged and Gebba (2013) highlighted statistically significant impact of perceived usefulness on behavioural intentions but statistically insignificant role of perceived ease of use on the behavioural intentions among mobile banking customers. Conversely, Maditinos, Chatzoudes, and Sarigiannidis (2013) and Akturan and Tezcan (2012) have found significant role of perceived usefulness and insignificant role of perceived ease of use in the adoption of mobile banking technology. Besides, some studies have depicted statistically significant but indirect impact of the four constructs of TRI (Parasuraman, 2000) on decision of the individuals towards technology adoption (e.g. Elliott, Meng, & Hall, 2008; Walczuch, Lemmink, & Streukens, 2007, etc.) instead of direct impact. Adding more, various socio-economic characteristics of the customers have also been found to exhibit significant impact on technology adoption behaviour of the customers (Amin & Territory, 2010; Gan, Clemes, Limsombunchai, & Weng, 2006; Pikkarainen, Pikkarainen, Karjaluoto, & Pahnla, 2004) in different contexts.

An in-depth analysis of the literature has made it evident that numerous studies have been carried out to explore and measure the dynamics of technology adoption among banking customers in different parts of the world and at different points of time. However, no substantial literature has been found with reference to countries like India (Chauhan, 2012; Gupta & Garg, 2015; Sharma & Govindaluri, 2014). Further, among the sparse existing relevant literature found with reference to the banking sector in India, studies are found to be either region specific or technology specific (e.g. Bhatt & Bhatt, 2016; Murali & Mallikarjuna, 2014; Paul, 2014, etc.). While, majority of the existing limited studies are also found to explore technology adoption phenomenon from single perspective, i.e., based on either technology attributes or personal traits of the customers, etc. (e.g., Kesharwani & Bisht, 2012; Tavishi & Kumar, 2013, etc.). Besides, researchers, such as Bhatt and Bhatt (2016), Hamprecht and Brunier (2011), etc. have recognized that one of the prime objectives of the banks for introducing new and improved technologies into the banking operations is to provide superior value to the customers. But, the literature has been found to fall short in providing substantial empirical evidence depicting relationship between technology adoption behaviour of the customers and their value perception regarding the technologies. Taking all the aforesaid issues into contemplation, the development of ITA model, in the present endeavour, aimed at analyzing the phenomenon of customer value perception and their technology adoption behaviour comprehensively from different angles with

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