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Understanding customer perceptions of internet banking: the case of the UK

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Abstract

Purpose – Existing work on internet banking has provided substantial knowledge of the benefits and economic impacts of internet banking from the bank's perspective. However, internet banking provides advantages for customers as well as the banking industry. The purpose of this paper is to investigate customer perceptions of internet banking in the UK with the goal of providing a comprehensive understanding of British internet banking.

Design/methodology/approach – In order to provide the detailed understanding of customers' perceptions of internet banking, a qualitative study was conducted. The primary method of data collection were 25 interviews. To provide triangulation and increase reliability, various documents and secondary data analyses about internet banking in the UK were also used to supplement the analysis.

Findings – The results indicate that money transfers and bill payment are the most popular facilities with UK internet banking adopters. More importantly, security is the most important factor affecting the rate of internet banking adoption in the UK. To resolve customers' security concerns about internet banking, some banks have introduced technologies such as card readers to avoid online fraud. In addition, the authors also found that customers are highly satisfied with internet banking.

Research limitations/implications – The qualitative nature of the study meant that in-depth interviews with a relatively small sample were the most appropriate method to address the research question. Future studies with larger, more representative sample sizes are encouraged to investigate how the findings can be generalized to larger populations. In addition, due to the popularity of social media, future studies are also advised to examine how they can influence customers' perceptions of internet banking and boost its adoption rate.

Originality/value – This paper investigates current perceptions of internet banking in the UK from the customers' perspective. Therefore, the findings of this study complement with existing work that focusses more on the bank's perspective to present a comprehensive understanding of this topic.

Keywords UK, Internet banking, Security, Social media, Customer perception

Paper type Research paper

1. Introduction

In recent years the market has seen rapid growth in new technologies within the service industry (Durkin *et al.*, 2008). One of the service industries involved is the banking sector, where internet banking as a service delivery channel is becoming more popular due to the low cost per transaction and a wider variety of access options for the customer base (Shah and Siddiqui, 2006). Moreover, technological developments in commercial



banking have driven rapid changes in the ways banks interact with their customers (Akinci *et al.*, 2004; Liao and Cheung, 2002). These technological advancements are mainly in information and communication technologies (ICTs).

The spread of the internet opens new doors for banks and gives them the ability to respond to heightened customer expectations and improve customer services (Poon, 2008). Due to the interactive nature of the internet, it provides more advantages than other channels for delivering the banking services (Shah and Siddiqui, 2006), which it offer new business models (Hajli, 2014a). In fact, as an information-intensive industry, banking has been strongly dependent on ICTs (Shih and Fang, 2004). The advantages of ICTs create a win-win situation for both organizations and their customers. For example, the advancements of ICTs along with the emergence of Web 2.0 technologies such as social media offer new marketing strategies (Hajli, 2014b; Hajli *et al.*, 2014). In addition, the developments in ICTs force banks to provide their services online to better serve customer demands and therefore influence the banking industry significantly (Akinci *et al.*, 2004; Southard and Siau, 2004). Particularly, internet banking offers a great opportunity for the banking industry to have a deeper understanding of customers (Shah and Siddiqui, 2006). The developments of ICTs provide a great competitive tool for the banking industry to improve customer satisfaction. Therefore, customer satisfaction plays a key role in developing internet banking (Casaló *et al.*, 2008).

Internet banking offers a wide variety of benefits for banks and consumers, from cost saving to improving customer satisfaction (Suh and Han, 2002) and is an important tool in the highly competitive banking industry (Yang *et al.*, 2009). An earlier study by the Association for Payment Clearing Services – the UK payment association – indicated that internet banking in the UK has increased by 174 percent, from 6.2 million customers in 2001 to 17.0 million in 2006 (Alsajjan and Dennis, 2010). In addition, British Telecom's most recent survey shows that 68 percent of adult British internet users utilized internet banking in 2013, reflecting the growing significance of internet banking in the UK. Although internet banking provides many positive effects such as faster transactions and lower handling fees, customers' perceptions of this system are still the main factor that affects adoption rates.

Compared to physical banking, internet banking has some unique characteristics, such as the extensive use of technologies and the impersonal nature of the online environment. These characteristics, however, raise customers' implicit uncertainty about using internet banking for financial transactions (Gan *et al.*, 2006; Yousafzai *et al.*, 2003). In fact, there are still a large group of customers who are reluctant to adopt internet banking due to this uncertainty (Kuisma *et al.*, 2007; Littler and Melanthiou, 2006). As a result, banks and policy makers consider increasing the adoption rate of internet banking as their first priority when creating strategic plans to build competitive advantage (Shih and Fang, 2004).

Although earlier work has provided substantial knowledge in understanding the benefits and economic advantages of internet banking from the bank's perspective, it should be noted that very few studies have investigated the value proposition from the customers' perspectives (Durkin *et al.*, 2008). Understanding customer perceptions of internet banking is essential because it can help researchers and practitioners better understand why adoption of internet banking is not keeping pace with developments. This can also help bank managers to formulate appropriate strategies aimed at increasing internet banking use. Therefore, the objective of this research is to investigate the current situation of customer perceptions of internet banking in the UK, with the goal of providing a comprehensive understanding of British internet banking.

Specifically, we conducted a qualitative study by interviewing 25 participants and examining various supplemental documents to gain the detailed understanding of customer perceptions toward internet banking. As a result, the research question this study attempts to address is:

RQ1. What are customer perceptions of internet banking in the UK?

The rest of the paper is structured as follows. The next section of this paper briefly describes the theoretical foundation for the research effort. Following that, the detailed research methodology is described. Subsequently, the findings of our analysis are presented. Finally, we conclude with a discussion of the results, the implications of the findings, limitations, and future research of this paper.

2. Literature review

Internet banking provides banks with a competitive advantage by improving the quality of customer services and reducing their operational costs (Jourdan and Katz, 1999). Existing studies of internet banking focus mainly on three categories. First, a number of researchers have looked at customers' perceptions of the service delivery quality of internet banking. Others have examined consumer usage of and attitudes toward internet banking (Laforet and Li, 2005; Liao and Cheung, 2002). Finally, some scholars have examined consumers' motivations to adopt internet banking services. Although there are many different banks with a web presence, internet banking is more than just a system of eliminating physical boundaries, having facilities accessible wherever there is a customer (Southard and Siau, 2004). It also offers better communication channels between banks and customers, lowers costs for all parties, and enhances customer satisfaction (Southard and Siau, 2004).

Internet banking technologies evolved a great deal from the introduction of the automated teller machine (ATM). The advent of the ATM represents a significant advancement in customer access to the banking industry and since then this sector has witnessed extensive change (Lassar *et al.*, 2005). In the banking industry, different terminology has been applied to these technologies. Electronic banking (e-banking), internet banking, and virtual banking are some popular examples. The term e-banking refers to the provision of services and information by a bank to individuals through ICT channels (Lympelopoulos and Chaniotakis, 2004). The other definition of internet banking refers to the use of the innovative resources of the internet, which enables customers to complete their financial activities in the virtual space (Shih and Fang, 2004). In yet another definition, internet banking refers to banks that only offer services online without having any physical branches, using ICTs to provide all banking services (Yang *et al.*, 2009). There is also mobile banking (m-banking), which refers to the use of wireless devices to access the internet to perform financial activities (Yang *et al.*, 2009). However, a bank with only a web presence cannot be categorized as a bank that offer internet banking services as to meet this definition it must have platforms online for customer transactions (Sayar and Wolfe, 2007). The current research defines internet banking as the use of internet and ICTs in bank service delivery to increase the productivity of bank services and customer satisfaction. Both bankers and scholars emphasize the need for banks to develop their delivery systems by utilizing ICTs (Southard and Siau, 2004), providing further evidence that ICTs play a key role in the success of the industry, as bank services require sharing a substantial amount of information at the right time.

Existing research has provided substantial knowledge in understanding the factors driving the development of internet banking in different settings. A number of authors

indicate that cost reduction, queue minimization, innovator advantages, sales increases, customer satisfaction, and price competition are the main drivers in developing internet banking (Lymperopoulos and Chaniotakis, 2004). Most of these benefits improve customer satisfaction (Suh and Han, 2002). Shah and Siddiqui's (2006) study of internet banking adoption reveals that critical success factors for the adoption of internet banking are: availability of resources, security, understanding customer needs, bank flexibility, bank brand name, integration of channels and systems, support from top management, and good customer service. Internet banking services are attractive for customers because of the facilities these platforms offer, such as the ability to perform transactions anywhere and anytime, providing greater convenience with lower fees (Sayar and Wolfe, 2007). A number of studies rely on the technology acceptance model (TAM) to examine factors that influence internet banking adoption (Suh and Han, 2002). According to TAM, perceived usefulness and perceived ease of use are two major factors influence people's intention to adopt an information system (Davis, 1989). Other internet banking studies rooted in TAM indicate that customers' attitudes toward using internet banking are important of whether they will ultimately adopt internet banking (Lassar *et al.*, 2005). In addition to TAM, scholars who study internet banking adoption also draw on the theory of reasoned action (Fishbein and Ajzen, 1975), the theory of planned behavior (TPB) (Ajzen, 1991), and the decomposed TPB (Taylor and Todd, 1995).

2.1 Factors affecting internet banking adoption

Prior studies suggest that the adoption rate of internet banking is still low due to a number of factors: customers' perceptions of risk, their specific needs, lack of knowledge about internet banking, inertia, accessibility of technology, pricing, and IT fatigue (Gerrard *et al.*, 2006). One of the main factors that consistently appear in the literature in different settings is the matter of security. Research shows privacy and security are the most influential factors in business (Hajli and Lin, 2014) and indeed in internet banking acceptance in different countries (Laforet and Li, 2005; Liao and Cheung, 2002; Poon, 2008; Sadiq Sohail and Shanmugham, 2003; Sayar and Wolfe, 2007; Shah and Siddiqui, 2006; Suh and Han, 2002; White and Nteli, 2004; Yang *et al.*, 2009). Security issues are still important issues in internet banking, although the development of IT has empowered banks to better secure their platforms (White and Nteli, 2004). For instance, banks in the UK provide card readers to reassure their customers and ensure that internet banking is secure. However, recent research shows that although customer satisfaction is fairly high in the UK, security and fraud are still the main concerns among consumers (Forsee, 2011).

The speed of internet banking (Poon, 2008), customer satisfaction during the previous interaction with internet banking services (Casaló *et al.*, 2008; Lymperopoulos and Chaniotakis, 2004), and managers' perceptions (Lymperopoulos and Chaniotakis, 2004; Shah and Siddiqui, 2006) are the other important factors influencing the acceptance of internet banking. Additionally, trust and perceived usefulness are also important factors in the acceptance of internet banking (Liao and Cheung, 2002; Suh and Han, 2002).

Another significant factor for internet banking adoption rates is the web site and platform of the bank. These need to be carefully developed to provide easy and convenient services to consumers. Prior research shows that improvement in site performance and ease of use in online transactions increases the satisfaction of internet banking consumers (Freed, 2011; Forsee, 2011). Web site usability has a positive effect on customer satisfaction and loyalty as well as word of mouth (WOM) about a bank (Casaló *et al.*, 2008; Freed, 2011). Unintuitive web site design for an internet banking

platform with otherwise adequate services is an issue that can discourage people from adopting internet banking (Yang *et al.*, 2009). Customers' perceptions of the risks of internet banking due to their lack of IT skills also influences the internet banking adoption rate (Laforet and Li, 2005).

Research shows that a bank's strategy regarding integrating an internet banking channel with other bank delivery channels is another factor that influences the internet banking adoption (Shah and Siddiqui, 2006). An area's environmental e-readiness is also an important attribute for the development of internet banking (Haghighi *et al.*, 2010). E-readiness is a key issue in the adoption of technology for a community and is dependent on the level of infrastructure development in that society.

For bank managers, the issues with internet banking are mostly connected to their attitudes, perceptions, and strategies; from the consumer perspective the issues are more related to demographics, motivations, attitudes, and satisfaction (Akinci *et al.*, 2004). There is also some research that highlights the role of customers' awareness of internet banking services, which can persuade an individual to use internet banking (Adler and Kwon, 2002; Laforet and Li, 2005). This is an important factor, specifically in regard to security, where new technologies facilitate more secure internet banking environments. For instance, Parasuraman (2000) illustrates that optimism and innovation are drivers of technology readiness, while discomfort and insecurity are inhibitors. Therefore, there is a need to create awareness among a bank's customers about these improvements. This level of awareness plays an important role in promoting delivery of banking services.

2.2 Internet banking in the UK

This research was conducted in the UK. To have a better understanding of customers' attitudes toward internet banking in the UK, this section reviews related papers to establish the status of internet banking in that country and examine how customers think about online banking (Table I).

Although more than 60 banks and building societies in the UK have established internet banking, physical banks are still very popular (White and Nteli, 2004). The UK is a country with a strong financial background and powerful ICT infrastructures, which may help to persuade customers to use internet banking. The main banks in the UK are Barclays, NatWest, HSBC, Halifax, and Lloyds TSB (White and Nteli, 2004), but the five top banks in terms of customer service are RBS, Lloyds, Barclays, HSBC, and Santander (Freed, 2011).

Research in the UK reveals that British banking customers identified accessibility and reliability of services, responsiveness customer services, convenience and accuracy of internet banking operations, good queue management, provision of targeted customer service, and service personalization as the key dimensions of internet banking service quality (Ibrahim *et al.*, 2006).

Number of retail banks	83
Which have web sites	83
Which have internet branches	33
Total assets/GDP (%)	426.4

Table I.
Banking sector
of the UK

Note: Includes building societies for the UK; 42 of 50 institutions that do not have an internet branch are building societies

Sources: Eurostat statistics. Adopted from Sayar and Wolfe (2007)

In a comparative study of internet banking in the UK and Turkey, it is indicated that although the UK is a developed country, the variety of services provided by Turkish banks is greater than the variety offered by British banks and the adoption of internet banking has been greater (Sayar and Wolfe, 2007). Other research argues that in spite of internet proliferation and the growing number of internet users, internet banking has not increased rapidly in the UK due to customers' security concern toward internet banking (White and Nteli, 2004). M-banking adoption in the UK is also increasing very slowly as many people still prefer postal communications (Freed, 2011; Forsee, 2011).

A recent report on internet banking in the UK reveals a high level of customer satisfaction and suggests that this is based mainly on the services offered via internet banking, web site quality, and perceived usefulness of the online banking platforms (Freed, 2011). Another report on internet banking in the UK shows that since the start of online banking in the UK, debit and credit fraud has declined in online transactions (MarketWatch, 2011). This report also announced a decline in the criminal losses of credit and debit cards in 2011. The success in reducing risk in online banking has different origins, such as an increase in the level of customer awareness of fraud in an online context and the development of technologies to secure online banking platforms (MarketWatch, 2011).

There have also been some interesting reports about customer satisfaction published recently by ForeSee Company. Their report shows that satisfaction of British customers with internet banking increased and reached a peak for overall internet banking experience in recent years (Freed, 2011). This report also indicated that the number of satisfied online banking customers is fairly high, and that they use their banks' web sites as a primary channel to contact their bank. The result by ForeSee shows that with regard to customers' satisfaction with internet banking and top 40 online retailers, top banks in the UK have been performing very well in terms of customer satisfaction.

3. Methodology

3.1 *Research design*

The present research conducts a qualitative method that allows a deeper reach into customers' perceptions toward internet banking in the UK. This method is a popular design in business studies and when the focus is on a contemporary phenomenon within some real-life context (Lincoln and Guba, 1986; Yin, 2011).

3.2 *Participants*

The sample of the present study included any available respondent in the UK with a bank account. Due to the privacy issues about participants' banking details, we did not ask about bank details, but asked the participants to indicate if they used internet banking. Specifically, for our participants, we provided a completed list of internet banking services (e.g. money transfer, view statement) to them and asked them to categorize the most significant services of internet banking they had used in internet banking. In addition to categorize the most significant services from our list, individuals were also welcomed to identify their own perceptions on the usage of internet banking. This approach allows us to identify the key factors of adopting internet banking.

For those non-adopters, we also provided a list of barriers to them and asked them to discuss the reasons of not using internet banking with the goal of providing a comprehensive understanding on customer perceptions of internet banking. Table II shows the selection of our participants.

Table II.
Selection of cases

Case	Age	Male	Female	Use of internet banking	Which facilities in online banking?	Number of time to do internet banking per month	Number of time visiting branches	City	Use of social media for internet banking?	Satisfied with online banking?
1	32	1	1	Yes	View statement/money transfers	2	0	London	Yes	Yes
5	53	2	2	No	-	0	1	London	No	-
7	33	1	1	Yes	Money transfers, payment, view statement	2	0	London	No	Yes
10	24	1	1	No	-	0	2	Brighton	Yes	-
12	32	2	2	No	-	0	1	London	No	No
14	30	1	1	Yes	View statement	2	2	Cambridge	No	Yes
19	24	1	1	Yes	View statement, money transfers, bills	2	0	London	No	Yes
21	29	2	2	Yes	View statement, bills	1	0	London	No	Yes
22	28	2	2	Yes	Money transfers, bills	15-20	4	London	No	Yes
23	35	2	2	Yes	Check balance	30-40	2	London	No	Yes
24	31	1	1	No	-	0	1	London	No	No
15	31	1	1	No	-	0	1-2	London	No	No

3.3 Method

The present study used different methods to collect the data. Our primary methods of data collection were interviews. The interviews were carried out via face-to-face meetings, telephone, and e-mail. To have more precise data, various documents as well as secondary data analysis about internet banking in the UK were also used to supplement our analysis. These documents include the recent reports of ForeSee organization on the UK customer satisfaction report for online banking and MarketWatch report of the UK banks. The aim was to triangulate the data from different sources to increase the validity and reliability of the research (Yin, 2011). This study employed an open-ended interview where the participants were encouraged to offer their own definitions of the target of the study or social phenomena under observations (Silverman, 2006). To do this, 25 open-ended interviews over a period of one month were conducted. The questions were organized based on a semi-structured style. For each interview, we conducted a grand tour technique (McCracken, 1988; Spradley, 1979). The interview questions focussed on five major dimensions: consumers' attitudes toward internet banking, their reactions to new technologies, their concerns on internet banking, their level of satisfaction on internet banking, and their attitude toward social media and traditional service delivery channels. The items of questions were adopted from the literature review and existing related studies in the UK. All interviews were tape recorded to organize the data and discover the patterns from the data.

We conducted our analysis in accordance with Yin's (2011) guidelines. Throughout the analysis, we iteratively compared our findings to the current literature, representing a more comprehensive understanding of customers' perceptions toward internet banking. In the first stage, we read each transcript carefully, emphasizing on three major areas: participants' attitude toward internet banking, and the factors of adopting and not adopting internet banking. In the second stage, we analyzed the transcripts in a more structured way. Specifically, we used a common set of definitions for the factors of adopting and not adopting internet banking summarized from the existing literature to facilitate the coding process and ensure consistent interpretations. The third stage directly addressed our research questions. In this stage, we identified broad themes and patterns and then interrogated them more systematically (Yin, 2011) based on the findings from our stage two analyses and evaluation of consistent and conflicting findings in the literature.

The current study took these steps iteratively to ensure the trustworthiness of the work. In the qualitative research trustworthiness needs to be built up through different steps (Lincoln and Guba, 1986). To summarize, the steps adopted in this research to ensure the trustworthiness of the work were: gathering appropriate and meaningful documents from the existing literature, triangulation of the data where the research used different sources, and finally maintaining an audit trail.

4. Findings

Our analysis began by looking at the response patterns for each single question in the interviews. The answers were categorized in two sections, separating the attitudes of adopters and non-adopters toward internet banking. Table III shows some of the most common answers from participants.

The participants' responses about which kind of facilities they usually use (e.g. view statement, transfer money) help us to identify usage patterns in internet

Table III.
Interviewees'
sample answers

Case Summary of answers

1	I like internet banking, as it is easier for me to transfer money online or view my statement. But I have some concerns about privacy and security of internet banking. I think it is difficult to carry card reader everywhere
5	I don't like to use my credit card online as I have a real concern for security in the internet. I have no idea about how the new technologies make internet banking secure
7	I use internet banking for everything
10	I am concerned with the security of internet banking. Everything can be hacked in the internet somehow. The passwords and stuff that I have to remember really annoy me. I am aware of that technology but have not used it. I don't feel a need or want for that
12	I would never use internet banking as I know of too many people who have been victims of online fraud. I much prefer to pay for items in cash on the high street. Old fashioned maybe but it's a lot quicker and safer for me
14	I signed up for internet banking but don't use it too much. I prefer to go to the bank to deal with my finances. But it's convenient if you want to quickly view your statement or check if a transfer is coming through. However, there are security concerns so you have to be cautious
19	I use internet banking mainly to pay my bills. I think that it's pretty secure, as a lot of security measures have been implemented recently. It's more convenient for me to do internet banking rather than going to the bank
21	I use internet banking to view statements and pay some bills. I am satisfied with it but I would not connect it to social sites, as I am concerned with security. Regarding social sites, I am not sure what security measures that banks have implemented
22	I use internet banking every day. I go to the bank sometimes too but it is more convenient to use internet for transferring money. I use the card reader, but it is difficult to have it my packet every day
23	I use internet banking every day and sometimes more than one time per day. I think it is very convenient because it saves me a lot of time. I like the card reader, but it's difficult to carry
24	I don't use internet banking because I am not familiar with it. If I need to do financial transactions, I would go to the bank. I would never connect my internet banking with social networks
15	I don't use internet banking because there is no need for me. If I need to do transfer money, I would use the local branch and generally there is a person who does the things for me

banking. UK internet banking adopters indicate that transferring money, checking balances, and viewing statements are the facilities that they most commonly use. Consistent with existing work, our findings also show that security is major concern that prevents individuals from conducting transactions through internet banking. In fact, online card fraud is one of the main issues in the UK dissuading people from going online for money transfers and other activities. Although technological developments offer better mechanisms for customers to safely perform their transactions online, many of them are still unaware of these facts. For instance, some banks have introduced card readers for their customers to increase the security of online banking platforms and reduce their perceived risks. The introduction of card readers demonstrates a good example of how banks can leverage technological developments to ensure the security of internet banking. Our results also indicate that participants are happy with card readers, but the freedom of customers to use internet banking is then limited because they have to carry the card reader with them.

The other question we attempted to understand in this study was whether participants were satisfied with internet banking. Our findings demonstrate that British internet banking adopters are highly satisfied with internet banking.

Customer satisfaction is an important issue in the context of internet banking and our finding shows the bank industry is on the right track for maintaining customer satisfaction. Consistent with existing research, the qualities of internet banking such as security, accuracy, user-friendliness, and network speed have a significant influence on whether and how quickly customers adopt internet banking services (Freed, 2011; Liao and Cheung, 2002). Our results show web site usability is a key factor in encouraging customers to use internet banking frequently and attracting others to adopt internet banking.

Our results also show that participants are not interested in mixing their banking activities with social media. However, social media is expanding and it could provide advantages to banks to engage customers through these platforms. Therefore, it could be argued that social interactions with Web 2.0 are an agenda banks should work toward for the future, because current customer have no interest in interacting with their banks through these channels. In fact, our interview results show that participants are most interested in postal communication. Customers prefer their contact with the banks by letter, which can incur further cost for banks.

5. Discussion

This research investigated customer perceptions of internet banking in the UK by conducting a qualitative study. Our results indicate that the services of transferring money and paying bills are the most popular facilities for UK internet banking users. More importantly, our findings certainly support the importance of concerns about security, which still remain a customer priority regardless of the fact that technological advancements have been introduced in different contexts to enhance the security of internet banking. In addition, our findings also suggest that although some technological developments such as card readers do resolve UK internet banking adopters' security concerns, these technologies limit the freedom of customers to use internet banking when and where they choose because they are required to have card readers or other authentication technologies to access their internet banking services. Furthermore, our results indicate that UK internet banking adopters are highly satisfied with internet banking, suggesting that banks in the UK have been successful in their marketing strategies for delivering internet banking services to their customers. Customer satisfaction is essential in the context of internet banking because it can help to boost the adoption rate of internet banking through WOM, which is spread by happy customers in the community. Our results also emphasize the role of customers' awareness of technologies and how banks can assure bank customers that their financial activities on online platforms are secure. We also determined that customers are still interested in postal communication, which can incur further cost for banks. In fact, over time social media can help banks to change customer perceptions about communication channels. Although this is not a current channel for communicating with bank customers in the UK, it is a new marketing strategy that banks need to develop further, given the continuing expansion of social media.

The contribution of our research is in clarifying contemporary British perceptions and attitudes toward internet banking and customers' security concerns with banking services. These findings highlight that banks need to improve customer awareness about new technological advancements for securing internet banking. The other contribution of our study is the need for attracting bank customers to leverage social media to change existing communication channels.

5.1 Implications

The implications of this research point mainly to bank managers and practitioners in improving service quality in terms of security. Given the unique characteristics of the internet (e.g. the extensive use of technologies, and the distant and impersonal nature of the online environment), banks need to enhance the level of customers' trust in their platforms. In fact, the lack of trust in internet banking is considered one of the major factors behind why customers' reluctance to adopt internet banking and conduct their financial transactions online (Flavian *et al.*, 2006; Luarn and Lin, 2005; Mukherjee and Nath, 2003). In addition, JPMorgan Chase & Company's recent data breach further indicates the need to improve security in the context of internet banking. Although the level of customers' trust in internet banking has been significantly improved by recent IT advancements, banks must strive to maintain a good reputation by eliminating any potential security threats to increase the adoption rate of internet banking.

It is important to focus on security of internet banking in the UK because it is a primary concern of participants. Hence, to attract more customers to internet banking platforms, issues related to security must be addressed. To enhance the security level of internet banking, banks can rely more on security features such as firewalls, filtering routers, encryption biometrics, or smart cards. It should be noted, however, that for the majority of customers, the meaning and functionality of these security features are beyond their technological understanding. Therefore, managers of banks need to provide the necessary training and resources to help their customers to fully utilize these features, and therefore enhance the security of internet banking. In addition to technological developments such as card readers, banks also need to initiate some policies associated with online fraud. For example, banks may guarantee that any losses resulting from online fraud will be refunded. This approach can also help to resolve customers' security concerns and therefore increase the adoption rate of internet banking.

Furthermore, our results show that participants are not interested in mixing their banking activities with social media. However, with the popularity and power of social media, there is a pressing need for banks to leverage social media to further resolve customers' security concerns. Social media provides an excellent place for firms to reduce information deficiencies, solicit customers' views and feedback more efficiently, enhance customers' experiences and service levels, and build their firms' image (Kaplan and Haenlein, 2010). The interactive nature and rich format of social media are valuable tools for supporting relationships between organizations and consumers. Banks must take advantage of the nature of social media so that they can provide more detailed about internet banking and therefore help customers to resolve their security concerns regarding internet banking. For example, banks can launch brand communities through different social media platforms where they can post detailed information about internet banking or customers who are satisfied with internet banking can share their positive experiences with other less experienced users. As a result, banks must work on building innovative reputations and obtaining endorsements and positive WOM through various forms of social media, to enhance customers' perceptions of internet banking and reassure potential customers about the safety of internet banking.

5.2 Limitations and future study

Even though this study offers valuable insights into customers' perceptions of internet banking in the UK, it has some limitations. The first limitation of this research is the sample size. Although our detailed literature review and supplemental

documents have helped us to ensure the trustworthiness of our work, addition research with a bigger sample size is needed to identify whether our findings generalize to other demographics. Second, the present research was conducted in only three cities. Accordingly, future research is advised to identify whether our findings can be generalized to other settings. Future studies are also necessary to examine the role of social media on internet banking. As discussed above, the interactive nature of social media allows banks to distribute information more efficiently, and therefore may help customers to resolve their security concerns regarding internet banking. However, according to Klimis (2010), European banks such as the British banks in our case appear to be more reserved and offer less presence in Web 2.0 (social media channels). Therefore, future studies are advised to examine how social media can influence customers' perceptions about internet banking and boost the internet banking adoption rate.

Finally, another interesting area for future investigations is m-banking. The current research only focussed on internet banking. With the popularity of smart phones, people are moving to mobile platforms in droves. Thus, future studies can also examine customer attitudes toward m-banking to establish a comprehensive framework of this line of research.

5.3 Conclusion

This research investigates customers' perceptions of internet banking in the UK by utilizing a qualitative approach. Our study indicates that internet banking customers most commonly use the services of money transfers and bill payment online. In addition, the issue of security in internet banking is still a major factor in customers' reluctance to adopt internet banking. Finally, our results also indicate that UK internet banking adopters are highly satisfied with internet banking, suggesting that UK banks are successful in leveraging the benefits of internet banking to increase their competitive advantages. Given the fact that internet banking provides multiple positive effects for a bank's business strategy (e.g. cost reduction), the present study sheds valuable light on a broader understanding of customers' perceptions of internet banking which will be beneficial as banks work to increase the adoption rate of internet banking.

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