

A Study on the Effect of Perceived Usefulness, Social Value and Monetary Value on Intention to Adopt Financial Services

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Abstract

The Indian economy is being at its rebounding phase and growing with an average rate of 6-7%. The financial sector in Indian economy is mostly dominated by banks. The banks play a vital role in the economic development of a country. This research intends to suggest a conceptual framework that will investigate the effect of perceived usefulness, perceived social value, and perceived monetary value on the intention to adopt financial services. In order to test this impact, regression analysis has been applied. Primarily, this study aims to explore various dimension of financial services of banks and exploring whether the customers are ready to adopt these financial services. The results reflect that perceived usefulness, social value, and monetary value have a positive impact on intention to adopt financial services. Moreover, further scope and limitations are being discussed.

Keywords: Banks, Perceived Ease of Use, Perceived Monetary Value, Perceived Social Value, Regression

Introduction

In an increasingly competitive marketplace, financial services sector is continually developing with technological change having one of the greatest impacts on the industry (Murray et al., 2014). Financial service is part of financial system that provides different types of finance through various credit instruments, financial

products, and services. India has a diversified financial sector undergoing rapid expansion, in terms of financial services firms and new entities entering the market. The financial sector in India is a banking sector with commercial banks accounting for more than 64% of the total assets held by the financial system. The growth of financial sector in India at present is nearly 8.5% per year. The increase in the growth rate predicts the growth of the economy. The growth of financial sector was due to the growth of the banking sector in India. The banking system has been striving together more and more information on aspects that induce people to do their banking over the Internet (Cunningham and Gerrard, 2003).

In India all banks are providing online banking and it is possible to do banking transaction from the comfort of your home and office. All you need is a computer with the Internet access. More than 22% of the Internet users are using online banking in India. According to Internet world stats (2000), 5.3% of the total world population was using the Internet. This means that more than half of the people all over the world were connected to each other. There is no other channel in the whole world that brings people so close to each other, people so close to business, or business so close to business than the Internet. In our country, there are various types of banks to meet the financial requirements of various categories of people engaged in business, profession, etc. In India the banking institutions may be divided into the following categories:

Central bank, development banks, specialized banks (RBI, EXIM, SIDBI, NABARD).

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Commercial banks, co-operative banks (public sector banks, private sector banks, central co-operative banks, foreign banks, state co-operative banks).

Extending on existing research that investigates effect of perceived usefulness, perceived social value, and perceived monetary value on the adoption of financial services. Perceived usefulness, perceived social value, perceived monetary value are the independent variables, whereas intention to purchase financial services is the dependent variable.

Perceived usefulness: It is defined as the degree to which an individual expects that using the innovation will be useful in achieving a goal; it is the most frequently used predictor in technology adoption studies and an important “benefit” in the technology adoption model (Park and Chen., 2007). While keeping this, we assess the effect of perceived usefulness on intention to purchase financial services.

Perceived social value: It is defined as the value to which an individual expects that using the interactive service innovation will enhance their social status, enable them to serve as role models for those who come late, and allow them membership into a particular social class (Han and Kim, 2009).

Perceived monetary value: It relates to the financial cost incurred when using a new technology or innovation (Grisaffe and Briggs, 2010).

Intention to adopt: This study focuses on intention to adopt, which shows an individual intention to adopt financial services, especially banks.

In this research paper an attempt has being made to investigate the concept of financial services in the context of banks and its effect on the perceived usefulness, perceived social value, and perceived monetary value. A regression analysis has been conducted to know its impact followed by implications, limitations, and future scope of research.

Literature Review

The literature review, in this section, is explained in three strands explaining each variable.

The aim of a finance industry is to provide the financial services to the people. These are the broad range of organization than encompasses with the fund management. Business includes an expansive scope of associations that arrangement with the administration of cash. Among these associations are credit card organizations, banks, insurance agencies, consumer finance organizations, venture assets, some legislature-supported undertakings, and stock brokerage firms. A proper managing of the financial services organization is to consider the banking environment and enable the economic growth, in addition to empowering agent of financial development (Koivu, 2002). The managing a banking industry has been liable to this technological change (Bradley, 2003). Keeping in mind the end goal to be in accordance with the adjustments in the working condition, it is evident that bank in Kenya and other money-related organization needs to grasp managing a banking service in taking care of customer demand (Tiwari & Buse, 2006). Giving saving money benefits through web has demonstrated productive as far as cost control by utilizing robotized methods for executing other than the customary technique for Labour intensive. The delivery of finance services has encountered significant changes in the previous couple of years. A component of the keeping banking industry over the globe has been that it is progressively getting to be plainly dangerous and focused, subsequently driving commercial banks to innovate for survival. Banks, helped by technical improvements, have been reducing the difficulties by encompassing new techniques which stress on endeavouring to construct consumer satisfaction through offering better services and administrations and in the meantime to reduce operation costs (Mutua, 2013).

Perceived Usefulness

Perceived Usefulness (PU) is one of the dependent constructs in the Technology Acceptance Model (TAM). It is “how much a man trusts that utilizing specific financial services administrations would improve his/her future esteem” (Davis, 1989). Perceived ease of use and perceived usefulness influence the attitude of the customer towards using the financial services (Sayid et al., 2012). Specifically, this study attempted this factor to examine the variables that may affect the Somali customer intention to adopt financial services by utilizing TAM. Thus, the Somali banks have enthusiasm

for highlighting this nature of managing the banking services, and furthermore keeping the clients educated about the measures put forward to additionally encourage the proper utilization of the banking services (Sayid et al., 2012). Some significant variables effecting the customer “behavioral intention to adopt financial services like mentality, subjective norms, perceived behavioral control, perceived helpfulness, perceived ease of use. Attitude is jointly perceived ease of use, perceived usefulness, and perceived risk contribute more in changing the attitude (Takele et al., 2013). Perceived behavioural construct is the dominant factor which is followed by the perceived usefulness, perceived ease of use in changing the attitude to adopt financial services (Takele et al., 2013). The dimension of the perceived usefulness can be categorized in three bunches which are - service-related value, social-related value, and individual-related value. When we are measuring the customer requirement, we discovered six kinds of perceived usefulness which are required for service quality (specialist organization needs to take care of the issue of the customer), the requirement for delight, the requirement for acknowledgment, the requirement for compliment, the requirement for being own self, and the requirement for providing better services. If a researcher sees this value from this perspective, this study may help the financial institution as well as the researchers in creating or identifying the different dimension of consumption value.

Majority of the study concentrating on the social value, monetary value there is less reviews which are centering the individual value of the customer.

Perceived Social Value

Looking at the customer’s perspective, one has to estimate anticipated benefit that the customer gets while using financial services. The customer perceived value esteems from tangible, psychological, and social advantages; since it affects demand for a service, it needs to be taken into account when setting prices. The essence of society lies on its behaviour, beliefs, norms, and values that are commonly shared by individuals which permit social expectation and understanding of the banking services; however, an individually held personal values may not simply be in agreement with the values commonly shared by the society. The difference opinion from two major

perspectives or views of perceived social value; those are as one-dimensional construct and multidimensional construct (Sanchez et al., 2007). Through the perceived social value nowadays, financial institution gain the sustained competitive advantage; thus, consumers must perceive a positive trade-off between the costs and benefits of adopting financial services to interact with a financial institution (Dootson et al., 2016). Overall perceived social value will mediate the relationship between perceived usefulness and intention to adopt e-banking services to interact with a financial institution. Consumer intention to adopt mobile banking services because of perceived ease of use and financial institution disseminated a message regarding the transaction on mobile (Dootson et al., 2016).

Empirical studies have found that an individual actual system usage is determined by behavioural intention, which is jointly predicted by perceived ease of use and perceived usefulness (Khalifa, et al., 2008). It is conformed that perceived ease of use and perceived usefulness directly affect the customer intention to adopt particular system. This study shows the relationship among the variables which we are using in this study like customer perceived ease of use, social value, monetary value of the financial services. Innovation in the services has significant effect on the customer intention to use services and the customer is more using the innovating financial services.

Perceived Monetary Value

Monetary value is related to the whatsoever customers paid with respect to an offering to the organization and the value they get against it is their cost and what is worth of their value is all about monetary value. Money-related esteem welcomes an exchange off between other general perceived values and monetary costs (Doyle, 2000). The monetary value perceived by the customer is related to the expectation of clearing up the diverse perspectives; there are two imperative qualities in customer need. To begin with, it is incapable to the utilization of the services, which separates it from individual or organizational values. Second, it is seen by customer, and can’t be resolved unbiasedness of the vender. Just the customer can see regardless of whether a service benefit offers. At a general level, money-related perceived value is define as a valuation and judgment by the customer of the correlation

between the cost benefit or utility got from an services they use (Zeithaml, 1988).

The usefulness and perceived ease of use significantly affect the aim to utilize money-linked administrations. However, the way coefficient of convenience is bigger than the value, suggesting that money-related administration is an unmannered framework and the usability is a more critical variable. Therefore, an abnormal state of enthusiasm for the convenience of outline in the advancement of the frameworks in financial services is available. Money-related value is helpful for a firm as well as gives time and monetary incentive to purchasers. Developing the network and money-related value need of the customer that financial institution offers is vital. This review shows that network, which is the most helpful component, must be plainly urged clients, and additionally the constructive outcome of the financial incentive on perceived usefulness (Lee et al., 2012). Client reception of an administration and the customer intention with respect to the specific financial services are says in this study that recognize the apparent usefulness and perceived money-related value, security and protection, problem towards the specific financial administrations effect the expectation of the customer to utilize the financial services. As the consequence of this study is exceptionally helpful to the customer and the approach creators as an instrument to decide the success of monetary services (Jahangir & Begum, 2008). Customers are utilizing the budgetary administrations for the benefits it give usefulness in comparison to other managing a banking institution channels. Consumer perceived generally favourable position of money-related financial services. They are more educated about the benefit of the offers and that they need to pick up the money-related incentives. It will be essential to the banks that they will develop their money-related services as indicated by the customer request of the managing the banking services (Hsueh-ying Wu et al., 2010).

Objectives of Research

1. To access the effect of perceived usefulness on intention to purchase financial services.
2. To access the effect of perceived social value on intention to purchase financial services.
3. To access the effect of perceived monetary value on intention to purchase financial services.

Methodology

The present study was conducted in Tier-2 cities in Mathura and Agra region. A structured questionnaire was developed which was sent to 200 respondents through online and offline modes. Out of 200 respondents, only 183 were included after eliminating incomplete responses. The data was collected by using convenience sampling. The research design used is descriptive in order to determine the effect of perceived usefulness, perceived social value, and perceived monetary value on the adoption of financial services. Regression analysis is a statistical tool which is used for estimating the relationship among variables. The questionnaire was divided into two parts: the first section included questions regarding the characteristics of the respondents such as age, educational qualification, etc., and also about the reason of using financial services. In the second part of questionnaire, there were four sections: perceived usefulness, perceived social value, perceived monetary value (independent variable), and intention to adopt financial services (dependent variable). Perceived usefulness was measured on a scale developed by (Davis, 1989); perceived monetary value was measured on a scale developed by (Dodds et al., 1991); perceived social value was measured on a scale developed by (Davis and Venkatesh, 2000); and intention to adopt was measured on a scale developed by (Davis, 1989). We used five point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) to mark their responses.

Hypotheses Formulation

It is conducted to determine the statistical significance of the correlations between the variables the p -value of the F-test indicates the association between the dependent and independent variables. If the p -value is less than .05, it means that the null hypothesis is reject and if the p -value is more than .05, it means that we fail to reject the null hypothesis (accept).

$H_1 : B_2 \neq 0$ (Alternative hypothesis of perceived usefulness).

$H_1 : B_2 \neq 0$ (Alternative hypothesis of perceived social value).

$H_1 : B_2 \neq 0$ (Alternative hypothesis of perceived monetary value).

Dependent variable (y) = $b_0 + b_1(p_1) + b_2(p_2) + b_3(p_3)$

Intention to adopt = $1.484 + .253 + .171 + .192$

Data Analysis

Profile of Respondents

The questionnaire was developed so that in the first part, the demographic information was being asked. In respect to gender, about 67% of the respondents were males and 33% were females. Moreover, 60% of the respondents were of age group 18-30, 29% of age group 30-40, 10% of age group 40-60, and only 1% above 60. About the education status, 73% were graduate, 17% were post graduate, and 10% were less than graduate. Moreover, regarding the financial services used by various respondents regarding banks, 20% used Axis banks, 14% ICICI bank, 17% PNB, 20% HDFC, 6% OBC, and only 8% used cooperative banks.

Reliability

The internal consistency of the questionnaire is tested through Cronbach's alpha. As per the rule if the coefficient is greater than or is equal to 0.7 then it is considered good indication (Nunnally, 1978). In our study the alpha coefficient for the 13 items is 0.893, suggesting that the items have relatively high internal consistency.

Results

One of the aims of the study was to access the effect of perceived usefulness on intention to purchase financial services. Secondly, we aim to access the effect of perceived social value on intention to purchase financial services. Thirdly, we aim to access the effect of perceived monetary value on intention to purchase financial services.

Table 1

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.514 ^a	.264	.252	.56180	.264	21.450	3	179	.000

a. Predictors: (Constant), p_monetary_value, p_use, p_social_value

Table 2

Anova						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.310	3	6.770	21.450	.000 ^b
	Residual	56.495	179	.316		
	Total	76.805	182			

a. Dependent Variable: intention_to_adopt
 b. Predictors: (Constant), p_monetary_value, p_use, p_social_value

Table 3

Model	B	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Std. Error	Beta			
1	(Constant)	1.484	.309		4.804	.000
	p_use	.253	.085	.233	2.990	.003
	p_social_value	.171	.083	.175	2.057	.041
	p_monetary_value	.192	.075	.211	2.563	.011

a. Dependent Variable: intention_to_adopt

The modal summary table shows the R and R² value. The R-squared is .264; the R-squared value shows the how much of the total variation in the dependent variable. Moreover, the coefficient table provides the information to predict the intention to adopt from perceived usefulness by looking the “sig.” column, as the sig. value of perceived usefulness is .003 which is less than 0.05. It indicates that it is good fit for the data. Therefore, null hypothesis was rejected. In the case of second objective, it was found that the sig. value of perceived social value is .041 which is less than 0.05; therefore, the alternative hypothesis was rejected. However, in the case of third objective, the sig. value of perceived monetary value is .011 which is less than 0.05; therefore, the null hypothesis was rejected.

Discussion and Limitations

The result of the regression analysis was conducted on the three independent variables, perceived usefulness was the most influential variable of intention to adopt financial services. The second influential variable was social value and third was the monetary value. The perceived usefulness has a positive impact on intention to adopt financial services. The banks should increase the customer awareness regarding the use of e-banking services through advertising. The RBI also launched a programme named E-BAAT for spreading awareness regarding internet banking. As per the findings, it was conclude that the perceived usefulness, perceived social value, and perceived monetary value significantly affect the intention to adopt financial services. Therefore, now more and more people want to use financial services and the government is also making the efforts in this direction. The banks are also working on their CRM practices in order to tap more customers and retain the existing ones. Furthermore, this study also provides an insight into the customers’ needs and wants which may be essential for bankers in order to provide better services to customers. Banks should make their customer more aware of their new products or services, i.e., internet banking, to encourage higher adoption rate. They can do so by having seminars, exhibitions, or giving free trial periods to allow customers to evaluate their new inventions. Besides that, education and publicity through mass media will also prove to be effective. Banks should offer both technical and non-technical support to their corporate customers as these are proved to be one of the most essential factors

that influences corporate customers to adopt financial services. There are certain limitations, like, this study is being limited to Agra and Mathura region. Moreover, a comparative study can also be conducted for public vs. private banks.

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