

Attitudes and Preferences in Relation to Internet Banking in the Caribbean

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Motivation

- Financial development → Economic Development
 - Schumpeter
 - Robinson

Motivation (cont'd)

- Given the importance of the financial industry, new developments should be closely monitored.
 - Internet banking
 - *a system that enables bank customers to obtain general information about the bank's products and services, access their accounts, and perform a number of different banking transactions using the internet.*

Motivation (cont'd)

Improved efficiency

Reduction in operating costs

Advantages of
Internet Banking

Competitive advantages

Ease and efficiency of
performing transactions

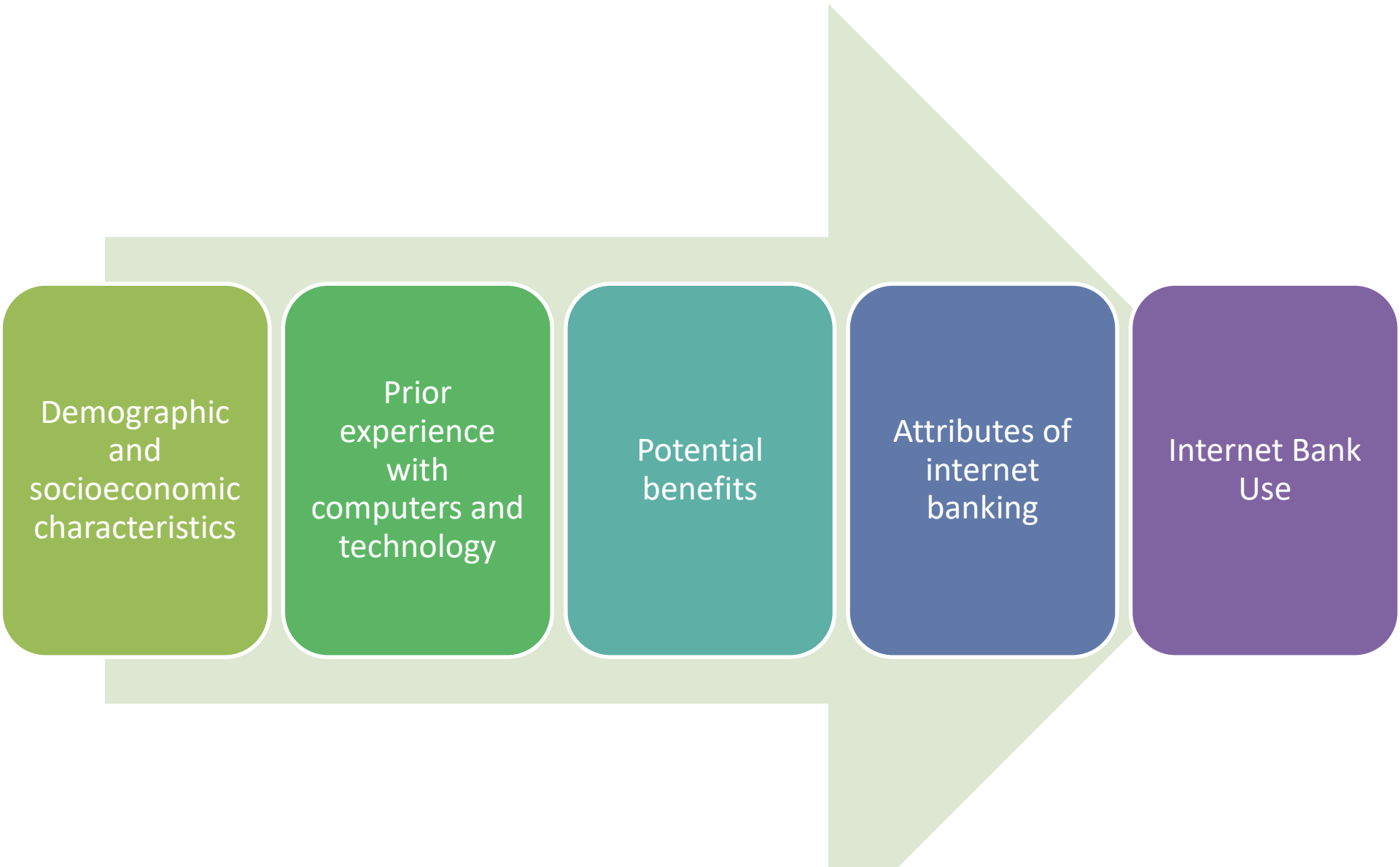
Motivation (cont'd)

- Many regional banks have made significant investments in their online infrastructure
- Customer use and perceptions remains an under-researched topic
 - How many individuals that use internet banking?
 - What are their characteristics?

Brief Review of the Literature

- **The economics of internet banking**
 - electronic brokerage effect
 - electronic integration effect
 - reduction in transaction costs
 - Coordination costs
 - Operations risk
 - Opportunism risk

Brief Review of the Literature (cont'd)



Methodological Approach

- Multi-sample project conducted between December and January 2008/2009.
 - Antigua and Barbuda, Barbados, Dominica, Grenada, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines and Trinidad Tobago
- Target sample: 4000 individuals
 - response rate was 89 percent

Methodological Approach (cont'd)

Table 3.1: Sample Sizes by Country

Country	Target Sample Size	Actual Sample Size
Antigua and Barbuda	150	150
Barbados	500	545
Dominica	150	131
Grenada	150	73
Jamaica	1225	1034
Montserrat	50	50
St. Kitts and Nevis	150	137
St. Lucia	250	246
St. Vincent and the Grenadines	200	157
Trinidad and Tobago	1100	1028
Total	4000	3551

Methodological Approach (cont'd)

- The data was obtained through the use of:
 - structured questionnaires
 - convenience sampling.
- The questionnaires were developed and pre-tested in Barbados on individuals from various backgrounds.
- Information collected:
 - Demographic characteristics;
 - Technological background and utilisation of bank services, and;
 - Utilisation of internet banking services.

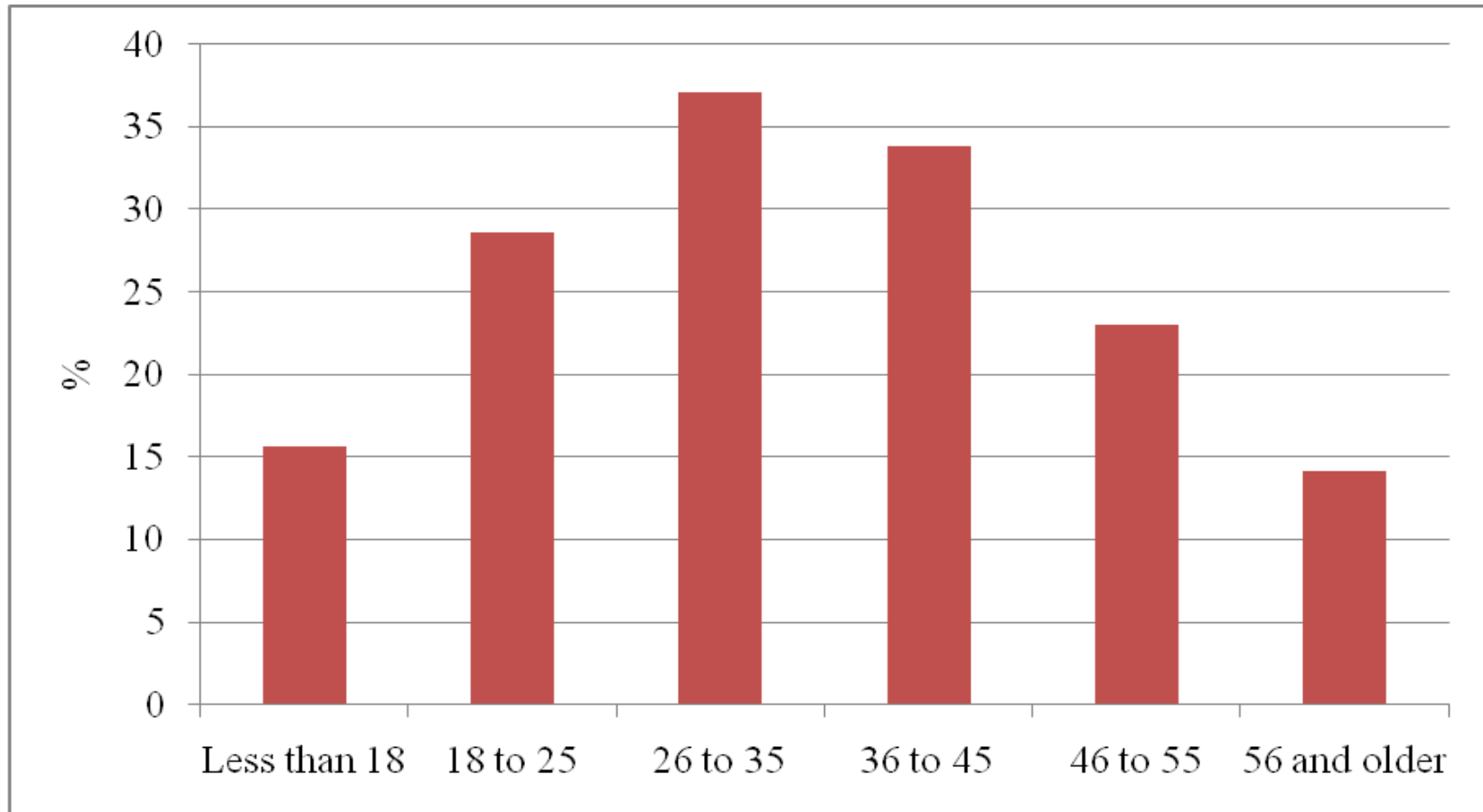
Utilisation of Internet Banking Services

Table 4.1: Utilisation of Internet Banking Services by Country

Country	Yes		No		Total
	Frequency	Percent	Frequency	Percent	Frequency
Antigua and Barbuda	53	39.3	82	60.7	135
Barbados	153	31.0	341	69.0	494
Dominica	28	26.4	78	73.6	106
Grenada	8	14.5	47	85.5	55
Jamaica	342	35.2	629	64.8	971
Montserrat	7	17.5	33	82.5	40
St. Kitts and Nevis	47	35.1	87	64.9	134
St. Lucia	59	27.1	159	72.9	218
St. Vincent and Grenadines	29	20.3	114	79.7	143
Trinidad and Tobago	262	28.1	672	71.9	934

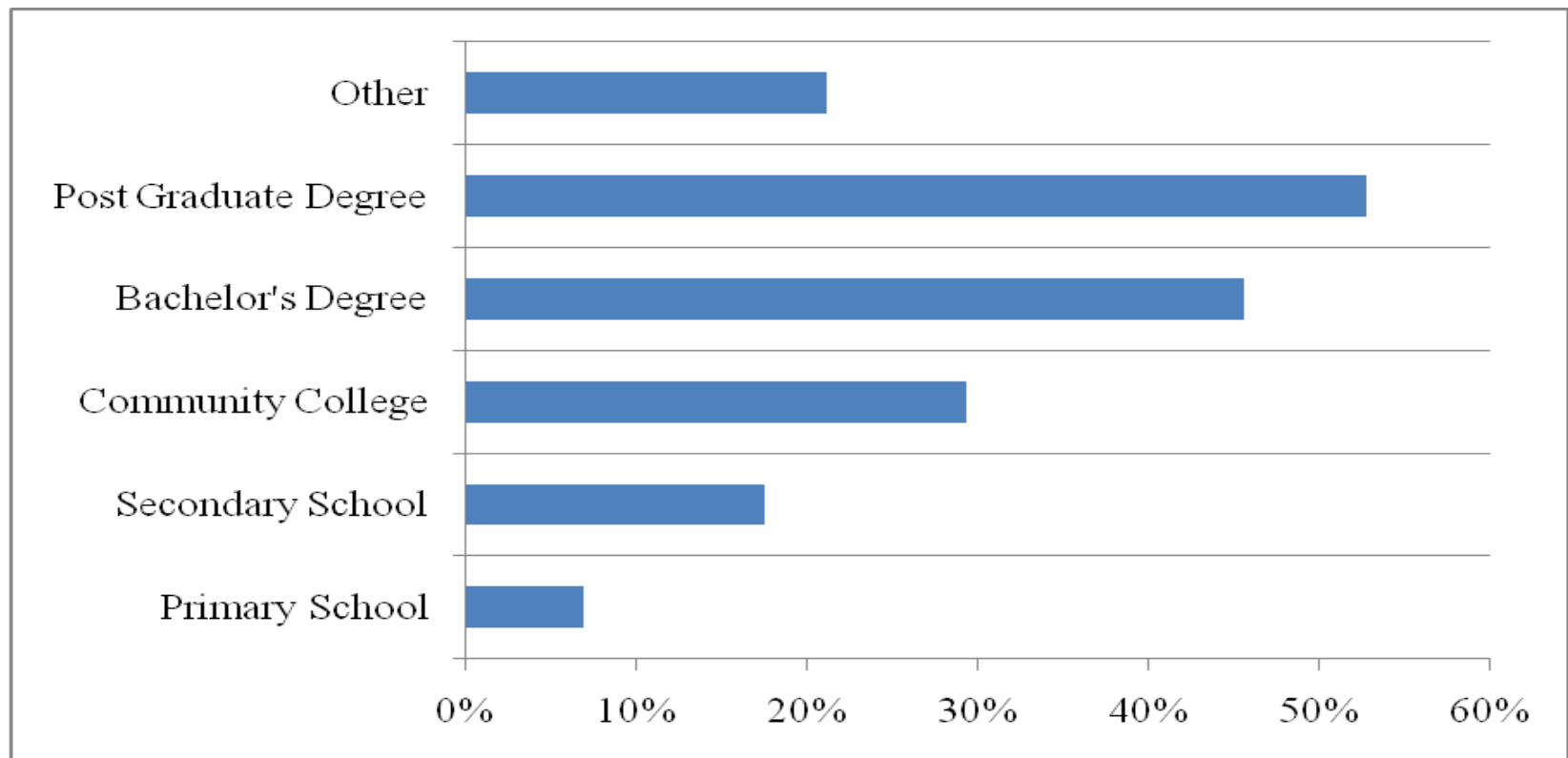
Utilisation of Internet Banking Services (cont'd)

Figure 4.1: Utilisation of Internet Banking Services by Age Group (years)



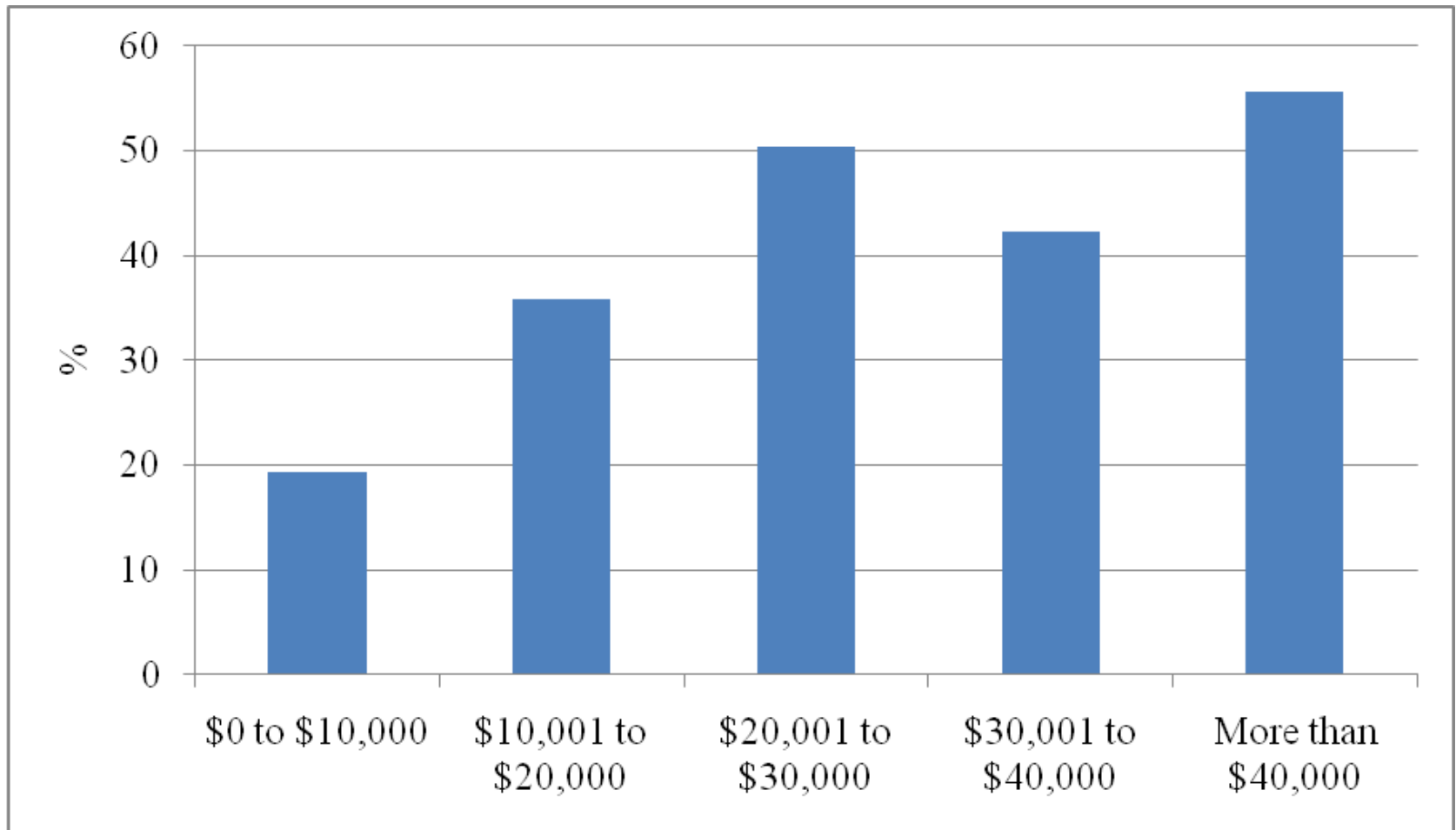
Utilisation of Internet Banking Services (cont'd)

**Figure 4.2: Utilisation of Internet Banking Services by Highest Level
Education Attained**



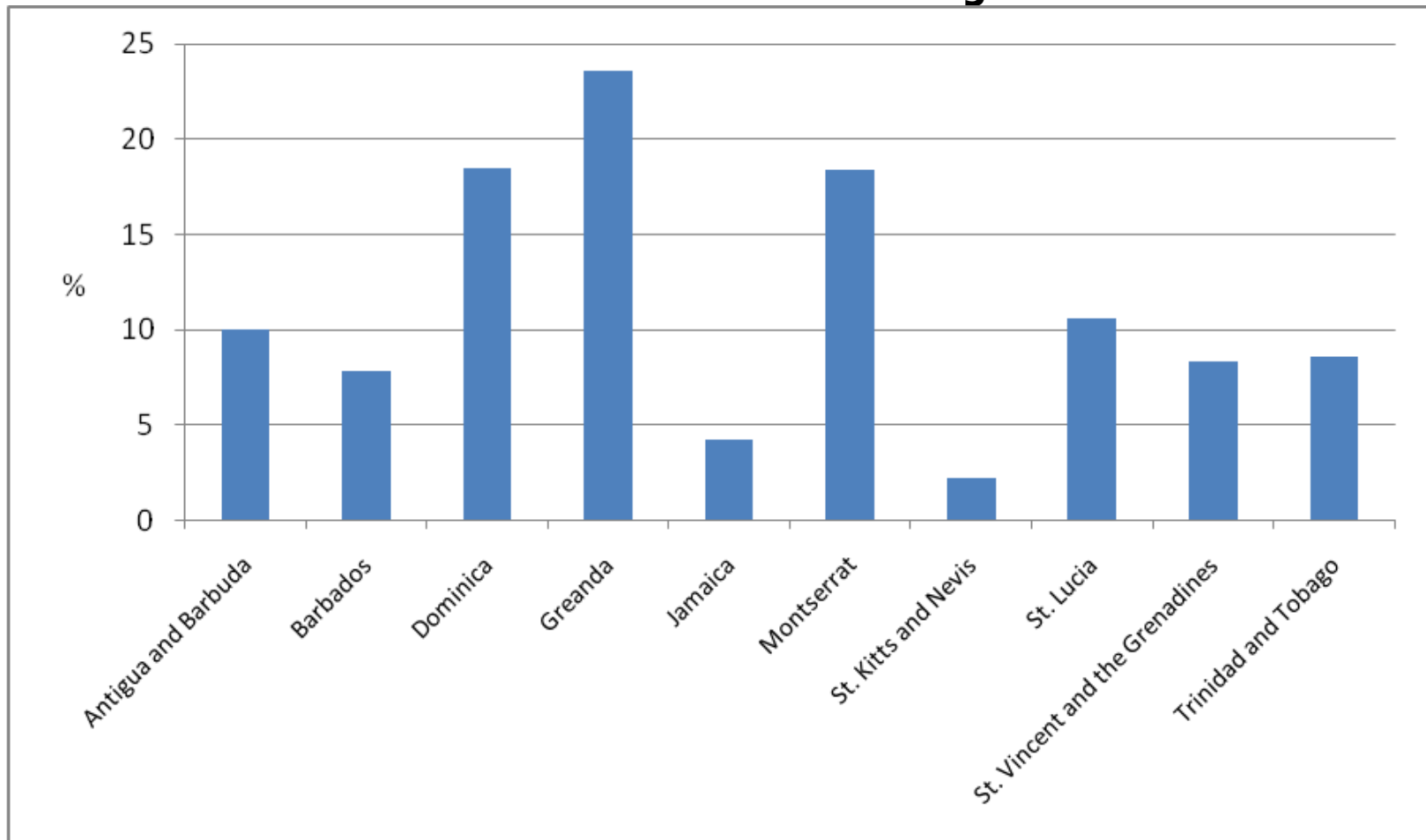
Utilisation of Internet Banking Services (cont'd)

Figure 4.3: Utilisation of Internet Banking Services by Income Level (US\$)



Factors that Influence the Decision to Use Internet Banking Services

Table 5.1: Proportion of Survey Participants that were Unaware of the Existence of Internet Banking Services



Factors that Influence the Decision to Use Internet Banking Services (cont'd)

Table 5.2: Key Motivations for Using Internet Banking Services

Country	To inquire about a balance	To pay bills	To transfer money between accounts
Overall	44.8	37.7	17.2
Antigua and Barbuda	73.1	11.5	15.4
Barbados	42.9	40.9	16.2
Dominica	70.4	7.4	18.5
Grenada	22.2	22.2	55.6
Jamaica	38.2	50.3	11.2
Montserrat	57.1	14.3	28.6
St. Kitts and Nevis	48.9	19.1	31.9
St. Lucia	13.3	58.3	28.3
St. Vincent and the Grenadines	31.0	41.4	27.6
Trinidad and Tobago	54.6	27.3	17.7

Factors that Influence the Decision to Use Internet Banking Services (cont'd)

- **Econometric modelling**
- ***Use of internet banking was positively related to:***
 - use of debit cards
 - number of transactions
 - computer use for personal and work
 - use of the internet
 - educational level
 - Income
 - marital status.

Factors that Influence the Decision to Use Internet Banking Services (cont'd)

- **Econometric modelling**
- ***Use of internet banking was inversely related to:***
 - age

Conclusions

- One-third of individuals in the Caribbean indicated that they had utilised internet banking services
- In terms of frequency of use, most (55 percent) individuals indicated that they tend to access online banking services about 1 to 3 times every month.
- The use of debit cards had the largest absolute impact on the decision to adopt internet-banking services