

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 BACKGROUND**

Technology plays a vital role for humankind in this planet because it helps facilitate and spice up our lives. That is to say, we depend greatly on technology, from opening our eyes to meet sunshine until going to bed at night. Two important electric appliances that have become key routine gadgets for people in this digital age are mobile phones and computers. Relatively, a half of the world's population is bound to mobile network and internet.

Many entrepreneurs, such as manufacturers, and department store entrepreneurs, including commercial bank executives, acknowledge demands of consumers and try to keep up with this trend by providing electronic distribution channels in order to facilitate the activity of their consumers. A large amount of investment has poured in to set up modern distribution channels for their businesses, i.e., product manufacturers and department store entrepreneurs accept purchase orders of customers through electronic channels, known as e-commerce or electronic retailing, and financial institutions or commercial banks offer "electronic Banking" or "e-banking."

E-Banking, which actually includes online or internet banking, mobile banking, ATM, smart card, tele-banking and related services, is not a new service offered by Thai commercial banks. This service has been well established in Thailand for a long time; however, it seems that e-banking is not widely adopted by consumers, particularly for mature consumers who have high purchasing power, but find it hard to accept the changes of new technology.

Mature consumers are a huge market segment of Thailand because our country is stepping into the arena of aging society, thanks to the new medical technology helping expand lifespan. If the commercial banks want to spur profit from e-banking, they should give significance to this group of consumers and make them satisfied with this service.

Innovation adoption or resistance of the mature consumers is an important issue which should be considered. At the bank branch, you will see that customers,

particularly seniors, always line up in a queue at the bank's counter for making transactions, such as deposits, withdrawals or funds transfer, although they can finish the transaction within 5 minutes by using e-banking at on ATM or just use internet banking at their homes or offices.

The findings of this study will help service providers to understand the attitudes of the mature consumers toward e-banking, so they can improve e-banking service to meet the demands of this group of customers.

## **1.2 STATEMENT OF THE PROBLEM**

This study aims to answer the following questions:

### **Main-question**

1.2.1 What is the attitude of 40-60 year-old consumers toward e-banking?

### **Sub-questions**

1.2.2 What are the reasons for mature consumer's e-banking adoption or resistance?

1.2.3 Why do 40-60 year-old consumers adopt e-banking?

1.2.4 Why do 40-60 year-old consumers resist e-banking?

1.2.5 What is the reaction of 40-60 year-old consumers who support the use of e-banking?

1.2.6 What is the reaction of 40-60 year-old consumers who avoid using e-banking?

## **1.3 OBJECTIVES OF THE STUDY**

This research has the following objectives:

### **Main Objective**

1.3.1 To ascertain the attitude of 40-60-year-old consumers towards e-banking.

### **Sub-Objectives**

1.3.2 To find the reasons for e-banking adoption or resistance amongst 40-60-year-old consumers.

1.3.3 To investigate the reasons why 40-60 year-old consumers adopt e-banking.

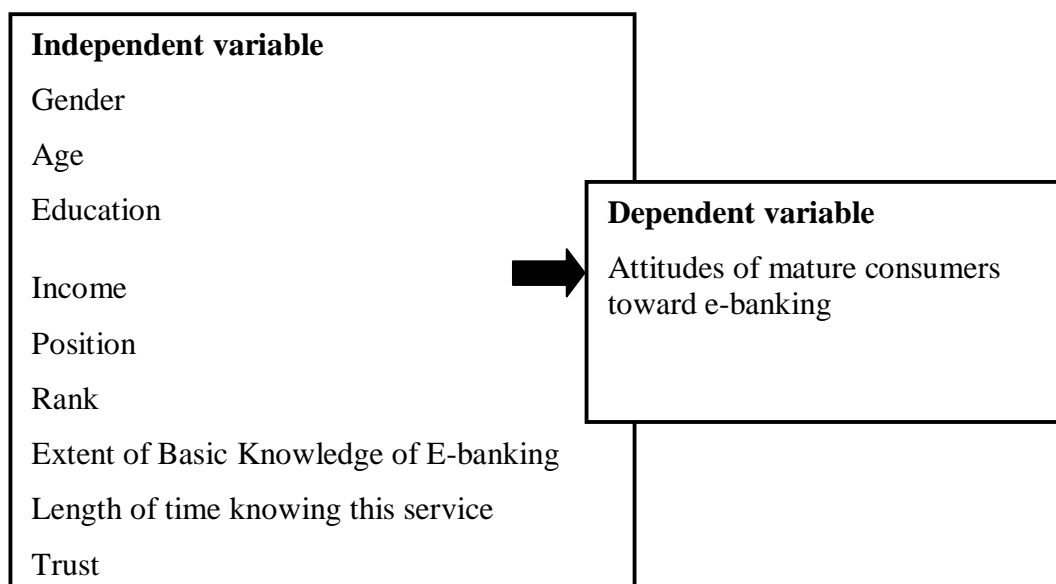
1.3.4 To investigate the reasons why 40-60 year-old consumers resist e-banking.

1.3.5 To explore the reaction of 40-60 year old consumers who support the use of e-banking.

1.3.6 To explore the reaction of 40-60 year old consumers who avoid using e-banking.

## 1.4 VARIABLES AND DEFINITIONS

### 1.4.1 Variable



### 1.4.2 The definition of the terms of this study and hypothesis consist of:

**Electronic banking (E-banking)** is a new innovative financial service which is new distribution channel of the bank. All banks' consumers can make a transaction via internet, mobile phone or ATM, instead of going to the bank's counter. This service, herein, consists of ATM, internet or online banking, mobile banking or tele-banking, and other relevant services which help facilitate consumers' financial transactions, such as deposit, fund transfer, bill payment, statement inquiry etc.

**Mature consumers** refer to a group of consumers aged between 40-60 years old. This group of consumers is divided by demographic segmentation.

**Civil servants** are both male and female government officials.

*Office of the Civil Service Commission (OCSC)* serves as the secretariat of the Civil Service Commission and is the central agency in charge of advising public sectors in managing human resources and protecting merit system practices of the civil service. Furthermore, it evaluates and advances work quality, environment, and quality of life for government officials. **OCSC has two main offices: Head Office** is located on Pitsanuloke Road, Chitlada Sub-District, Dusit District, Bangkok and Office in Nonthaburi is located on Tivanon Road, Taladkwan Sub-District, Muang District, Nonthaburi. Currently, there are 198 OCSC civil servants aged 40 – 60 years old, accounting for 35.2 percent out of the entire number of OCSC civil servants of 562 people.

**Resistance** is a refusal to accept or use something, such as a new idea or innovation. Herein, resistance refers to the way that mature consumers avoid using e-banking.

**Adoption** is an acceptance of a concept or innovation. Adoption, herein, refers to the way that consumers adopt e-banking.

**Trust** is a level of mature consumers' confidence towards the use of e-banking in these following aspects: complication of service, company name and reputation, special promotion, reference group, experience with products and risks of using the service:

#### **1.4.3 Research Hypothesis**

Hypothesis in the survey are as follows:

- **Hypothesis 1:** The majority of mature consumers has a negative attitude toward e-banking services.
- **Hypothesis 2:** The majority of mature consumers has a negative attitude towards the safety of e-banking.

### **1.5 SCOPE OF THE STUDY**

Due to time limits, this study was limited to investigate only people who are 40-60 year-old consumers working for OCSC. Therefore, the study results may not reflect the overview of all customers.

## **1.6 SIGNIFICANCE OF THE STUDY**

World society now depends more on technology. A extensive amount of investment has been spent to develop high technology to facilitate our lives. Many businesses, such as banking, develop e-banking for spurring profits and facilitating consumer activity in tandem with saving operational costs. Investment in e-banking will not be worthwhile if people do not know how to use this service or avoid using it. As a result, the study of ‘Attitudes of Mature Consumers Toward E-banking: A Case Study of 40 – 60 years old Civil Servants of OCSC’ is significant in several respects:

1.6.1 It will help the service providers to find out factors affecting why consumers’ use or do not use e-banking. This study places emphasis on the consumers aged 40-60 because this group of consumers show high purchasing power. Studying their attitudes, needs and behaviors towards e-banking will help service providers to serve them more appropriately and effectively.

1.6.2 The findings of this study will help service providers to formulate appropriate strategies that allow the mature to enjoy e-banking more.

## **1.7 ORGANIZATION OF THE STUDY**

The study of ‘Attitudes of Mature Consumers Toward E-banking: A Case Study of 40 – 60 years old Civil Servants of OCSC’ in this paper is divided into five chapters:

- Chapter 1: Background, statement of the problems, objectives of the study, scope of the study, variables, definitions of terms, hypothesis, significance of the study, and organization of the study.
- Chapter 2: Review of theoretical frameworks, concepts, including related literature and research.
- Chapter 3: Methodology, dealing with the methods used in data collection and interpretation methodologies, procedures and data analysis.
- Chapter 4: Results and discussion of the study.
- Chapter 5: Conclusions drawn from the study and the recommendations for further research.