



**AN EMPIRICAL STUDY ON INVESTIGATING  
THE FACTORS THAT INFLUENCE ON  
CUSTOMER ADOPTION OF VIRTUAL BANKING  
(WITH SPECIAL REFERENCE TO WESTERN PROVINCE)**

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## ABSTRACT

Current era, banking sector plays a vital role when providing financial services and managing financial assets. Due to the development of technological advancements inventions such as ATM's, credit cards, debit cards, Tele-banking, internet banking have become as effective delivery channels of banking services. It helps to deliver traditional banking products in more advanced way. The banking sector in Sri Lanka has undergone a rapid transformation with the adoption of ICT (Information Communication Technology)-based banking solutions. However, not many studies investigate the factors that may help the bankers to design the virtual banking services, which are suitable for and adoptable by virtual banking customers. This study fills this gap and examines a number of factors affecting the virtual banking adoption by customers. Becoming very clear that the potential value of web-based service adoption by customers depends not only on the benefits, but also on overcoming a number of barriers. Present study is focused to find the determinants that influence the customer adoption of virtual banking in western province. Questionnaires were administrated to collect primary data. Stratified Random Sampling method was used to select the sample size. A Sample of 400 virtual banking users from western province were selected. Total 397 virtual bankers responded and filled the questionnaire, with a response rate of 99.25%. Questionnaire consists of questions examining different phenomenon namely on the demographic profile of the respondents and virtual banking adoption. Both descriptive and inferential techniques were used. With respect to inferential, Exploratory Factor Analysis is used to find the most significant determinant that influence for virtual banking adoption. SPSS was used to analyze the data. Results indicated the demographic profile of virtual banking users and most significant factors that influence virtual banking adoption. The findings of the research were in line with previous studies and supported with literature. With reference to the study results some valuable suggestions and management implications provided to the virtual banking service providers for gaining competitive advantage by enhancing the service quality and eradicate the service barriers that can promote or motivat  virtual banking users to adopt technology based virtual banking facilities.

*Key words: Virtual Banking, Adoption, Technology, Customer*