

Using Diffusion of Innovation Theory to Model Customer Loyalty for Internet Banking: A TT Millennial Perspective

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Abstract

The internet has successfully transformed the way most businesses and customers interact with each other. Many companies, including banks are using the technology as an alternative distribution channel. But despite this trend, the use of internet banking among customers in Trinidad and Tobago (TT) is limited. This paper explores the reasons for this limited use. Specifically, the study asks; what are the factors that determine the continued use of internet banking by young customers (Millennials) in TT? Through the Diffusion of Innovation Theory and Structural Equation Modeling analysis, the study showed that perceived relative advantage and to a lesser extent government support were two fundamental determinants of internet banking loyalty while trust, compatibility and awareness were driven by the perceived benefits the medium offer to customers' lifestyle. The study concluded with a discussion of strategies bankers can implement to encourage a greater use of internet banking options by TT customers.

Keywords: Internet banking; Customer Loyalty; Millennials; Trinidad and Tobago

1. Introduction

The adoption of internet technology by consumers throughout the world is arguably one of the most profound changes in the early 21st century (Tan & Teo, 2000). With global internet access exceeding 2,095 million people in 2011 (Miniwatts Marketing Group, 2012) several opportunities for new products and new delivery channels are created; internet banking is one such opportunity. Internet banking services benefit both banks and banking customers. For traditional banking institutions, internet banking provides a convenient opportunity for an expansion of banking services while simultaneously lowering overall cost structure, improving customer relationships and expanding customer share. To the customer, internet banking presents a fast, convenient channel to conduct banking transaction that often fit with customer fast changing hectic lifestyles. With these obvious advantages, it is no wonder many banks are integrating this delivery medium with other customer interface alternatives as part of a multi-channel strategy. However, whilst most leading banks in TT have incorporated internet banking into their delivery channels, customer use of this medium continues to be low. The medium is not fully utilized by the customer public despite the relatively high internet penetration rate of fifty percent (50%) within TT (Miniwatts Marketing Group, 2012). Since the rate of success of any product is determined by its market acceptance and growth, this study will determine the factors that impact on the continued use of internet banking by TT banking customers. Specifically it will draw on Diffusion of Innovation Theory to explain the reasons why TT younger generations are choosing internet banking as their preferred banking channel. In this study, internet banking is referred to in this study as “banking services provided via a secured site operated by a bank using the internet as a remote delivery channel” (Yee & Faziharudean, 2010 p. 1). This study integrates consumer behavior theories with technology adoption theories to provide answers on what factors influence TT customers’ decisions to perpetually use the internet to conduct their banking transactions. The study focuses on one specific consumer segment- the *Millennial* Generation. According to USA Today, this group is young, smart, brash, tech savvy, wear flip-flops to the office and listens to iPods at their desk. “They want to work, but they don't want work to be their life” (Gannette Co, 2012). This group of customers makes up almost sixty percent (60%) of TT population (CSO, 2010) and is reported to have attitudes and behaviour that are in sharp contradiction to previous generations. By understanding this group’s loyalty tendencies, marketers of internet banking and other innovative products and services will be able to develop well targeted and comprehensive strategies that would enhance the likelihood of the medium overall success.

2. Literature Review

It is common practice within the banking industry to perpetually search for mechanisms to enhance operational efficiencies. Recent opportunities created through advancement in technology and in particular the internet, have provided the platform for these initiatives. Using the internet as an alternative business channel, businesses can be both profitable and instrumental in creating and maintaining long term relationships with customers, especially since more than thirty percent (30%) of the world’s population is characterized as internet users. Through the internet, geographical boundaries are crossed, time barriers are eroded and inconveniences of customers taking possession of goods and services are reduced. Additionally, the internet if used as an alternative distribution network, can also contribute to internal efficiencies as it can save on operational costs, improve the time and speed of transaction whilst simultaneously reducing the need for resources (Chaffee, Chadwick, Mayer and Johnston, 2000).

Because of these advantages, many companies including retail banks have levied on this technology and invested considerable sums of money towards integrating it into their existing client interface (direct-in-branch interface, automatic teller machines, telephone banking and mobile banking). With internet banking, services are accessed through a secured website operated by the bank where customers are allowed controlled access to their finances twenty-four (24) hours a day seven (7) days a week despite location. But while the convenience of this medium its attractiveness, internet banking usage among customers in TT and by extension the wider Caribbean is relatively low (Robinson & Moore, 2010) According to Reichheld and Schefter (2000), high cost of acquiring e-customers can lead to unprofitable relationships if these relationships are not sustained over an extensive period of time. Therefore, while internet banking is a relatively new and exciting banking alternative offered by all leading banks in TT, the viability of this investment can be questioned if usage rates among the consumer public continues to be low. Over the last decade, the academic interest into the adoption of internet banking has increased, with most research efforts concentrating on exploring possible reasons why consumers prefer this type of technological alternative. A variety of theoretical models have been used to pattern the adopting this new technology including: Diffusion of Innovation Theory (Rogers, 1983), Theory of Reasoned Action (Fishbein & Ajzen, 1975), Theory of Planned Behavior (Ajzen, 1991), Technology Acceptance Model (Davis, 1989), and Decomposed Theory of Planned Behavior (Taylor & Todd, 1995). However, despite the wide interest in adoption, very little is known about how customers' interest and enthusiasm can be maintained. This deficit is of some concern given that customer continued interest and enthusiasm in product offerings have positive and direct influences on the long term profitability of any company (Yee & Faziharudean, 2010). Therefore it is imperative that online service providers including banks assume strategies to move customers' interest beyond trial and infrequent adoption, to continued and prolonged use. This study will provide a model retail banks can use to achieve this purpose. Through the Diffusion of Innovation Theory (DIT), this study will map factors that contribute to the level of loyalty towards internet banking. The DIT provides a simplified yet comprehensive model that examines how innovation is infused within a population. It examines the qualities of in innovation that facilitates easy and rapid spread and is theoretically significance in relation to customers' loyal tendencies. By developing a comprehensive understanding of the underlining factors influencing customer behaviors, marketers for online internet banking services will be in a better position to design and implement strategies that will achieve higher penetration levels and greater success in TT and the wider Caribbean region.

2.1 Diffusion of Innovation Theory (DIT)

An innovation is an idea, practice or object that has distinguishable features perceived to be new. Diffusion is a process by which the innovation is communicated through certain channels over time among the members of a social system. It is dependent on the perceived characteristics of an innovation. Rogers (1983) proposed a theory of diffusion, which highlighted five (5) characteristics innovation characteristics that either increase or reduce the rate of acceptance of a technological innovation. According to this theory, the adoption of innovation is explained by five (5) innovation attributes namely: relative advantages, compatibility, complexity, trialability and observeability. In terms of relative advantage, the use of new technology is highly dependent on the comparable benefits derived from its use. New technology is considered to possess a relative advantage over existing technology based on its perceived usefulness or its ability to enhance the user's state of well being defined either economically, financially, physically or socially (Taylor & Todd, 1995). Davis (1989) suggested that ease of use refers to the extent to which the new system would require less physical and mental effort in getting output and

is based on subjective opinions of customers. Compatibility is the second dimension of DIT and refers to the extent to which the innovation is deemed to be aligned with customer values, past and potential wants and needs. Al-Majali and Nik Mat (2011) refer to compatibility as the extent to which the innovation supersedes all other options in meeting the desires and needs of the adopter. It generally refers to the ability of the technology to fit within the lifestyle of the customer. The third dimension of DIT model is complexity which relates to the amount of physical and mental effort require understanding the innovation. The level of complexity of internet banking is a function of the level of skill and expertise the customer has with the internet and computer. Trialability allows the adopter the opportunity to test the innovation on a limited time scale before full adoption takes place. Rogers (1983) argued that trial of innovation reassures the adopter and reduces risks and uncertainty associated with adopting the technology. There is a positive correlation between the likelihood of adopting innovative technology and the opportunity given to customers to experiment with this technology prior to adoption. The fifth and last component of the DIT model is observability, which is the extent to which the technology is observable by others. Because of the nature of the service under investigation, the relevance of this construct to the study's purpose was deemed redundant. In other words, most if not all banking transactions are done privately, not observable or visible to others. Therefore, the construct of observability which implies speculation by others does not apply to private purchases, a conclusion supported by Al-Majali and Nik Mat (2011).

DIT is one of the earliest attempts by researchers to model technology acceptance among customer public. Rogers (1983) extended the diffusion of innovation theory by investigating characteristics of adopters likely to accept innovative technology. He identified five (5) clusters of adoptors of new technology which varied according to the time the new product was adopted during its life cycle. These groups are: innovators, early adopters, early majority, late majority and laggards. Each cluster differs according to the rate of adopting innovative technology. The first group labeled as innovators, is generally a group of customers that exercise tremendous eagerness and thirst for new ideas. Innovators generally have higher incomes, are better educated, are more self confident and rely less on group norms. The second cluster labeled early adopters follow innovators in their adoption, and although they are not the first adoptors, they do so relative early in the product's life cycle. They are much more reliant on group norms and values compared to innovators and it is because of this group affiliation, they are more likely to become opinion leaders. The third group of customers, early majority follows next. This group is likely to collect more information on products and services before adoption. Their tendency to adopt is highly dependent on recommendations and suggestions made by early adopters or opinion leaders. The late majority group adopt only after the product has been tried by other groups and proven to be successful. They are highly dependent on group norms and adoption is highly dependent on social compliance. Rogers (1983) classified this group as older with less education. The final group of customers to adopt the product is referred to as laggards. By the time this group adopt the product, it is often superseded by something else. Laggards are suspicions about new product and are often alienated by rapidly advancing societies. They generally belong to the lowest socio-economic status.

Overall, the diffusion process is influenced by the norms and values of the target market. Group norms are often classified as *modern* or *traditional*. Modern markets are more likely to accept changes; they have a greater respect for education and science, and are more cosmopolitan. In today's modern society a new generation of customers has entered the market bringing with them a technology based lifestyle never seen before. Typically between eighteen (18) and thirty (30) years old, this group labeled *Digital-*

Natives or *Millennials* have typically grown up in an era of ongoing technological progress and widely saturated media environment. Most have grown-up with the internet and are adept at using it for product research and purchasing. According to Moriarty (2004), the primary source of information for the millennial generation is the internet, a source they trust and favour. Although not as large as the previous generation in terms of numbers, members of the millennial generation have higher incomes and higher propensity to consume. Additionally, millennial generation are less risk adverse compared to previous generations, are more inclined to switch suppliers of services, are more pessimistic towards businesses and business activities, and are less loyal in their purchase tendencies (Lancaster & Stillman, 2002). They are also less price conscious and place a greater level of importance on materiality and personal convenience and when making purchases. These inherent group characteristics have a direct impact on the generation's use of technological options in their purchase decisions. But using technological options is dependent on the perceived features of the technology will ultimately encourage or discourage this group from adopting it. In order words, the likelihood of adoption and loyal tendencies of technologies by Millennial members depends on the nature of the technology.

2.2 The Role of Trust

Trust has been regarded as an essential component of interpersonal behavior and economic transactions and therefore its role in an online environment is no different. In fact, because of the level of perceived risk in transactions (generally regarded as higher in an electronic environment as opposed to direct face-to-face interaction), trust has emerged as an essential dimension of technology acceptance in today's modern era. A survey conducted by Chung and Paynter (2002), identified customers fear for their transaction safety and security as a key inhibitors to using the internet for banking purposes. The problem of security is a result of the vulnerabilities of the internet upon which electronic transaction is based resulting in a higher risk of information theft, theft of service, and corruption of data (Arjoon & Rambocas, 2011). Therefore safety and security are two essential dimensions of customers' trust that may influence their decision to use a specific channel to conduct transactions. Al-Majali and Nik Mat (2011) found empirical evidence that suggested customers' perceived trust of internet banking is one of the strongest contributors to using the internet as a viable banking alternative. However, for the millennial customer group, the role of transaction safety and security is not clear. It is possible that given the tech savvy environment millennial group have grown accustomed to, this customer group has a greater tendency to take safety on the internet as guarantee and may be less inclined to place emphasis on this variable when adopting the internet. This study will investigate the role of trust for millennial in their decision to use internet banking.

2.3 Diffusion of Innovation and Government Support

Customers' disposition towards technology is a function of environmental conditions that encourages adoption (Goh, 1995). In order words, as supporting technological infrastructure become readily available, adoption of technologies increases. Goh (1995) suggested that the role of government is instrumental in creating this facilitating environment since through their actions and regulations, user's confidence and trust increases, a view supported by other researchers. Tan & Teo (2000), investigated the proposition that government support has a direct influence on customer use of internet banking and found empirical evidence to show that internet banking was significantly higher in environment where government supported this medium especially in environments where governments have a traditional role of promoting innovation and enterprise. However, given the characteristics of the Millennial Generation

(described above), the significance factor is unclear. This study will therefore investigate the role of TT Government support in Millennial Generation's internet banking loyalty.

Generally, the main purpose of this study is to offer insights into factors that contribute to the Millennial Generation loyalty towards of internet banking services in TT. The diffusion of innovation theory was used as the conceptual framework that guided this study. Because of the nature of the technology, the study extended the investigated the role of trust and governmental support in customers banking decisions.

3. Research Method

A survey was administered to a convenience sample taken from university students from three (3) local tertiary level institutions. Research participants were approached at different days and times between 9 am and 9 pm. Data collection extended over two weeks (November 1st to 18th 2011). Data were collected from one hundred and thirty-seven (137) full-time and part-time students. All participants were adults (classified in Trinidad as over the age of 18) and voluntarily consented to take part in the study. Participants were required to be local internet banking customers in order to qualify to be a part of the sampling process. Once this sampling criterion was met, participants were considered eligible to participate in the survey and were administered a structured questionnaires to record their responses. The items detailed on the questionnaire measured seven (7) constructs and were adopted from previously validated instruments (Tan & Tao, 2000; Yee & Faziharudean, 2010) and modified to fit the local context. The survey instrument was modified based on the results gathered from a pretest done prior to the administration of the final survey instrument. The pretest was done via a group interview of fifteen (15) post-graduate students. At the pretesting stage, students were asked to evaluate the questionnaire and provide suggestions and comments regarding wording, structure and overall clarity of the questionnaire. Based on the group's suggestions, question items were deleted, reworded and restructured.

3.1 Final Survey Instrument

The final survey instrument consisted of forty-eight (48) questions divided into two (2) sections. Section one (1) measured six (6) factors that influence customer preferences for a technology and customer loyalty on a five (5) point likert scale which ranged from strongly disagree (1) to strongly agree (5). The measured factors included- relative advantage, compatibility, complexity, trial and awareness, trust and government support.

3.2 Data Analysis

The sample consisted of one hundred and thirty seven (137) students between the ages 18-30 years. Thirty-one percent (31%) were male while sixty-nine (69%) were female. This gender distribution is generally reflective to university student population in TT. Eighty-five (85%) of the sample were full-time students who earned less than \$60,000 per annum. The majority of customers reported that they use internet banking one (1) to three (3) times per month (68%), whilst 20% use internet banking six (6) and more times. Republic Bank Limited was the most preferred site for internet banking (37%) of users, closely followed by First Citizens Bank (29%), Royal Bank of Canada (18%) and Scotia Bank (16%).

The first step in data analysis involved data purification using Exploratory Factor Analysis. Through the principal component approach, inter-correlated coefficients were calculated for each measured variable of each factor, and unusable variables (because of non-significant loading, cross-loading or low factor commonality ($r < 0.5$)) were removed from the analysis (Fields, 2000). Two (2) items were removed from the Relative Advantage scale: "*the internet is a useful tool*" and "*I find that internet banking is easy*

to use". The remaining four (4) items explained over sixty one percent of the variance (61.7%) with a chronbach's reliability alpha coefficient of 0.785. Relative to the Compatibility scale, one (1) item was deleted "*internet banking fits into my working style*". All four (4) items retained explained over sixty-two percent (62.8%) of total variance and a calculated reliability coefficient of 0.802. The third scale: Awareness and Trial was measured using a five (5) item scale. Two (2) items were dropped because of non-significant factor loading: "*Before deciding on whether or not to use internet banking services, I want(ed) to be able to properly try it out*" and "*Before deciding on whether or not to use internet banking services, I want(ed) to be able to use it on a trial basis to see what it can do*". Both items dropped related to trial of internet banking, while the three retained items related to awareness of internet banking. Therefore the factor was relabeled *Awareness*. The remaining items explained over sixty-eight percent (68.1%) of variance with calculated reliability coefficient of 0.743. Complexity was measured on a five (5) item scale. Two (2) items had non-significant correlation coefficients and were eliminated from further analysis. These were "*Using internet banking requires a lot of mental effort*" and "*Using Internet banking is frustrating*". The remaining three (3) items explained only fifty-seven percent (57%) of variance, less than the prescribed sixty percent and had a relatively low reliability coefficient (0.662). This factor did not meet statistical criteria and was deleted from subsequent analysis. The construct of Trust was measured on a seven (7) item scale. Three (3) items did not meet the criteria for further analysis and were therefore eliminated from the analysis. these were "*I am not concerned that my internet banking transactions can be known to others*", "*I am not concerned that my internet banking transactions can be tampered with by others*" and "*I look for security signs on websites I use for internet banking*". The remaining items explained over sixty percent (61.4%) of the variance with a chronbach's alpha of 0.782. The final scale measured attitude to Government Support detailed on a four item scale adopted from Tan and Teo (2000) study one item was dropped "*I am comfortable with regulations in place to protect me when I bank over the internet*". The remaining items explained almost sixty two percent (61.9% of variance and had a marginal reliability coefficient of 0.691.

Dependent variable was defined in this study as Customer Loyalty. Loyalty scale was adopted from a six (6) item scale used by Yee and Faziharudean (2010) and extended to include one additional variable that captured customers overall loyalty to internet banking. Two (2) variables did not meet statistical requirements: "*It would be difficult to change my beliefs about internet banking*" and "*In the future, I will be willing to pay a higher price for banking services from my favorite bank because they offer Internet banking services*" and were eliminated from the study. The remaining four (4) items explained almost sixty five percent (64.5%) of variance with a scale reliability of 0.815.

The relationship between among variables was tested using Structural Equation Modeling. The research model turned out to be a poor representation of data. The chi-square value of 112.878 was relatively high compared to the degree of freedom of 10. This suggests that there is sufficient difference between the data set and the theoretical model. The significant chi-square value was less than 0.05 further supporting the conclusion that there is a significant difference between the sample and model covariance. The GFI and AGFI fell below the recommended 0.9 and NFI was less than the recommended 0.95 (Hair et al., 2010).

In order to improve the model fit, a series of modifying iterations were performed. A final model was supported by the values of the fit indices is shown below. The chi-square value of 3.640 is acceptable with the corresponding degree of freedom of 6. This suggests that there is no difference between the data set and the theoretical model. The significant value is more than 0.05 which further suggest that there is no significant difference between the sample and model covariance. The GFI, AGFI and NFI all fall

above the recommended 0.9 (Hair, Black, Babin & Anderson, 2010). Figure 3 shows the SEM results for the re-specified SEM model.

From the model, five (5) factors were statistically significant in explaining Trinidad and Tobago Millennial Generation loyalty towards internet banking. These were: Relative Advantage; Government Support; Compatibility; Awareness; and Trust. The model showed that the most significant predictor was perception of the Relative Advantage, ($\beta=0.42$) followed Compatibility ($\beta=0.22$), Trust ($\beta=0.20$) and Government Support ($\beta=0.17$). Awareness had the lowest influence in predicting and explaining customers adoption of internet banking technology ($\beta=0.11$). The model specified that Relative Advantage had both a direct influence and an indirect influence on internet banking loyalty. Most amount of variance was explained by its direct impact. However, the model showed that the Millennial Generation's perception of internet banking Compatibility, level of Trust for internet banking and degree of Awareness were directly and positively influenced by the level of perception of the medium's advantages relative to other media alternatives. Customers perception of the medium's relative advantages had the greatest effect on customers' trust for the medium ($\beta=0.54$), followed by their perception of the medium's compatibility with their lifestyle ($\beta=0.51$) and awareness ($\beta=0.32$). Overall the re-specified model explained fifty-five (55%) of variation in TT Millennial loyalty towards internet banking, well above the recommended fifty (50%) and is therefore considered a good fitting model (Field, 2000). Additionally, the goodness of fit indices also demonstrated a good fitting model with sample data as evident by the chi-square value (10.832) is acceptable with the corresponding degree of freedom of seven (7) suggesting that there is no difference between the data set and the theoretical model. The significant value is more than 0.05 which further suggest that there is no significant difference between the sample and model covariance. The GFI, AGFI and NFI all fall above the recommended 0.9 (Hair et al., 2010). Additionally, an examination of individual parameter estimates revealed that all estimates were statistically significant at a ninety-five percent (95%) confidence level and shared at least fifty percent (50%) of common variance with their respective factors, thus providing evidence of convergent validity. Discriminant validity is an attempt to examine the degree to which each construct is similar to or different from other constructs. To test discriminant validity correlations between factors were assessed. High correlations ($r > 0.85$) suggest highly related constructs and an absence of discriminant validity (Hair et al 2010). From the structural model, all factor correlations were less than 0.85 suggesting that the model satisfied the outlined requirement for discriminant validity. Additionally, each construct detailed in the model was measured using pretested scales developed and validated by previous studies.

4. Discussions and Conclusions

The study developed an empirical model that explained TT Millennial Generation loyalty towards internet banking services. The findings support the proposition that customers' intention to use this innovation is a function of attitudinal influences such as perceived advantages of the technology relative to other alternatives, trust, awareness, compatibility as well as perceived behavioral controls manifesting in the form of support offered by government. This finding is supported by Tan and Teo (2000) who argued that favourable attitudinal and specific behavioral controls are fundamental requirements for technology acceptance. The study however found no evidence to suggest that perceived complexity affected customer loyalty tendencies towards internet banking and is in contradiction to previous studies who found positive and direct relationship between these two factors within the context of internet banking adoption (Tan & Tao, 2000). Additionally, the study did not find supporting evidence to suggest that

trialability of internet banking influenced the likelihood of customers' loyalty towards this technology as a banking option. Again, this finding contradicts previous technology adoption studies which found positive and direct correlation between trialability innovation adoption particularly as trial period help reduce risks and uncertainties associated to new product purchases. One possible reason is that members of the Millennial Generation are known to be tech savvy young consumers with a high degree of skills and competencies in using the internet. Internet technology is an integral part of the millennial live and is embraced as a convenient and trusted medium have eroded the learning curve and net of caution that previous generations. The provision of facilitating conditions like a strong leadership role by government and governmental agencies will also be a driving force towards adoption of internet technology. Governments through its public endorsements, confidence and faith in the medium as a trustworthy alternative would be increased. Additionally, publications on legal protection and obligations will also enhance customers willingness to use this alternative. Milliannials like other groups are also concerned about safety and security in deciding whether to continue with internet banking. However, unlike previous studies, this study found that Milliannials evaluate internet banking within the context of the relative advantages it brings to their way of life.

The findings have several practical implications for banker offering internet banking service to customers in TT. Firstly, loyalty towards the internet as an alternative banking mechanism is a customer behavioral decision based on pragmatic considerations rather than innovative tendencies. This is evident by the emphasis customers place on the relative advantages this medium offer. Therefore it is imperative for banks to adopt coordinated promotional campaigns to highlight the benefits customers can realize from this alternative medium. Advertising and communication strategies can depict fast, easy and convenience in their campaign. By appealing to the Milliannials' demand for time, place and possession conveniences, the likelihood of persistent usage tendencies will increase. This appeal enhances brand image and will have a positive impact on the level of trust and confidence adopters place on the medium. It will remind consumers of the compatibility of the medium with their busy lifestyles and work practices, which enhances desire and interest for the medium and ultimately prolong adoption. Future researcher should consider investigating the impact of online loyalty to overall customer loyalty for banks in TT. While internet banking is considered important to some customer, to what extent will their online banking experiences influence their overall commitment to the bank.

Government support is also an important dimension to internet loyalty among TT Milliannial Generation. Government endorsements of the banking alternatives can also act as a propellant for internet loyalty. Through governmental communication and policy initiatives, customers will be assured of government regulations aimed at protecting consumers' rights and privileges. This support can come from governmental agencies such as the Central Bank or direct arms of the Ministry of Finance. Bankers must also make a concerted effort to build trust and inspire confidence in customers for this medium. Building trust and confidence goes beyond leveraging on the bank's reputation but can be specific to the web page design. By focusing on guarantees, confidentiality, security features and user friendliness banks can encourage frequent users and long term adopters.

The purpose of this study was to investigate factors which influence TT millennial customers' loyalty towards internet banking. A potential limitation to this study is related to the use of students as participants. Although the surveyed students were internet banking customers, this sample was selected based on researcher's convenience and was fairly homogeneous in nature, thus limiting opportunities to generalize the findings to the wider more diverse population. Future studies should be carried out to

ascertain whether this model is similar to other demographical groupings such as older customers (Baby Boomers) or Generation X (middle aged working adults). According to the theory of planned behavior, social norms and values can influence customer behavioral patterns. Extending the proposed model to include these social influences such as family, friends etc our understanding into this phenomenon will be extended.

This study overall intention was to model factors that contribute to TT Millennial Generation loyalty towards internet banking using the DIT model. Over the past decade, numerous models have been developed, and whilst these models have been empirically tested by previous researchers, the DIT has its span in multiple disciplines and remains as one of the most respect theories in explaining consumer adoption of innovative technology. The study extended this the model to include the significant role of consumer trust and governmental support towards their loyal tendencies. Building loyalty for internet banking should be viewed as a phased approach that takes time and effort on the path of the online service provider. Customers must be convinced of the support and advantages of medium, perceptions which in turn influences their trust, perceived compatibility and awareness of services offered through the internet.

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Figure 1: Research Model – Factors that Determined Customers’ Loyalty towards Internet Banking

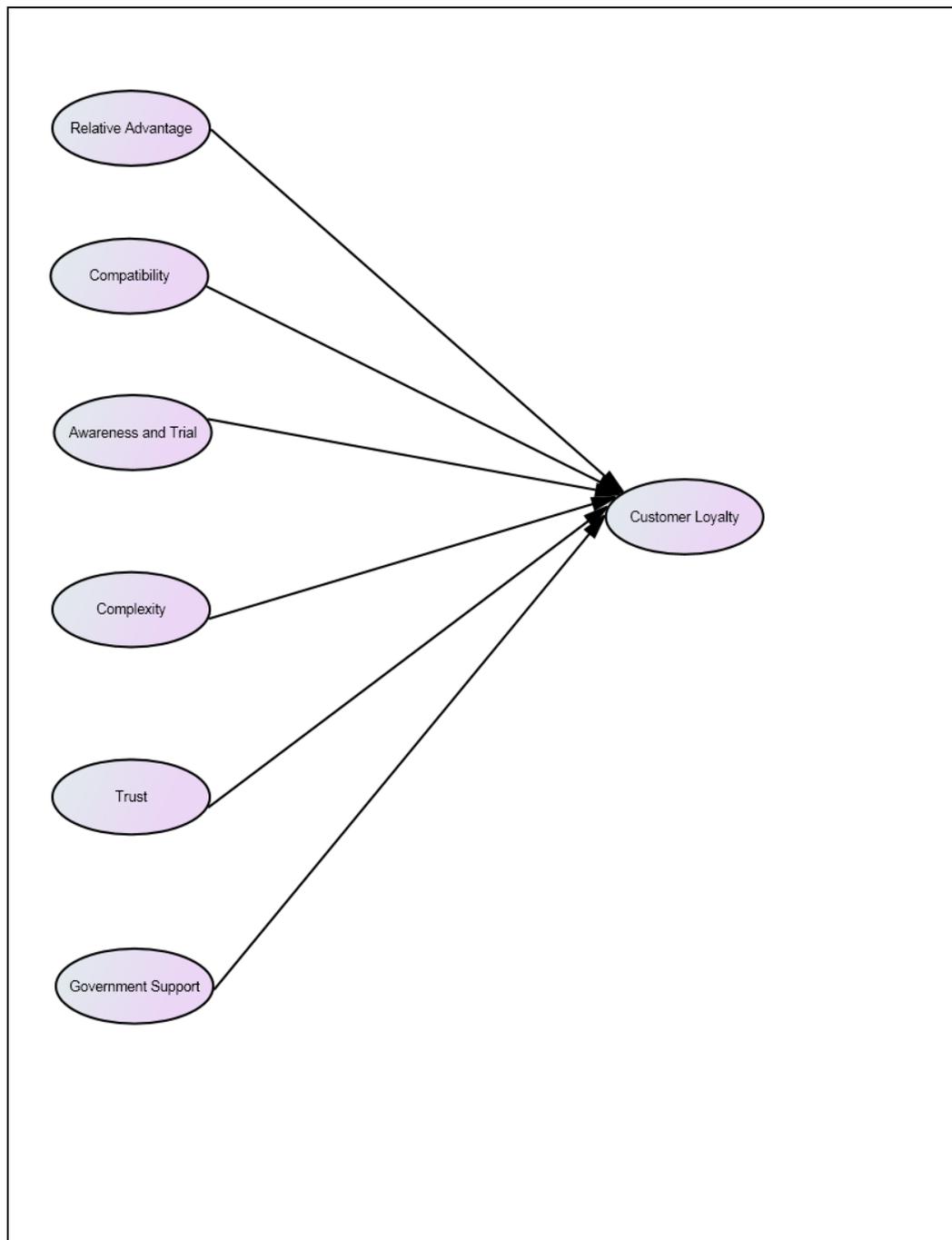


Figure 2: SEM Model – Factors that Determined Customers’ Loyalty towards Internet Banking

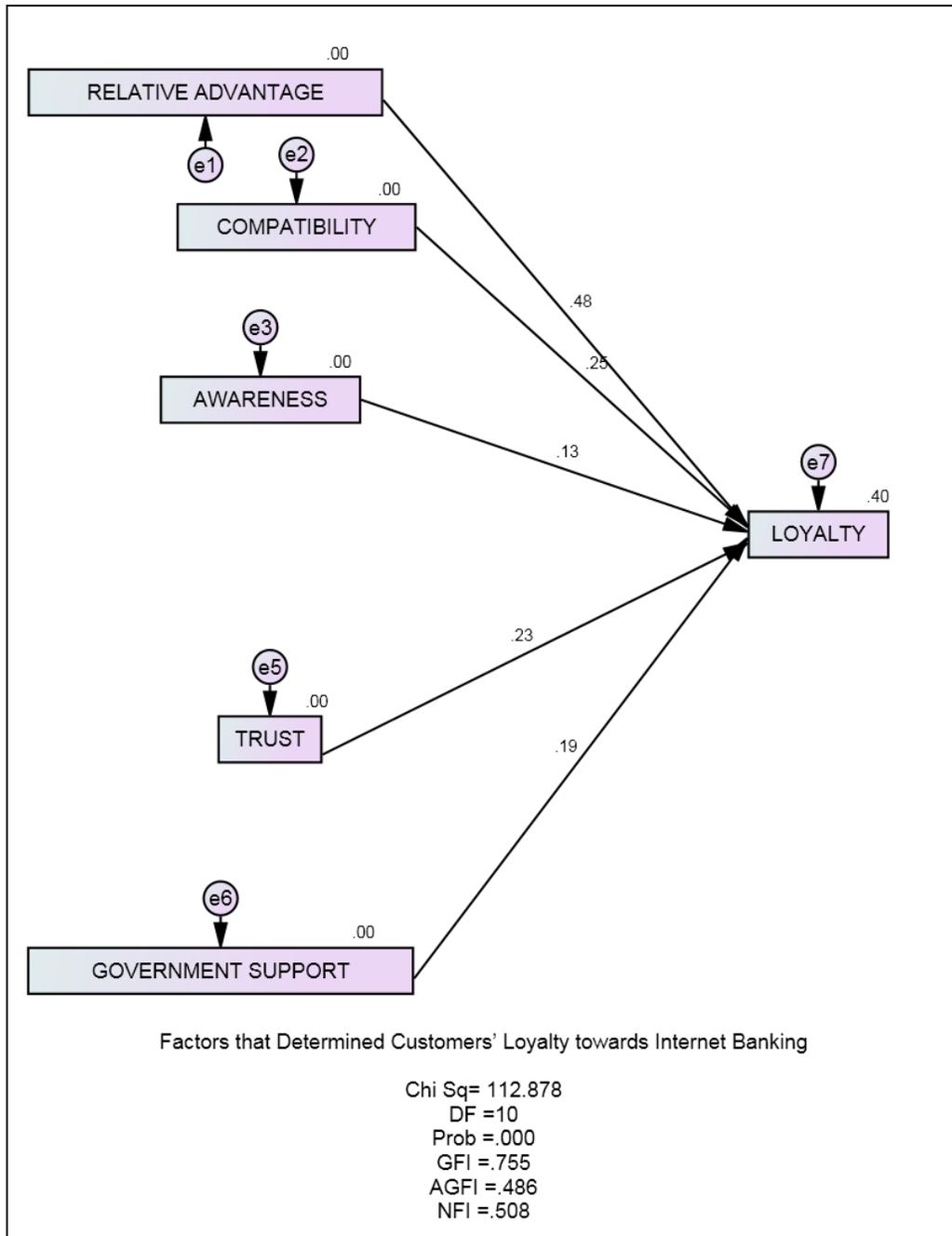


Figure 3: Re specified SEM Model – Factors that Determined Customers’ Loyalty towards Internet Banking

