Chapter 16
Technological Advancements Usage: Demographic Variations

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ABSTRACT

Technological advancements have provided many advantages to individuals, businesses, and communities throughout the world. However, technological advancements have also caused challenges. This chapter focuses on one particular banking service innovation that is being used by many individuals and businesses throughout the world on a day-to-day basis. This study relates to the Australian context and explores the variations in the demographic variables in determining the key factors responsible for the adoption or non-adoption of Internet banking. The data presented in this chapter relates to a part of a large survey carried out in a busy shopping mall. Results obtained are discussed and possible solutions and recommendations that are critical from the retail banking management’s perspective have been provided.

INTRODUCTION

The world today is more technologically advanced than a decade or two decades ago. Individuals, businesses, and communities are receptive to these technological enhancements as the benefits associated with the use of technology are enormous. These benefits include convenience, ease of use, user friendliness, and faster access, just to name a few. Technological upgrades have provided the world with wonders, challenges, and mixed blessings so far. Technological wonders that benefit individuals and communities relate to medical advancements, upgrading of the diagnostic equipment, robotic engineering, food technology etc. The challenges associated with technology-related products or goods envisage increase in the use of nuclear weapons by coun-
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tries, emergence of assault rifles, and rise in the usage of chemical weapons by different groups within a community. Therefore, the wonders and challenges associated with the technological advancements indicate the nature of a double-edged sword as individuals and businesses within a community are often confronted in distinguishing between what is good and what is bad for them. This gives rise to the question of problem solving and critical thinking in understanding whether technological advancements are a boon or a bane to the individuals, businesses, and communities that constitute a society.

One particular industry that has undergone major changes from its traditional mode of operations worldwide is the banking sector. This sector has undergone revolutionary changes and has embraced technology in its day-to-day operations. The banking sector is vital in influencing a country’s gross domestic product and contributes significantly to the economic status of the country. Technological advancements in this sector are visible through the proliferation of distribution channels. Traditionally businesses used to differentiate their products and services on the basis of price. More recently, businesses are relying on non-price factors for differentiating their businesses from those of competitors. The banking sector is one such business entity, which has embraced differentiation of their products and services on the basis of distribution channels. As a result, modern banks throughout the world offer their services to their actual and potential consumers through physical bank branches, telephone, Internet, and mobile service delivery channels. Therefore, individuals and businesses throughout the world are also gaining awareness, knowledge, and familiarity with the use of these service innovations.

As the society consists of individuals, businesses and communities that are of heterogeneous nature, the technological advancements in general and specifically the proliferation of service delivery channels in the banking sector may not be appealing to certain categories of individuals within the society. This chapter highlights the emergence of the Internet banking service delivery channel in the Australian context. This chapter also sets out to distinguish the importance of demographic variables in the acceptance as well as the rejection of Internet banking. Important implications, which are relevant for the retail banking managers, in the effective management of their segments will be provided. The information provided in this chapter highlights the relevance of demographic characteristics for retail bank managers in designing their product and service strategies.

**BACKGROUND**

**Demographic Characteristics**

Existing studies indicate that demographic characteristics influence an individual’s adoption of Internet banking services (Mattila, 2001; Jayawardhena & Foley, 2000; Daniel, 1999; Sathye, 1999). Karjaluoto, Mattila, and Pento (2002) noted that personal banking experience and demographics significantly impact the usage of Internet banking services among Finnish consumers. Similarly, extant studies highlighted that consumer innovation characteristics and demographic characteristics influence the usage of Internet banking (Ismail & Panni, 2009; Karjaluoto, et al., 2002). In consumer behaviour studies, individual differences are often associated with the acceptance of Internet banking and Internet banking in many studies has been identified as a critical service innovation (Ismail & Panni, 2009; Assael, 1981).

Existing studies also highlighted that with regards to the demographic characteristic age of the consumer, older individuals have negative attitudes towards innovations and are often reluctant to adopt new technologies (Trocchia & Janda, 2000). Howcroft, Hamilton, and Hewer (2002) identified that older people prefer face-to-face transactions involving bank personnel and