

Use of E-banking: The Impacts of Time and Technological Affinity

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This study examines the factors over time that influence American consumer adoption of three recently introduced electronic banking technologies: direct deposit, automatic bill payment and on line banking, the fastest growing segments of the e-banking market. Using data from the Federal Reserve's Surveys of Consumers, Summated Likert Scale methods were developed to aggregate respondent answers into a single score representing technological affinity relative to other sample respondents. Ordinal categories of technological affinity were then created from a tertile division of the sample index score distribution in order to analyze differences in how each group uses and perceives the three e-banking technologies and how this has changed throughout the period from 1996 to 2006. In order to determine which surveyed variables are predictive of e-banking use over time, multivariate logistic regression techniques were used to model the interactive relationship between time, levels of technological affinity and other demographic characteristics found to influence the use of e-banking technologies within the sample.

Results on the changes in e-bank service usage over the survey period show that Technophiles significantly increased their use of all three e-banking technologies, while Technophobes significantly increased only their use of direct deposit and the in-between group significantly increased only their use of online banking. Logistic regression estimates show that the increasing affinity of Technophiles for online banking services adds significantly to the likelihood that a Technophile respondent adopts online banking. Interaction between time and technological affinity variables was not detected in estimates of likelihoods of adopting automatic bill payment and direct deposit. Findings suggest that, so long as e-banking technologies provide consumer utility, time alone is a determining factor of increasing affinity toward and use of such services. Thus, we can expect the use of these technologies to continue to grow for all segments of the population, albeit at different rates.

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