

## Factors Affecting Online Banking Adoption of Private Sector Banking Customers in Sri Lanka

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### Abstract

This study examines the key factors influencing the online banking adaptation of private sector banking customers in Sri Lanka. Despite the rapid advancement of digital technology and the widespread availability of internet access, the adoption of online banking services remains inconsistent among users. In developing regions, in particular, customers often hesitate fully transition to digital banking platforms. This hesitation may stem from concerns related to ease of use, system efficiency, available technology infrastructure, and perceived security. However, there is limited empirical evidence that clearly identifies which of these factors most significantly influence users' decisions to adapt online banking. To identify factors influencing the customers' adaptation of online banking services in private sector banks in Sri Lanka, the data were collected through an online survey targeting users of online banking in Sri Lankan private banks. The data collected were analysed with correlation analysis and regression analysis. Correlation analysis revealed a positive relationship between the online banking adaptation and all the independent variables, with the highest correlation observed for efficiency ( $r = 0.806$ ), followed by perceived ease of use ( $r = 0.752$ ), technology infrastructure ( $r = 0.723$ ), and perceived security ( $r = 0.671$ ). The regression model explained 68.1% of the variance in online banking adaptation ( $R^2 = 0.681$ ). Among the predictors, efficiency ( $p = 0.001$ ), technology infrastructure ( $p = 0.015$ ), and perceived security ( $p = 0.001$ ) showed statistically significant effects, while perceived ease of use was not significant ( $p = 0.145$ ). The findings indicate that efficiency, technology infrastructure, and perceived security significantly influence the online banking adaptation, while perceived ease of use was not found to have a significant impact. This study contributes to the limited literature on online banking adaptation in Sri Lanka's private banking sector and offers a foundation for future research in this area.

**Keywords:** online banking, perceived ease of use, perceived security, technology infrastructure