



Presented at the DLSU Research Congress 2014
De La Salle University, Manila, Philippines
March 6-8, 2014

A Logit Analysis on the Determinants of the Decision of SMEs to Engage in Online Banking in the Philippines

Johanna Astudillo, Marie Kimberly Benedicto*, Janina Angela Chuason and Maria Angelica Soriano
**Corresponding Author: marie_benedicto@dlsu.edu.ph*

Abstract: This paper aims to identify the determinants that affect the decisions of SMEs on whether or not to engage in online banking. It proposes a model aimed at establishing the significance of the determinants identified – cost, time, user-friendliness, usefulness, convenience, security, and responsiveness – and at determining their effects on the SMEs' decision. To achieve such objectives, the paper uses Logit Analysis. This econometric approach is used following a survey involving at least thirty SMEs, both engaged and not engaged in online banking, as its respondents, chosen by quota sampling. The results show that cost obtained using estimated transaction fees, and usefulness have significant effects on SMEs' decision on online banking. The chosen research and sampling design may pose problems with regard to accuracy, generalizability, and reliability of