A STUDY ON INTERNET BANKING ADOPTION AMONG BANK CUSTOMERS

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A STUDY ON INTERNET BANKING ADOPTION AMONG BANK CUSTOMERS

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ABSTRACT

The online banking environment has grown tremendously over the past several years and will continue to grow as financial institutions continue to strive to allow customers to complete money transfers, pay bills and access critical information online. At the same time, online banking has been plagued by internet criminals and fraudsters attempting to steal customer information. As a result, authenticate customers logging to their online banking service has become a crucial concern of financial institutions. The primary purpose of this study is to identify factors that induced consumers to adopt the internet banking services. A total of 160 respondents are involved in this study. The effects of attitude towards certain behaviors, subjective norm and perceived behavioral control variables on the intention to use online financial services were examined as well as demographic variables. The conceptual framework underlying the study was based combination of different scholar that is relevant internet banking adoption. The findings based on five different independent variables (Banking Needs, Costs Saved, Risk and Privacy, Features Availability and Convenience) showed that all these variables influenced consumers’ internet banking adoption. It is essential for banks to facilitate encouragement and restrict impediment factors. The results suggest that in addition to the direct “push” from banks (in respect of the encouragement factors), indirect persuasion should also be carried out as a “pull” mechanism (in respect of the impediment factors) to induce consumers participating in the internet banking services.
ABSTRAK

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TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>CONTENT</th>
<th>PAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permission To Use</td>
<td>i</td>
</tr>
<tr>
<td>Abstract</td>
<td>ii</td>
</tr>
<tr>
<td>Abstrak</td>
<td>iii</td>
</tr>
<tr>
<td>Acknowledgement</td>
<td>iv</td>
</tr>
<tr>
<td>List of Tables</td>
<td>x</td>
</tr>
<tr>
<td>List of Figures</td>
<td>xii</td>
</tr>
</tbody>
</table>

CHAPTER 1

BACKGROUND OF STUDY

1.1 Introduction to the Internet Banking in Malaysia 1
1.2 Background of the Study 4
1.3 Objectives of the Study 5
1.4 Importance of the Study 6
1.5 Problem Statements 7
1.6 Purpose of the Study 7
1.6.1 General Purpose 7
1.6.2 Specific Purposes 8
1.7 Research Questions 8
1.8 Theoretical Framework 9
1.8.1 Dependent Variables 10
1.8.2 Independent Variables 10
1.9 Hypothesis 12
1.10 Significance of Study 13
CHAPTER 2

LITERATURE REVIEW

2.1 Internet Banking Adoption 15

2.2 Banking Needs 19
  2.2.1 Technology and Information as Opportunity and Threat 21

2.3 Cost Saved 22
  2.3.1 Internet Profit Generation 23

2.4 Risk and Privacy 26

2.5 Feature Available 30

2.6 Convenience 35

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Scope of the Research 39

3.2 Research Design 39

3.3 Data Collection Methods 40
  3.3.1 Primary Data 40
  3.3.2 Secondary Data 41

3.4 Sampling Design 42
  3.4.1 Target Population 42
  3.4.2 Sample Frame 42
  3.4.3 Sample Size 43
  3.4.4 Type Of Sampling Techniques 43

3.5 Questionnaires 44
### 3.5.1 Questionnaires Format

<table>
<thead>
<tr>
<th>3.6 Data Processing Methods</th>
<th>45</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.6.1 Reliability Analysis (Cronbach’s Alpha)</td>
<td>45</td>
</tr>
<tr>
<td>3.6.2 Frequency Distributions</td>
<td>46</td>
</tr>
<tr>
<td>3.6.3 Descriptive Statistics Analysis</td>
<td>46</td>
</tr>
<tr>
<td>3.6.4 Cross Tabulation</td>
<td>46</td>
</tr>
<tr>
<td>3.6.5 Pearson Correlation Matrix</td>
<td>47</td>
</tr>
<tr>
<td>3.6.6 Hypothesis Testing: Regression Analysis</td>
<td>47</td>
</tr>
</tbody>
</table>

### 3.7 Pilot Test

<table>
<thead>
<tr>
<th>4.1 Introduction</th>
<th>48</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.2 Methods of Data Analysis</td>
<td>48</td>
</tr>
<tr>
<td>4.3 Reliability Analysis</td>
<td>49</td>
</tr>
<tr>
<td>4.3.1 Reliability Analysis for Independent and Dependent Variables</td>
<td>50</td>
</tr>
<tr>
<td>4.3.2 Reliability Analysis for Internet Banking Adoption</td>
<td>51</td>
</tr>
<tr>
<td>4.3.3 Reliability Analysis Banking Needs</td>
<td>52</td>
</tr>
<tr>
<td>4.3.4 Reliability Analysis for Costs Saved</td>
<td>53</td>
</tr>
<tr>
<td>4.3.5 Reliability Analysis for Risk and Privacy</td>
<td>54</td>
</tr>
<tr>
<td>4.3.6 Reliability Analysis for Feature Available</td>
<td>55</td>
</tr>
<tr>
<td>4.3.7 Reliability Analysis for Convenience</td>
<td>56</td>
</tr>
<tr>
<td>4.4 Descriptive Statistic Analysis</td>
<td>57</td>
</tr>
<tr>
<td>4.4.1 Frequencies Analysis on Respondent Profile</td>
<td>58</td>
</tr>
</tbody>
</table>
4.4.1.1 Respondents' Ethnic Group 58
4.4.1.2 Respondents' Gender 59
4.4.1.3 Respondents’ Marital Status 60
4.4.1.4 Respondents’ Age 61
4.4.1.5 Respondents’ Highest Educational Level 62
4.4.1.6 Respondents’ Occupation 63
4.4.1.7 Respondents’ Monthly Income 64
4.4.1.8 Respondents’ Religion 65
4.4.1.9 Respondents’ Experience 66

4.5 Measure of Central Tendency (Mean) and Dispersion 67
(Variance and Standard Deviation)

4.6 Correlations Analysis 69
4.6.1 Correlations Analysis (Dimension of Variables) 70
4.6.2 The Ranking of Independent Variables towards Internet 71
Banking Adoption by Consumer of Bank Rakyat

4.7 Hypotheses Testing 72
4.7.1 Multiple Regression Analysis 72
4.7.1.1 Hypothesis 1 72
4.7.1.2 Hypothesis 2 73
4.7.1.3 Hypothesis 3 74
4.7.1.4 Hypothesis 4 74
4.7.1.5 Hypothesis 5 74
4.7.1.6 Hypothesis 6 75

4.7.2 T-test Analysis (Hypothesis) 75

4.8 Chapter Summary and Conclusion 76
# LIST OF TABLES

<table>
<thead>
<tr>
<th>TABLES</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 4.0: Reliability Analysis for “Independent and Dependent Variables”</td>
<td>50</td>
</tr>
<tr>
<td>Table 4.1: Reliability Analysis for “Internet Banking Adoption”</td>
<td>51</td>
</tr>
<tr>
<td>Table 4.2: Reliability Analysis for “Banking Needs”</td>
<td>52</td>
</tr>
<tr>
<td>Table 4.3: Reliability Analysis for “Costs Saved”</td>
<td>53</td>
</tr>
<tr>
<td>Table 4.4: Reliability Analysis for “Risk and Privacy”</td>
<td>54</td>
</tr>
<tr>
<td>Table 4.5: Reliability Analysis for “Feature Available”</td>
<td>55</td>
</tr>
<tr>
<td>Table 4.6: Reliability Analysis for “Convenience”</td>
<td>56</td>
</tr>
<tr>
<td>Table 4.7: Respondents’ Ethnic Group</td>
<td>58</td>
</tr>
<tr>
<td>Table 4.8: Respondents’ Gender</td>
<td>59</td>
</tr>
<tr>
<td>Table 4.9: Respondents’ Marital Status</td>
<td>60</td>
</tr>
<tr>
<td>Table 4.10: Respondents’ Age</td>
<td>61</td>
</tr>
<tr>
<td>Table 4.11: Respondents’ Highest Educational Level</td>
<td>62</td>
</tr>
<tr>
<td>Table 4.12: Respondents’ Occupation</td>
<td>63</td>
</tr>
<tr>
<td>Table 4.13: Respondents’ Monthly Income</td>
<td>64</td>
</tr>
<tr>
<td>Table 4.14: Respondents’ Religion</td>
<td>65</td>
</tr>
<tr>
<td>Table 4.15: Respondents’ Experience</td>
<td>66</td>
</tr>
<tr>
<td>Table 4.16: Central Tendency (Mean) and Dispersion (Variance and Standard Deviation)</td>
<td>68</td>
</tr>
<tr>
<td>Table 4.17: Summaries on Pearson Correlation of Independent Variables towards Dependent Variable</td>
<td>70</td>
</tr>
<tr>
<td>Table 4.18: Ranking of Independent Variables Towards Internet</td>
<td>71</td>
</tr>
<tr>
<td>Table 4.19: Regression Analysis</td>
<td>73</td>
</tr>
</tbody>
</table>
Table 4.20: T-test Analysis .. .. .. .. .. .. .. ..  75

Table 5.0: Dimension of Internet Banking Adoption .. .. .. .. 81
## LIST OF FIGURES

<table>
<thead>
<tr>
<th>FIGURES</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 1: Theoretical Framework</td>
<td>11</td>
</tr>
</tbody>
</table>
CHAPTER 1
BACKGROUND OF STUDY

1.1 Introduction to the Internet Banking in Malaysia

The financial services industry has been subjected to dramatic changes over the past decades, as a result of advance in Information Technology, deregulation and globalization. These changes have reduced margins in traditional banking activities, leading to merging of banks. The forces of consolidation also had a profound impact on the operations of securities exchanges as well as the brokerage and asset management industries (International Monetary Fund, 2007). In the merging programmers of the banking institutions have resulted in the consolidation of 51 banking institutions into 10 banking groups (Bank Negara Malaysia). This merging, which involved the consolidation of 96% of the total assets of the banking institutions was achieved with minimum disruption and dislocation to the systems. This has been a major accomplishment by the domestic banks industry.

The domestic banking groups are now in a position to achieve greater benefits from economies of scale, greater investment in technology and more substantive pool of skilled staff. This will allow the banking institutions to make further gain on efficiency and competitiveness which each banking institution having attained the minimum of shareholders fund of RM2 billion and total assets of RM25 billion (Bank Info, 1997). The completion of the legal and operational mergers will place the Malaysian banking institutions in a better position to respond to the forces of change, in particular, to the advances in technology as well as from the greater demands for more customized and
The contents of the thesis is for internal user only
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