

SMS BANKING IN SAUDI ARABIA

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SMS BANKING IN SAUDI ARABIA

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Fulfillment of the Requirement for the Degree Master
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By

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ABSTRACT

Banking has always been a highly information intensive activity particularly over the last few decades that information and Communication technology (ICT) has affected the banking industry heavily. The appearance of SMS banking services has changed the nature of financial services delivery costumers. One of the most growing phenomenons in financial services is mobile internet banking. The purpose of this study is explorer the adoption of SMS banking among Saudi customers, an emerging Middle East economy in the area. The present study modifies the technology acceptance model and applies it to banks customers in Saudi Arabia.

By providing SMS banking services, banks can get notable cost saving, reduce their branch networks, and improve efficiency. But since customers do not adopt and use these service, banks cannot profit from them. A numbers of Saudi banks recently have started to offer SMS banking services to their customers, but the fact it got a respectable reaction from people' point of view. A model of TAM with factors from perceived innovation attributes and the personal characteristics of adopters have been developed to identify the most factors that influence SMS banking adoption among Saudi customers. The result of this study were contribute were positively related to SMS banking adoption as hypothesized. The positive association between combination among all independent variables (ease of use, usefulness, credibility, compatibility and observability) was supported.

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LIST OF ABBREVIATIONS

(IB): Internet Banking

(IT): Information Technology

(IS): Information System

(ATM): Automatic Teller Machine

(TPB): Theory of Planned Behavior

(ICT): Information and Communication Technology

(TAM): Technology Acceptance Model

(TRA): Theory of Reasoned Action

(PBC): Perceived Behavioral Control

(BI): Behavioral Intention

(EOU): Ease of Use

(USE): Usefulness

(CRE): Credibility

(COM): Compatibility

(OB): Observability

(SMS): Short Message Services

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

In the banking world, developments in information technology have had an enormous effect in development of more flexible payment methods and more user-friendly banking services (Akinici et al., 2004). Within the realm of IT, the internet is fast becoming one of the most efficient means to access, share information, conduct trade and arrange for delivery of goods and services. The convergence of the internet and wireless technology in the late 1990s has produced a revolutionary telecommunication service: mobile internet. Global mobile operators are now accelerating technological transition from 2G to 3G, while by June 2004 active users of wireless data applications exceeded 115 million worldwide and this figure is expected to be about 1.72 billion by 2007, with aggregate subscriber revenue of \$584 billion (Okazaki, 2005). Such spectacular growth will change how we live. Online banking and other electronic payment systems are new, and the development and diffusion of these technologies by financial institutions is expected to result in a more efficient banking system. This technology offers institutions alternative or non-traditional delivery channels through which banking products and services can be delivered to consumers more conveniently and economically without diminishing the existing service levels. Short message services (SMS) banking is such a delivery channel

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