A STUDY ON ADOPTION ON SMS BANKING TECHNOLOGY AMONG CUSTOMERS IN UZBEKISTAN

HUDAYOROV NURBEK QAHROMONOVICH

MASTER OF SCIENCE (MANAGEMENT) UNIVERSITI UTARA MALAYSIA 2011
A STUDY ON ADOPTION ON SMS BANKING TECHNOLOGY AMONG CUSTOMERS IN UZBEKISTAN

A Thesis submitted to the fulfillment of the requirements for the degree
Master of Science (Management)
College of Business
Universiti Utara Malaysia

By
Hudayorov Nurbek
(802506)

© Hudayorov Nurbek, May 2011. All rights reserved
PERMISSION TO USE

In presenting this thesis in partial fulfillment of the requirements for a postgraduate degree of Master of Science (Management) from University Utara Malaysia, I agree that the Library of the University may accept it freely available for inspection. I also agree that permission for copying this thesis in any form, in whole or in part, for academic purposes may be granted to my supervisor, and in this absence, the dean of the College of Business. It is clear that any copy of the publication or use of this thesis or part thereof for financial gain shall not be allowed without my written permission. It also understood that due recognition be given to me and to the University Utara Malaysia for any scientific use of which may be made of any material from my thesis.

Request for permission to copy or make other use of material in this thesis in whole or in part should be addressed to:

Dean (Research and Post Graduate)
College of Business
University Utara Malaysia
06010 UUM Sintok
Kedah Darul Aman
Malaysia
ABSTRACT

Banking has always been a highly information intensive activity particularly over the past few decades, information technology affected the banking sector is strong. The emergence of SMS banking has changed the nature of financial services to clients. One of the most growing phenomena in the financial services industry is an internet banking service. The purpose of this study is to explore adoption of SMS banking to customers of Uzbekistan, Central Asia emerging economies in the region. The present study modifies the model of technology adoption and applies it to the customers of the bank in Uzbekistan.

Providing SMS banking services, banks can obtain significant cost reductions, reducing their branch networks and increase efficiency. But because customers do not adopt and use these services, banks cannot profit from them. Number of banks in Uzbekistan has recently started offering Internet banking services to its clients, but actually it does not get a respectable response from the point of view of people. The factors of perceived innovation attributes and personal characteristics of adopters have been developed to identify the most factors that influence SMS banking adoption among customers of Uzbekistan. The result of this study was to promote were positively associated with the adoption of SMS banking have assumed. Positive relationship between the combination between all the independent variables (ease of use, usefulness, reliability, compatibility and observability) was supported.
ACKNOWLEDGEMENT

This thesis was written during the third semester of 2010/2011 at University Utara Malaysia in the performance of master’s program in management science. Many people have helped me with the completion of the work and make the work possible.

First of all, I would like to express my sincere gratitude to my supervisor, Abdul Manaf bin Bohari for his guidance and intellectual leadership of the variable during the entire thesis writing. Secondly, I would like to express my sincere gratitude to Dr. Ismail bin Lebai Othman, my teacher of the research methodology for knowledgement, what it does and his helpful comments.

Special thanks to my friend Djalol Khalilov, Ahmad Ibrahim al Jumah, Shukhrat Asrarov, and Muhiddin Jumaev for their assistance in distributing and collecting data in Uzbekistan.

Finally, I would like to take this opportunity to express my deep gratitude to my dear parents and family for love and endless support they have given me every step of my life.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERMISSION TO USE</td>
<td>I</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>II</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>III</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>IV</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>VII</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>VIII</td>
</tr>
<tr>
<td>CHAPTER ONE: INTRODUCTION</td>
<td></td>
</tr>
<tr>
<td>1.1 Introduction</td>
<td>1</td>
</tr>
<tr>
<td>1.2 Problem Statement</td>
<td>2</td>
</tr>
<tr>
<td>1.3 Research Questions</td>
<td>3</td>
</tr>
<tr>
<td>1.4 Research Objectives</td>
<td>4</td>
</tr>
<tr>
<td>1.5 Significance of the Study</td>
<td>5</td>
</tr>
<tr>
<td>1.6 Organization of the Thesis</td>
<td>5</td>
</tr>
<tr>
<td>CHAPTER TWO: LITERATURE REVIEW</td>
<td>7</td>
</tr>
<tr>
<td>2.1 Introduction</td>
<td>7</td>
</tr>
<tr>
<td>2.2 Definition of Customer</td>
<td>7</td>
</tr>
<tr>
<td>2.3 Adoption of Theories</td>
<td>9</td>
</tr>
<tr>
<td>2.4 Electronic banking</td>
<td>11</td>
</tr>
</tbody>
</table>
2.5 Banking Sector in Uzbekistan

2.6 Theory of Technology Acceptance Model

2.7 Theory of Planned Behavior
   2.7.1 The Variables of TPB
   2.7.2 Attitudes
   2.7.3 Subjective Norm

2.8 Theory of Reasoned Action

2.9 Theory Diffusion of Innovation

2.10 Research Framework

2.11 Research Hypotheses

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

3.2 Research design
   3.2.1 Nature of Study
   3.2.2 Study setting
   3.2.3 Unit of analysis
   3.2.4 Limitation of Time

3.3 Sampling design
   3.3.1 Population and sample
   3.3.2 Sampling method

3.4 Number of respondents
3.5 Data collection method

3.5.1 Questionnaire administration

3.5.2 Validity

3.5.3 Data Analysis Technique

3.6 Conclusion

CHAPTER FOUR: RESEARCH FINDING AND RESULTS

4.1 Introduction

4.2 Profiles of Respondents

4.3 Reliability Test

4.3.1 Reliability of Ease of Use

4.3.2 Reliability of Usefulness

4.3.3 Reliability of Credibility

4.3.4 Reliability of Compatibility

4.3.5 Reliability of Observability

4.3.6 Reliability of SMS Banking Adoption

4.4 Relationship among Research Variables

4.5 Result of Hypotheses Testing

4.5.1 Regression between Ease of Use and SMS Banking Adoption

4.5.2 Regression between Usefulness and SMS Banking Adoption

4.5.3 Regression between Credibility and SMS Banking Adoption

4.5.4 Regression between Compatibility and SMS Banking Adoption
4.5.5 Regression between Observability and SMS Banking Adoption

4.5.6 The Multiple Regressions of all IV's to SMS Banking Adoption

4.6 Summary

CHAPTER FIVE: DISCUSSION AND CONCLUSION

5.1 Introduction

5.2 Summary

5.3 Contributions of the Research

5.4 Discussion and Recommendations

5.5 Implications

5.6 Limitation of the Study

5.7 Recommendations for Further Research

REFERENCE

QUESTIONNAIRE

APPENDEXES

LIST OF FIGURES

1.1: Organization of the Thesis

2.1: Adoption Process

2.2: Theory of Technology Acceptance Model

2.3: Theory of Reasoned Action
<table>
<thead>
<tr>
<th>Table</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Profiles of Respondents</td>
<td>41</td>
</tr>
<tr>
<td>4.2</td>
<td>Reliability of Ease of Use</td>
<td>43</td>
</tr>
<tr>
<td>4.3</td>
<td>Item-Totl Statistic of Ease of Use</td>
<td>43</td>
</tr>
<tr>
<td>4.4</td>
<td>Reliability of Usefulness</td>
<td>45</td>
</tr>
<tr>
<td>4.5</td>
<td>Item Total Statistic of Usefulness</td>
<td>45</td>
</tr>
<tr>
<td>4.6</td>
<td>Reliability of Credibility</td>
<td>46</td>
</tr>
<tr>
<td>4.7</td>
<td>Item-Total Statistic of Traialibility</td>
<td>46</td>
</tr>
<tr>
<td>4.8</td>
<td>Reliability of Compatibility</td>
<td>47</td>
</tr>
<tr>
<td>4.9</td>
<td>Item-Total Statistic of Compatibility</td>
<td>47</td>
</tr>
<tr>
<td>4.10</td>
<td>Reliability of Observability</td>
<td>48</td>
</tr>
<tr>
<td>4.11</td>
<td>Item-Total Statistic of Observalibility</td>
<td>48</td>
</tr>
<tr>
<td>4.12</td>
<td>Reliability of SMS Banking Adoption</td>
<td>49</td>
</tr>
<tr>
<td>4.13</td>
<td>Item-Total Statistic of SMS Adoption</td>
<td>49</td>
</tr>
<tr>
<td>4.14</td>
<td>Summary of Reliability Test</td>
<td>50</td>
</tr>
<tr>
<td>4.15</td>
<td>Correlations between Variables</td>
<td>50</td>
</tr>
<tr>
<td>4.16</td>
<td>Regression between Ease of Use and SMS Banking Adoption</td>
<td>51</td>
</tr>
<tr>
<td>4.17</td>
<td>Regression between Usefulness and SMS Banking Adoption</td>
<td>52</td>
</tr>
<tr>
<td>4.18</td>
<td>Regression between Credibility and SMS Banking Adoption</td>
<td>53</td>
</tr>
<tr>
<td>4.19</td>
<td>Regression between Compatibility and SMS Banking Adoption</td>
<td>54</td>
</tr>
</tbody>
</table>
CHAPTER 1

INTRODUCTION

1.1. Introduction

The internet and related technologies and applications have changed the way doing business, people work, and how information systems support business process, decision making, and competitive advantage (Marakas and O'Brien, 2008). Most of the organizations in the developing countries are conducting business conventionally, yet in the recent past the trend has been changed and they are now doing business via Internet (Davenport, 2000; Travica, 2002). In fact, during the last decade, the number of banks that recognized the benefits of SMS banking services and adopted SMS banking increased dramatically. While in globally, only one bank has offered SMS banking services in 2001, but by the end of 2002 this number increased to 6,000 banks (Claessens et al., 2003). In recent years, many of research studies have been conducted investigating the characteristics of banks that adopted SMS banking, and most of these studies find that large and new banks which are located in highly populated expensive urban areas are likely to adopt SMS banking (Furst et al., 2000a; Daniel, 1999).

This research can contribute to an improved understanding of the factors related to user's acceptance of new technology. In particularly, this study acts as an understanding of the theory of (TAM). Also, this research can contribute to an understanding of the acceptance of SMS banking in Uzbekistan banking industry sitting.
The contents of the thesis is for internal user only


Ajzen, I. (1985), "Constructing a TPB Questionnaire: Conceptual and Methodological Considerations"


