

**THE DETERMINANTS OF INTERNET BANKING
ADOPTION BY UUM STUDENTS**

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ABSTRACT

Two hundred and eighty six questionnaires, which are considered as complete, acceptable and usable, were received from the students of UUM. Questionnaires are developed to examine the major factors considered most important in the process of adopting internet banking by students in UUM. In other words, this study aims to define the major determinants of internet banking adoption by students inside UUM.

The data are analyzed by using SPSS programme. Descriptive and correlation analysis have been applied to determine the significant relationships for all hypotheses at 1 percent level of significance. In addition, factor analysis has also been used to inspect how variables affect each other and to what extent they are interrelated. The findings reveal that all independent variables included in this study namely “Perceived Ease of Use (PEU)”, “Perceived Usefulness (PU)”, “Perceived Web Security (PWS)” and “Attitude (AT)” have a significant relationship with the dependent variable which is “Intention to Use internet banking (IU)”. We also find that there is a significant relationship among independent variables. Percentage and frequency distribution are also used to analyze the respondents profile.

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LIST OF ABBREVIATIONS

ATT: Attitude

ATB: Attitude toward Behavior

ATM: Automated Teller Machines

BAFIA: Banking and Financial Institution Act

BI: Behavioral Intention

BNM: Bank Negara Malaysia

EFA: Exploratory Factor Analysis

IB : Internet Banking

IDT: Innovation Diffusion Theory

IT: Information Technology

IU : Intention to Use

OB : Online Banking

P: Probability

PDA: Personal Digital Assistant

PBC: Perceived Behavioral Control

PC: Personal Computer

PEU: Perceived Ease of Use

PU : Perceived Usefulness

PWS : Perceived Web Security

SEM: Structural Equation Model

SN: Subjective Norm

TAM: Technology Acceptance Model

TRA: Theory Of Reasoned Action

TPB: Theory of Planned Behavior

UUM: Universiti Utara Malaysia

CHAPTER ONE

INTRODUCTION

1.0 Background of the Study

In this study, the terms Internet Banking (IB) and Online Banking (OB) are used interchangeably. IB/OB differs from Electronic Banking (e-banking) since the latter is an activity of higher level that encompasses not only IB/OB, but also Mobile Banking, SMS Banking, WAP-Banking, ATM and other types of electronic payment systems not operated through the Internet. This study focuses on IB, because it is considered as the most significant and most popular channel for delivering banking services in the cyber age. Therefore, when we speak about Internet Banking history and its background, we should not ignore that of electronic banking as their history is somehow interrelated and synaptic.

Over the last few decades information technology has affected the banking industry highly and has provided a way for the banks to differentiate their products and services. For more than 200 years, banks were using branch-based operations but the advent of

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