

**ADOPTION OF E-BANKING IN ISLAMIC BANKING
INSTITUTIONS AMONG MUSLIM CUSTOMERS IN KEDAH**

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ABSTRACT

Electronic banking or known as e-banking is not a new phenomenon to the people nowadays. Developments in information technology and telecommunications have set in motion an electronic revolution in the Malaysian banking sector. Starting with the Automated Teller Machines (ATM) in 1970s till the introduction of Internet banking in the year 2000s, electronic banking has become an important product and services provided by the banking institutions including Islamic banks in Malaysia. This study aims to explore the determinants which influence the adoption of e-banking services provided by Islamic banks in Malaysia among Muslim customers. The determinants obtained by the researcher from the previous studies are perceived usefulness, perceived ease of use, security, trust and cost and charges. Findings show that all the determinants have a positive relationship with the e-banking adoption while in term of effects, there are three variables influence the adoption. Out of the three determinants, perceived usefulness is found to give the most influence towards e-banking adoption. Recommendation for the future research is religiosity to be added as one of the determinants to predict adoption of e-banking in Islamic banks.

Keywords: electronic banking, Islamic banking institutions, adoption

ABSTRAK

Perbankan elektronik atau lebih dikenali sebagai e-perbankan bukanlah suatu fenomena yang baru pada masa kini. Dengan perkembangan teknologi maklumat dan telekomunikasi telah mencetus suatu evolusi dalam industri perbankan di Malaysia. Bermula dengan Automated Teller Machines (ATM) pada tahun 1970an sehinggalah kepada pengenalan perbankan internet pada tahun 2000, perbankan elektronik telah menjadi salah satu produk dan perkhidmatan terpenting yang disediakan oleh institusi perbankan termasuklah institusi perbankan Islam di Malaysia. Kajian ini adalah bertujuan untuk menyelidik faktor-faktor yang mempengaruhi penggunaan perbankan elektronik di bank-bank Islam di Malaysia dalam kalangan pelanggan beragama Islam. Faktor-faktor yang diperoleh hasil daripada kajian terdahulu adalah tanggapan kepenggunaan, tanggapan kemudahan, Keselamatan, Kepercayaan dan Cas bayaran. Hasil kajian menunjukkan kesemua faktor yang dikaji mempunyai hubungan yang positif dengan penggunaan perbankan elektronik dalam kalangan pelanggan, tetapi hanya tiga daripada faktor tersebut yang mempengaruhi penggunaan perkhidmatan perbankan elektronik tersebut. Cadangan untuk kajian akan datang agar faktor keagamaan ditambah sebagai salah satu faktor penting dalam menjangkakan kepenggunaan dalam perbankan elektronik di bank-bank Islam.

Kata Kunci: Perbankan elektronik, institusi perbankan Islam, kepenggunaan

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LIST OF ABBREVIATIONS

ATM	Automated Teller Machines
BNM	Bank Negara Malaysia
E-banking	Electronic Banking
GDP	Gross Domestic Product
IBI	Islamic Banking Institutions
TAM	Technology Acceptance Model
TPB	Theory of Planned Behavior

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This section briefly give the overview of electronic banking in Malaysia and also the services offered to the customers. This section also will highlight the problem statement of the study, the objectives, the research questions and also the definition of terms used in this research paper.

1.2 Background of The Study

Electronic banking is not a new phenomenon in these modern days. Utilization of the internet with the electronic services such as in banking transaction has widely spread among the people. Payment system in Malaysian banking industry has become more efficient with the utilization of the available technology. It was revealed that Malaysia is one of the countries that has evolved from the evolution of currency notes and coins to the cashless and also paperless payment systems of the digital era. (Bank Negara Malaysia, 2013)

However, it remains a high user of cheque and cash despite the progress that has been achieved in the electronic payment infrastructure and the increasing sophistication of the Malaysian economy. (Deputy Governor BNM, 2013)

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