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THE MEDIATING EFFECT OF ATTITUDE ON DIRECT AND INDIRECT DETERMINANTS OF INTERNET BANKING USAGE IN MALAYSIA

By

AHMAD KAMAL SINDIN

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UNIVERSITI UTARA MALAYSIA

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Internet banking in Malaysia has been in existence for more than two decades. However, there is still lack of studies in discovering the aspects of attitude and behavior of the retail banking customers towards the adoption of the internet banking services. Therefore, this study aims to investigate the determinants of the internet banking usage from the angle of attitude and behavior of these customers in the internet banking usage. This study employed the Technology Acceptance Model by Davis as the underpinning theory and further enhanced it to the Extended Technology Acceptance Model by taking into account factors such as trust, internet self-efficacy, and subjective norm as the additional predictors of internet banking usage via the mediating effect of attitude towards usage. The study setting was based on five top commercial banking in Malaysia and systematic random sampling of data collection was done through households via self-administered questionnaire and analysis was done by using the structural equation modelling as the statistical tool. The findings show that perceived ease of use and attitude have a positive significant effect on internet banking usage while perceived usefulness and internet self-efficacy have a positive impact on attitude. The findings further reveal that perceived usefulness and internet self-efficacy mediate through attitude on the internet banking usage while trust, perceived ease of use, and subjective norm do not mediate through attitude on the internet banking usage. These results are immeasurably valuable to practitioners for managing and executing their marketing strategy. Furthermore, it contributes and enriches knowledge pertaining to the predictors of internet banking usage.

**Keywords:** Internet banking usage, trust, internet self-efficacy, subjective norm, Malaysian retail banking.
ABSTRAK


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<td>Adjusted Goodness of Fit Index</td>
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<td>AMOS</td>
<td>Analysis of Moment Structures</td>
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<td>ATU</td>
<td>Attitude</td>
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<td>AVE</td>
<td>Average Variance Extracted</td>
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<td>AVR</td>
<td>Automated Voice Response</td>
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<tr>
<td>BIS</td>
<td>Banking Information System</td>
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<td>BNM</td>
<td>Bank Negara Malaysia</td>
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<td>CDFNorm</td>
<td>Cumulative Distributions Function</td>
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<td>CFA</td>
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<td>ECT</td>
<td>Expectation Confirmation Theory</td>
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<td>Extended TAM</td>
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<td>Goodness of Fix Index</td>
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<td>IBU</td>
<td>Internet Banking Usage</td>
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<td>ICT</td>
<td>Information communication technology</td>
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<td>ISE</td>
<td>Internet Self-Efficacy</td>
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<td>MCMC</td>
<td>Malaysian Communications and Multimedia Commission</td>
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<td>MI</td>
<td>Modification Indices</td>
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<td>MOF</td>
<td>Ministry of Finance</td>
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<td>PEMANDU</td>
<td>Performance Management &amp; Delivery Unit (Malaysia)</td>
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<td>Perceived Ease of Use</td>
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<td>PU</td>
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<td>Tucker Lewis Index</td>
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<tr>
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<td>Theory of Planned Behaviour</td>
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CHAPTER 1
INTRODUCTION

1.0 Chapter Overview

The first chapter of this research introduces the issue of internet banking in Malaysia from brick and mortar banking to an online banking. Further, it discusses the research background of the study, problem statement, research questions, research objectives, significance and contribution of the study, scope of the study, definitions of terminologies and lastly organization of the thesis.

1.1 Background of the Study

The internet and information communication technology (ICT) has changed landscape of all industries including medical, agricultural, tourism, businesses and banking in Malaysia likewise, all around the world. Internet and ICT have transformed banking industry from a “manual system” of banking operations to full computerisation in all aspects of its operations. The computerisation affects opening and maintenance of an array of services, ranging from savings account, current account, remittances and transfer of funds, fixed deposit, investment account, trade finance and loan processing. This improvement has to certain extent, made the transactions cheaper, easier, efficient, and effective.
The contents of the thesis is for internal user only
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