

**A Strategic Analysis on Internet Banking:  
A Malaysian Case**

**A thesis submitted to the Graduate School in partial  
fulfillment of the requirements for the degree  
Master of Science (Information Technology),  
Universiti Utara Malaysia**

**by  
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## **ABSTRAK**

Kemajuan teknologi di dalam bidang telekomunikasi dan informasi teknologi telah memberi sumbangan yang teramat terhadap evolusi sistem distribusi perbankan di Malaysia. Sejak Bank Negara Malaysia (BNM) membenarkan bank-bank tempatan untuk memperkenalkan perbankan Internet pada 1hb. Jun, 2000, cara distribusi ini kian berkembang di Malaysia pada zaman revolusi elektronik ini. Dalam kajian ini, analisis SWOT diaplikasikan pada perbankan Internet di Malaysia untuk mengenalpastikan kelebihan dan kelemahannya berbanding dengan peluang dan ancaman luarannya. Analisis ini merupai tahap permulaan dalam pembentukan pelan pemasaran strategik perbankan Internet kerana ia dapat mendefiniskan isu-isu utama yang perlu diatasi demi untuk menghasilkan satu pelan pemasaran strategik perbankan Internet yang efektif. Analisis sasaran pengguna serta penggabungan elemen-elemen pemasaran untuk menyokong pelan pemasaran strategik perbankan Internet di Malaysia juga dikaji dalam repot ini.

## **ABSTRACT (ENGLISH)**

The vast technological advancement in the field of telecommunications and information technology had contributed significantly in the evolution of distribution channels for banking products and services in Malaysia. In recent years, since the granting of approval by the Central Bank of Malaysia for locally owned commercial banks to offer Internet banking services on June 1, 2000, this mode of delivery channel appears to be the current trend in the electronic revolution that is fast developing in the Malaysian banking sector. In this study, SWOT analysis is applied on Internet banking in Malaysia to assess its strengths and weaknesses, vis-à-vis its external opportunities and threats. This analysis forms the starting point of evolving an Internet banking marketing strategy plan as it provides the basis for defining which key issues will need to be managed in order to develop an effective Internet banking marketing plan for the future. This study also include a target market analysis, as well as the design of a marketing mix that is able to support the marketing strategy plan for Internet banking in Malaysia.

## **ACKNOWLEDGMENTS**

This Thesis will not complete unless I thanked the many wonderful people in my life. To the most heavenly Father for all the blessings He has bestowed upon me, and to my family members for their never ending support and understanding.

Special mention of thanks to my Supervisors Puan Azizah Haji Ahmad and Dr. Sobri Minai for their constant guidance, dedication and patience in ensuring the successful completion of my Thesis.

Also special thanks to the Thesis Committee for their invaluable comments and feedback.

Lastly, this Thesis is also specially dedicated to my best friend MS for his encouragement and belief in me.

# TABLE OF CONTENTS

	<b>Page</b>
PERMISSION TO USE	i
ABSTRAK	ii
ABSTRACT (ENGLISH)	iii
ACKNOWLEDGEMENTS	iv
TABLE OF CONTENTS	v
CHAPTER ONE: INTRODUCTION	1
1.1    The Context of the Study	1
1.2    Problem Statement	2
1.3    Objectives of Study	2
1.4    Methodology	3
1.5    Literature Review	4
1.6    Significance / Contributions of the Study	7
CHAPTER TWO: EVOLUTION OF THE DISTRIBUTION CHANNELS FOR BANKING PRODUCTS AND SERVICES IN MALAYSIA	8
2.1    Automated Teller Machines (ATMs)	8
2.2    Telephone Banking	9
2.3    PC-Banking	10
2.4    Internet Banking	10
2.5    Mobile Banking	11

CHAPTER THREE: INTERNET BANKING ENVIRONMENT	
IN MALAYSIA	12
3.1 Types of Internet Banking Sites	12
3.1.1 Informational site	12
3.1.2 Communicative site	13
3.1.3 Transactional site	13
3.2 A Review of the Malaysian Banking Sites	13
CHAPTER FOUR: SWOT ANALYSIS: INTERNET BANKING	
IN MALAYSIA	17
4.1 Strengths of Internet Banking in Malaysia	17
4.1.1 Convenient accessibility	17
4.1.2 Cost advantage	18
4.1.3 Wide market coverage	19
4.1.4 Reduced customer attrition	20
4.1.5 Strengthening customer relationship	20
4.1.6 Cross-selling opportunities	21
4.2 Weaknesses of Internet Banking in Malaysia	22
4.2.1 Internet security issue	22
4.2.2 High cost for customers maintenance	23
4.2.3 Limitation on Internet banking functionality	23
4.2.4 Customer acceptance towards technology	23
4.3 Opportunities of Internet Banking in Malaysia	25
4.3.1 Low dial-up rate	25
4.3.2 Government encouragement to increase availability of access to the Internet	25
4.3.3 Demand for new type of online transactions	26
4.4 Threats of Internet Banking in Malaysia	27
4.4.1 Speed of Internet connectivity	27
4.4.2 Regulatory and legal infrastructure	27
4.4.3 Other banking delivery channels	29
4.5 Summary	30
4.6 Validation of the SWOT Analysis Findings	31



CHAPTER FIVE: DISTINCTIVE CHARACTERISTICS OF INTERNET BANKING SERVICES MARKETING	35
5.1 Intangibility	35
5.2 Inseparability	35
5.3 Variability	36
5.4 Perishability and fluctuating demand	36
 CHAPTER SIX: INTERNET BANKING MARKETING STRATEGY PLANNING PROCESS	 37
 CHAPTER SEVEN: MARKETING STRATEGY FOR INTERNET BANKING	 40
7.1 Target Market Analysis	40
7.2 Marketing Mix Strategy For Internet Banking	46
7.2.1 Product	46
7.2.2 Promotion	48
7.2.3 Presentation	51
7.2.4 Personalization	54
 CHAPTER EIGHT: CASE STUDY: MAYBANK'S INTERNET BANKING MARKETING MIX STRATEGY	 57
8.1 The Maybank Group	57
8.2 Maybank's Internet Banking Marketing Mix Strategy	58
8.2.1 Product	58
8.2.2 Promotion	62
8.2.3 Presentation	63
8.2.4 Personalization	68
 CHAPTER NINE: CONCLUSION	 70
 REFERENCES AND BIBLIOGRAPHY	 71

# CHAPTER 1

## INTRODUCTION

### 1.1 The Context of the Study

As a result of the extensive technological advancement in the field of telecommunications and information technology, the banking business in Malaysia had undergone tremendous developments, specifically in the way in which banking products and services are made available for use. From the traditional brick and mortar branches, the banking distribution channels had evolved into the electronic era with the introduction of new delivery channels for banking products and services such as the automated teller machines (ATMs), telephone banking and PC-banking (Guru *et. al.*, 2001).

With the advent of the Internet and World Wide Web (WWW), the basis of competition and business infrastructure in the banking industry was changed dramatically through the use of the Internet as a delivery channel. In recent years, since the Central Bank of Malaysia (BNM) granted its approval for locally owned commercial banks to offer Internet banking services on June 1, 2000, this mode of delivery channel appears to be the current trend in the electronic revolution that is fast developing in the Malaysian banking sector.

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