

Factors Affecting Users' Acceptance of E-Banking in Damansara, Malaysia

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Abstract. This study attempts to examine the factors that influence the acceptance of e-banking among users in Damansara, Malaysia. Focus is given on several factors such as Security and Privacy, Trust, Innovativeness, Familiarity, and Awareness. For the purpose of collecting the primary data, the five-point Likert Scale questionnaire survey method is used. The results show that Innovativeness and Familiarity significantly influence users' acceptance of e-Banking in this urban district in Malaysia. However, this study only involves users of e-Banking in Damansara, which subsequently suggests a small sample. The findings from this study may provide information and point of reference to the banking sector in improving their online transactions, in order for it to be more preferable and accepted by users. Thus, in a long run, it may help to raise the usage of e-Banking.

Keywords: e-Banking, Users' Acceptance, Security and Privacy, Trust, Innovativeness, Familiarity, Awareness.

1. Introduction

In the banking sector, the growth of information technology (IT) has led to the development of more flexible and user-friendly bank services [10]. Therefore, banking transactions that fully utilize the advantage of information technology (IT) is evident through the implementation of the internet banking, also known as e-Banking. E-banking involves the provision of regular facilities like accessing accounts, transferring funds and buying financial products and services online- one which is termed "transactional" online banking [9].

There are various transactions that can be delivered and obtained through e-Banking such as paying bills, viewing account balances, viewing records of transactions, transferring money as well as opening new accounts. Based on www.theedgemalaysia.com [14], as of April 2011, Malaysia boasts off the highest number of users of e-Banking services in the Southeast Asia, followed by Hong Kong and Singapore. Furthermore, a survey done by the comScore Media Matrix Malaysia survey (2011) reveals that e-Banking sites in Malaysia receive 2.7 million visitors in January 2011, which altogether records a growth of 16% year-on-year. The Malayan Banking Berhad's online banking portal (Maybank2u) is shown to be the most visited, followed by the CIMB Bank Berhad (CIMBclicks) and Public Bank Berhad (Pbebank.com).

Due to the increasing popularity and growth of e-Banking, hackers, fraudsters, identity thieves and others will inevitably tap into personal customer information whenever opportunities arise [2]. Most banks try to make their sites safeguarded by having the latest network security software installed. However, there are many unintended and unexpected cases in which the web browser is exposed to banks' financial information online. In addition, Zahid, Mujtaba and Riaz [12] maintain that money transactions via the Internet have never been free from risk. More prominently, in Internet transactions, security has always become integral to consumers.

However, despite all the risks that the users need to counter, e-Banking still demonstrates tremendous growth each year. Therefore, the main purpose of this study is to determine the factors that influence users' acceptance of e-Banking (UA) in Damansara, Malaysia. This study focuses on several factors that can potentially influence the acceptance of e-Banking which includes Security and Privacy (SP), Trust (T), Innovativeness (I), Familiarity (F), and Awareness (A).

This study may provide information to the banking sector towards improving its online transactions, in order to be more preferable and accepted by users. Thus, indirectly it will also help raise the usage of e-Banking. The general objective of this study is to assess the factors affecting the acceptance of e-Banking

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among users in Damansara, Malaysia. The five factors are Security and Privacy (SP), Trust (T), Innovativeness (I), Familiarity (F), and Awareness (A).

2. Literature Review

The use of e-Banking is not only limited for individual users. In business transactions, the use of e-Banking has been continuously expanding for the past ten years [7]. Therefore, banks should recognize ways to retain the continuous adoption of e-Banking services since customer acknowledgement, and acceptance are important to determine its success in the realm of online banking [6].

2.1. Security and Privacy, Trust, Innovativeness, Familiarity, and Awareness.

'Security' is the biggest concern for users as they embark into using e-Banking and because of that security has been highlighted by several previous studies [1]-[5]. As stated by Akinci, Aksoy, and Atilgan [18], security, reliability, and privacy have been shown to affect the selection of e-Banking service provider. Bearing this in mind, we shall now come to produce a few hypotheses:

Hypothesis 1: Security and Privacy significantly influence the acceptance of e-Banking among users in Damansara, Malaysia.

On the other hand, Ashtiani and Iranmanesh [15] believe that trust is the most significant factor that affects the behavior of customers, especially when purchasing in both traditional and virtual environments. Therefore:

Hypothesis 2: Trust significantly influences the acceptance of e-Banking among users in Damansara, Malaysia.

Next, the innovativeness of IT services refers to the carrying out of financial transactions over the Internet through a bank website and it serves as one of the factors of user acceptance in e-Banking [8].

Hypothesis 3: Innovativeness significantly influences the acceptance of e-Banking among users in Damansara, Malaysia.

According to Chau and Lai [17], familiarity is the one factor that gives impact to user acceptance on e-Banking. This is due to common duties that represent the degree of non-variability and certainty of adopting technology that is very important to users when completing their banking activities.

Hypothesis 4: Familiarity significantly influences the acceptance of e-Banking among users in Damansara, Malaysia.

Next, apart from users' fear of computers, there are also lack of awareness on new technologies, deficiencies in computer use, and the low level of e-Banking security among users [3]-[4]-[9].

Hypothesis 5: Awareness significantly influences the acceptance of e-Banking among users in Damansara, Malaysia.

3. Research Methodology

Damansara was particularly chosen as the target sample because it is one of the most densely populated areas in Malaysia. According to the official website of the Department of Statistics of Malaysia [13], Damansara is the second-largest district subdivision in Malaysia. Besides, it is also a second dominant commercial hub after Kuala Lumpur, one of the wealthiest residence areas and its status as the main satellite town corresponds with its location in the middle of Klang Valley. Therefore, due to the busy lifestyles, there is a high possibility that people will tend to resort to utilizing e-Banking in their daily businesses and obligations.

Due to time constraint, only 200 respondents were obtained for the study. The respondents of the study consist of users from different banks in the vicinity of Damansara that provide e-Banking services such as Malayan Banking Berhad and CIMB Bank Berhad. For this study, the purposive sampling technique has been chosen to determine the specific sample of the study.

The questionnaire used for this study is adopted from Dixit and Datta [10]. All of the variables will be measured using the five-point Likert Scale ranging from 1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, to 5 = strongly agree.

4. Data Analysis and Findings

From 200 distributed questionnaires, a total of 125 responses had been received which altogether represent 62.5% response rate. As for the demographic information, female respondents represent 52% of the total sample, as compared to 48% of male respondents. Most of the respondents for this study are within the age range of 22 to 30 years old, which represent 62.4% of the total number of respondents. Also found in the statistics, 78.4% of the respondents are degree holders, 41.6% of the respondents earn income in the range of RM2,000 to RM3,500 per month and 86.4% of the respondents prefer to have only one online-banking performing bank .

For the reliability test, 0.60 is used as the minimum value in accepting reliability. Results of the reliability test for all the variables are, Security and Privacy (0.724), Trust (0.779), Innovativeness (0.605), Familiarity (0.694) and Awareness (0.683).

Table 1. The Relationship between Dependent and Independent Variables

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.626 ^a	.392	.366	.54924

Based on Table 1, R square is .392 which indicates that 39.2% of the variation in users' acceptance of e-Banking (UA) is explained by two significant independent variables namely Innovativeness (I) and Familiarity (F). The Anova table (Table 2) shows that the model is significant, with the F-value of 15.317.

Table 2: Anova Table

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	23.104	5	4.621	15.317	.000 ^b
Residual	35.899	119	.302		
Total	59.003	124			

a. Dependent Variable: Users' Acceptance.

b. Predictors: Security and Privacy (SP), Trust (T), Innovativeness (I), Familiarity (F), and Awareness (A).

Table 3: Summary of Hypotheses Testing

Hypothesis	Relationship	Beta	Sig	T ratio	Result
H1	Security & Privacy-User Acceptance	.144	.140	1.484	Rejected
H2	Trust – User Acceptance	.040	.713	.368	Rejected
H3	Innovativeness – User Acceptance	.221	.019*	2.384	Accepted
H4	Familiarity – User Acceptance	.202	.025*	2.274	Accepted
H5	Awareness – User Acceptance	.186	.081	1.761	Rejected

*Significant at the level of 0.05 (2-tailed).

According to Al-Hajri [19], the rapid development of innovative ideas in the banking sector has been illustrated in the many offerings of banking services to their respective customers. Therefore, the more innovative efforts done by banks on their e-Banking services, the more attractive the services will be to the customers, which will lead to the acceptance of the system. This is supported by Eze, Yaw, Manyeki, and Har [20] and Mashhadi, Tofighi and Salamat [8] who point out that the innovativeness of e-Banking is positively related to users' acceptance. Thus, Hypothesis 3 is accepted.

On the other hand, in order to capture users' attention, bank websites should be designed in a simple way, in which users can easily understand and operate [10]. This is in line with the previous findings by Gerrard and Cunningham [16] and Sathye [9] which suggest that Familiarity has a positive influence on the acceptance of e-Banking and the intention for constant use. Therefore, Hypothesis 4 is accepted.

5. Conclusion

The level of acceptance of e-Banking may vary from one person to another. In this study, several factors have been examined- those which are expected to be the basis for the acceptance among users in Damansara, Malaysia namely Security and Privacy (SP), Trust (T), Innovativeness (I), Familiarity (F) and Awareness (A). From the study, it is found that Innovativeness (I) and Familiarity (F) significantly influence users' acceptance in e-Banking.

The limitation of this study lies in the fact that it was carried out only in the area of Damansara, Malaysia, which resulted in small response of 62.5%. Therefore, more research with some improvements should be done in this field of study, for instance conducting a similar study with a wider area or with a larger group of respondents. Later, a comparison can be drawn between each scope in the hope that it will lead to new and better findings and contributions.

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