

Profile of E-Banking Service Users

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Abstract: *Electronic-banking is one of the advanced technologies in banking services that give many benefits to the customer. Indeed, it has major potential for future development as allows customers to do most of their banking transactions Internet. Participating of customer in these e-banking services could be influenced by their level and knowledge about this e-banking. Also, there are some factors that could influence the customer to use or not to use these e-banking services which are level of knowledge and understanding about the e-banking services, securities of the e-banking services and advantages and disadvantages of e-banking services. Hence, the banks should study the profile of their customer and their interest in utilizing e-banking, in order to increase the customers participation utilizing e-banking. It was intended to attain the following objectives, including examined the relationship between customer demographic and their perception towards e-banking services, the reason customer used e-banking services and the reasons why customer are not using the e-banking services. This study utilise primary data and collected through the questionnaire. 234 questionnaires were distributed and 100 was utilize. The finding of the study indicated that majority of staffs UiTM have an experience in using the e-banking services but all of the staffs have at least heard about e-banking services. This study also shows that demographic factors do not have any influence on the perception towards e-banking.*

Keywords: e-banking, inter account transfer, online bill payment.

1. INTRODUCTION

Most people prefer to use e-banking services nowadays because it can help to make their transaction easier and save their time. This paper examines the perceptions of customers through the use of electronic banking (e-banking). The research questions for this study include what is the customer's perception towards electronic Banking? What makes them do their transaction through e-banking and what makes them do not do their transaction through e-banking? This can be measured by identifying their level of knowledge and understanding about e-banking and their feedback on the services that provided by e-banking services.

UiTM staffs are chosen as the sample of the study. Some demographic variables that was used to measure to influence the perception of staffs UiTM

towards e-banking are the academic background, gender and age.

Electronic-banking or normally known as e-banking is one of the advanced technologies that give many benefits to the customer. E-banking helps the customer to deal with the bank easier. Many customers have chosen to utilise the facilities. Indeed, it has major potential for future development as allows customers to do most of the things they do at banks like make balance inquiries, transfer funds and pay bills over the Internet. Participating of customer in these e-banking services could be influenced by their level and knowledge about this e-banking. Hence the factors that could influence the customer to use or not to use these e-banking services are:

- Level of knowledge and understanding about the e-banking services.
- Securities of the e-banking services.

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- Advantages and disadvantages of e-banking services.

The main objectives of this research are to investigate the profile users of e-banking services and how demographic profile influences their perception towards electronic banking.

The specific objectives of this study are:

- To investigate if age influence the use of e-banking services
- To investigate if gender influence the use of e-banking services
- To investigate if education level influence the use of e-banking services
- To determine factors that encourages and hinders usage of e-banking

Based on the objectives mentioned above, this study seeks to address the following research questions:

- How does demographic variables influence UiTM staffs perception towards the e-banking services based on their general understanding about e-banking services?
- What are the factors that influence that encourage and hinders UiTM staffs using the e-banking services?

2. LITERATURE REVIEW

Technology has become the major driver of bringing changes and making thing easier in timely manner. In the present scenario electronic banking has become an added feature in the banking sector. It is now widely accepted that the information technology revolution will have a profound effect on the conduct of 'how business will be done' as we move towards the new millennium. One of the most important developments, in this respect, has been the explosion of Internet banking activity on the Internet. With connectivity growing at an average of 10 per cent per month, Internet proof to offer commercial business with more opportunities. A recent study by IBM predicted 500 million active users by the year 2000 (Hamill, 1997). The Internet can no longer be considered a "fad" or the preserve of "techies" and "computer nerds". Commercial uses of the Net have become the fastest growing part of the World Wide Web (WWW). As far as Internet banking is concerned, banking institutions in both countries notably in Malaysia and Thailand will be able to increase their competitiveness since Internet banking can be a powerful source of competitive advantage in penetrating more profitable consumers.

2.1 Electronic Banking

Based on the research study the financial institution has been making up to use internet as an effective medium in order to provide services and interact with their customer. Internet banking is the term used for new age banking system. Internet banking is also called as online banking (E-banking) and it is an outgrowth of PC banking. Internet banking uses the internet as delivery channel by which to conduct banking activity, for example, transferring funds, paying bills, viewing checking and saving account balances, paying mortgages (Haque et al, 2009).

On the other hand, factors affecting consumer acceptance and adoption of internet banking have been investigated in many countries such as the US (e.g. Lassar et al., 2005; Kolodinsky et al., 2004). Many studies have investigated the effect of the customers' demographic characteristics such as age, gender and educational level on their attitude towards different banking technologies and individual acceptance of new technology.

E-banking also has disadvantages which are scam and fraudulent or hoax emails by identity theft. These internet crimes mislead users to a similar E-banking website where sensitive information such as username, passwords, and credit card numbers are captured and later to be used by them to log-in to E-banking and perform unauthorized transactions. There is also possibility that hackers gaining access to the accounts.

According to the Carruana (2002), for off-line environments, it is common knowledge that quality of services and products is a key determinant of customer satisfaction and customer loyalty. The quality of the e-banking services is very important to measure the satisfaction of customer towards e-banking. The feedback from the customer about the e-banking services can help to improve the quality of the e-banking.

There are so many risks that have been recognized by the researcher in a prudent manner according to the fundamental characteristics and challenges of e-banking services. These characteristics include the unprecedented speed of change related to technological and customer service innovation, the ubiquitous and global nature of open electronic networks, the integration of e-banking applications with legacy computer systems and the increasing dependence of banks on third parties that provide the necessary information technology. While not creating inherently new risks, the Committee noted

that these characteristics increased and modified some of the traditional risks associated with banking activities, in particular strategic, operational, legal and reputational risks, thereby influencing the overall risk profile of banking. In addition, lack of securities in e-banking services can affect the customer faced loss or they will not use the e-banking services to deal with banks. According to Ahmad et.al (2005), the emergence of fraudulent activities pertaining Internet Banking or better known in the industry is “phishing”. A total of 92 phishing cases were reported to the Malaysian Computer Emergency Response Team (MyCERT, www.mycert.org.my) in 2004. The modus operandi of this activity is to use spoofing techniques to gain names and passwords of account holders. The victims reported being deceived into going to a fake website where perpetrators stole their usernames and passwords and later use the information for the perpetrators’ own advantage. The providers of Internet banking services must be more responsive security requirements. While there is no doubt that Internet banking transaction should have layered protection against security threats, the providers should approach security considerations as part of their service offerings.

The vast majority of the banks that avoided Internet banking in the beginning did so because they simply did not see the benefits of using it. Polatoglu et al. (2001) state that the average internet banking transaction costs the institution only one twentieth of a teller transaction. The main response obtained to this question was that people are not aware of e-banking at all or unto a minimal extent thus efforts must be made to make customers aware of what e-banking really is, what it does, how it will benefit customers. This should be done through vigorous marketing and advertising of the e-banking services the bank provides. Basically, electronic banking for retail customers means providing up to date account information as well as a funds transfer facility offered to clients. This should be expanded to give clients the ability to pay all household bills e.g.: electricity, telephone, gas. Banks say that this level of functionality should though not be a long-term strategy. This is because business users have more sophisticated needs so the bank must ensure that they provide not only the functionality, but also the choice of technology to meet these needs. Though, balance and transaction reporting is the basic requirement of all business users they must be able to receive a complete financial status report. Since clients often have relationships with other financial institutions banks are offering a multi-bank reporting service. This enables corporate clients to

assess their overall financial position by grouping accounts in different scenarios, comparing their values with respect to different currencies.

There is some case which is people are not aware of e-banking at all or unto a minimal extent thus efforts must be made to make customers aware of what e-banking really is, what it does, how it will benefit customers. It is caused by the demographic area. Some area is not having internet coverage. That is the factor which could people not aware on these e-banking services. The banks should make vigorous marketing and advertising of the e-banking services to the people and also enhance the coverage of internet in the rural area.

3. METHODOLOGY

3.1 Research Design

This study is utilizing primary and secondary data in conduction of this study. For the primary data, a set of a questionnaire was designed in a specific manner based on the goals and objectives of the study. In this study, a questionnaire is personally administered to respondents since this can establish rapport and motivate the respondents as well as anonymity of is high. Secondary data is also used in this study as the reference which is obtained mainly from articles, and online sources.

3.2 Populations and Sampling

The target population of this study is the staffs of UiTM Samarahan Sarawak. 234 questionnaires was distributed. Data collected though self-administered questionnaires. The total population of UiTM staff is 677 comprised from all departments or units within that UiTM Sarawak. The respondent was randomly from various departments in UiTM Sarawak after stratifying them according to either they are from the academic or non-academic staff.

3.3 Research Instruments

In this study, questionnaire is used as the main instrument in collecting data in which the respondent can directly record their answers without supervision. The type of question techniques that used in the questionnaire is likert scale question, a closed question and dichotomous question. Likert scale which is designed to examine how strongly respondents agree or disagree with statements on a five-points scaled from 1 to 5, which represents strongly disagree to strongly agree. A closed question is used to ask the

respondent to make choices among a set of alternative given. Meanwhile, the dichotomous question requires the respondent to answer the question either yes or now in a given question.

3.4 Data Analysis

All gathered information was analysed through statistic software such as excel program and Statistical Package for the Social Sciences (SPSS) program. It involves interpretation of frequencies, tables and grafts the analysed information then will be transformed into statistical presentation such as frequency tables and charts.

4. FINDING AND ANALYSIS

The following discuss the finding of the study.

4.1 Result for Descriptive Analysis

Variable	No of items	Cronbach's Alpha
Customer's perception towards e-banking services	7	0.817

The scale reliability values (Coefficient Alpha) are reported in the table above. The Cronbach Alphas that exceed .5/.7 indicate that the scale is reliable measure. The Cronbach Alpha for the customer's perception towards e-banking is 0.817.

The following is the demographic finding of the study. Fig. 1 shows that, 51% respondent is male.

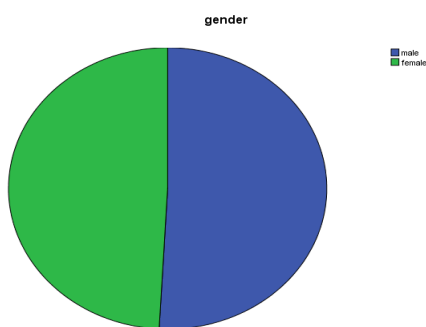


Fig. 1. Gender

In Fig. 2, from the age category 54.20% is from the 35-60 category, while 10% is from the under 25 and 26-35 category. The balance is from above 60 years old.

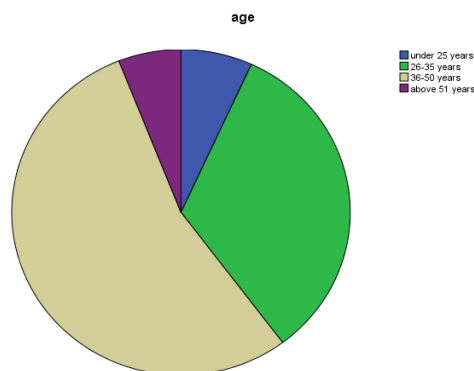


Fig. 2. Age

Fig. 3 shows the education level of the respondents that has participated in the study. Majority of the respondent has possessed a bachelor degree which represents 54.70% of the total respondents followed by Master/PHD, Diploma, SPM/STPM and others which represent 22.20%, 14.50%, 7.70% and 0.90% respectively.

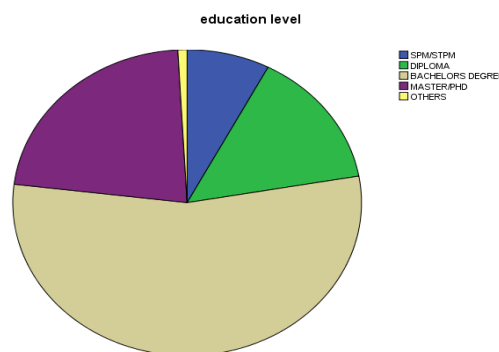


Fig. 3. Education Level

Out of 234 questionnaires distributed only 100 was used. 82% has an experience in using the e-banking services while 18% has no experience in e-banking. Other than that, this study reveals that out of the 82 users of e-banking, 23% of staff is very knowledgeable in e-banking services and while 67% of the users is consider has a moderate knowledge in e-banking services. While the 18 staff do not have any knowledge on e-banking. The result showed that all of UiTM staff has at least heard about e-banking services.

The following are the reasons given on why they prefer to do their transaction on line:

Table 2. Prefer to use e-banking

Safe and secure
e-banking services is convenience (24 hours service, anywhere connectivity)
e-banking is quick service (transaction completed in seconds instead of minutes)
Easy to maintain banking transaction activity
Seeking product and rate information
Inter-account transfers
On-line bill payments

For those who do not do their transaction on line below are reasons given:

Table 3. Do not use e-banking

Never heard of Internet banking
Concerned about security
Haven't taken time to open an account
Don't see any real value in having this type of account
Too new. I would like to see how it works, then I may open an account
Not interested in e-banking services at all

4.2 Result for Hypothesis Analysis

Table 4. Chi-Square Tests (age)

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	48.325 ^a	45	.340
Likelihood Ratio	46.539	45	.409
Linear-by-Linear Association	.000	1	.988
N of Valid Cases	100		

a. 60 cells (93.8%) have expected count less than 5. The minimum expected count is .05.

Table 5. Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal Contingency Coefficient	.571	.340

Based on the Table 4, the significant value of Pearson Chi-Square is higher than 0.05 which is 0.340. Therefore the null hypothesis is accepted. It is showed that there is no significant association between age and the customer perception toward e-banking services.

For the Table 5, the Contingency Coefficient showed that the value is 0.571 which is considering a moderate relationship between age and perception of e-banking.

Table 6. Chi-Square Tests (gender)

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.865 ^a	15	.461
Likelihood Ratio	18.548	15	.235
Linear-by-Linear Association	1.096	1	.295
N of Valid Cases	100		

a. 24 cells (75.0%) have expected count less than 5. The minimum expected count is .50.

Table 7. Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal Contingency Coefficient	.360	.461
N of Valid Cases	100	

Based on the Table 6, the significant value of Pearson Chi-Square is higher than 0.05 which is 0.461. Therefore the null hypothesis is accepted. It is showed that there is no significant association between gender and the customer perception toward e-banking services.

For the Table 7, the Contingency Coefficient showed that the value is 0.360 which is considering a moderate relationship between gender and perception on e-banking.

Table 8. Chi-Square Tests (education level)

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	63.017 ^a	60	.370
Likelihood Ratio	57.301	60	.575
Linear-by-Linear Association	.193	1	.660
N of Valid Cases	100		

a. 75 cells (93.8%) have expected count less than 5. The minimum expected count is .01.

Table 9. Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal Contingency Coefficient	.622	.370
N of Valid Cases	100	

Based on the Table 8, the significant value of Pearson Chi-Square is higher than 0.05 which is 0.370. Therefore the null hypothesis is accepted. It is showed that there is no significant association between education level and the customer perception toward e-banking services.

For the Table 9, the Contingency Coefficient showed that the value is 0.622 which is considering a moderate relationship between education level and e-banking.

5.0 CONCLUSION AND RECOMMENDATION

E-banking services has become one of the facilities offered by the banking industries to their clients. Based on the findings on this study, the respondents reveal information regarding why and why not they utilize e-banking.

Among the users of e-banking, majority of customer perceived that e-banking is helpful. The possible reason for this finding is that e-banking services help the customer make an easy their transaction with the bank. It is observed that customer like e-banking

when it comes to make payment on line. This helps them to save time as well as cost on transportation as well as the uncertainty of going to the bank at the right moment.

As most online payment utilise debit as well as credit card, security reason is seen as the major reason on why some of the respondent prefer not to use online payment. Although financial institution has upgraded their security system, but the level of confidence towards security among customer is seen as low.

5.1 Recommendations

Customer should be aware on any services on e-banking if they want to utilize e-banking services. They also should identify the advantage and disadvantage on the e-banking services which they are using. The important things which concerned with the customer to e-banking are their level of

knowledge and understanding on that service. The financial institution should educate their customer relating matter on e-banking especially on the conveniences and security. By educating the public on the conveniences of e-banking, the bank will be able to focus on serving their customers more on pressing business needs such as loan application or other income generating business. Financial institutions should also make known on safety features using e-banking to enchant the confidence level of their customers. Non availability or low scale of information to the potential customers may have intensified the psychological fear and distress. The e-banking managements can able to fill in the gap by encouraging proper education and publicity through the mass media channels. Financial institutions should also make their customers more aware of their service quality, guarantee about e-banking security and the regulations governing the e-Banking.

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