Investigating Factors Affecting Customers of Using Internet Banking: A Comparison study between Saudi Arabia and the UK

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Abstract: This study examines how internet banking affects the relationships between customers trust and their loyalty and investigates how factors which may affect internet banking usage can be different between Saudi Arabia and the UK. A number of factors are considered in this study such as shared values include security and privacy aspects, communication, customer experiences, usefulness, ease of use and individuals’ self-efficacy. These factors are linked to theories such as the trust-commitment theory and the technology acceptance model (TAM). Conceptual framework and various hypotheses related to them are put forward.
1. **Introduction**

Banks need to understand which factors may influence and attract customers to use internet banking, so that they can build long relationships with existing customers. Trust has been seen as a key factor in successful relationship marketing (Morgan and Hunt, 1994).

Building a long relationship with customers can be the most important requirement for international and local banks so that they can keep their position in the market and compete globally. Banks should understand how they can attract customers from different countries, cultures, and backgrounds to use their services both online and offline. Factors influence customers’ decision to adopt internet banking should be instigated.

In order to understand how banks can maintain good or successful relationship with customers and attract them to use internet services, Commitment-Trust Theory (Morgan and Hunt, 1994) and the Technology Acceptance Model (Davis et al., 1989) can be used as a basic for this study.

2. **The Study Aims**

1- To find out how technology factors can mediate the effects of trust on customers’ intentions to use internet banking.

2- Identifying trust antecedents that affect customers’ decisions

3- To discover which of the technological factors can best mediate the effect of the trust’s antecedents on customers’ intentions to use internet banking.
4- To investigate whether using internet banking can maintain long-term relationship marketing (loyalty).

5- To find out how these factors proposed can be differenced between customers across two countries (Saudi Arabia and the UK).

The flowing sections are explaining in short the variables that the current research is going to investigate and the study framework will follow, and finally the paper will discusses how the study can be conducted briefly (study's methods).

3. Trust's Antecedents

3.1 Shared Value

Customer trust can be affected by shared value (Morgan and Hunt, 1994). It has been found that ethics, security and privacy are the main components of shared values (Mukherjee and Nath, 2003). Shared value has a significant positive impact and is the most important determinant of trust (Mukherjee and Nath, 2003, 2007).

Security was found to be the most important determinant of consumer trust in the online retailer context (Mukherjee and Nath, 2007). Security systems have a significant impact on internet banking adoption (Howcroft et al., 2002). In terms of perceived privacy has been found to be the significant variable to shared value (Mukherjee and Nath, 2003). Protecting individuals' identifiable information on the internet is the significant privacy issue to be addressed. Revealing and selling consumer information for commercial purposes were found to be the crucial determinant of trust (Mukherjee and Nath, 2007).
Wang et al. (2003) mentioned that in the internet banking context, the lack of perceived credibility is noticeable in individuals concerns that the internet banking may use their personal information for its own propose without taking their permission. According to the discussion above, it can be hypothesized that:

**H1: Shared value positively affects trust in internet banking in both countries (Saudi Arabia and the UK).**

### 3.2 Communication

There are direct effects from communication on trust (Morgan and Hunt, 1994). Communication has a significant positive role on trust and speed of response is the most critical to communication (Mukherjee and Nath, 2003). It is considered that quality of response is a significant component of communication between customers and online retailers (Mukherjee and Nath, 2007).

Effective communication with customers was found to be related positively with customer trust, which indicates that it may have an important role in developing banking relationships (Adamson et al., 2003). The current study hypothesized that:

**H2: Communication positively affects customers’ trust in internet banking in Saudi Arabia and in the UK.**

### 3.3 Reputation

Reputation is a critical component of trust and is most affected by shared value, communication and opportunistic behaviour (Mukherjee and Nath, 2003). Adamson et al. (2003) found that banks’ negative reputation can be negatively correlated with customer trust
It was suggested that perceive reputation is a significant factor to create consumers' trust in an online stores particularly for companies which wish not to be large in their fields (Jarvenpaa et al., 2000).

**H3: A bank's reputation positively affects customers’ trust to use internet banking in Saudi Arabia and in the UK.**

### 3.4 Customers' Experiences

Customers’ experience may affect trust when it comes to purchasing products or services online. It was stated that, in on-line setting, customers could be exposed due to a lack of understanding and knowledge or expertise, or lack of ability to obtain goods or services without the support of others (Corritore et al., 2003). It is important that customers feel satisfactory trust about their product supplier (Harridge-March, 2006).

Gerrard et al. (2006) found that customers who have never bought over the Internet were more likely to continue to use traditional ways of sourcing their banking services. It can be hypothesized that:

**H4: Customers' experiences positively affect customers’ trust toward internet banking in Saudi Arabia and in the UK.**

#### 3.1.1 Customers’ Experience and their Self-Efficacy

It was assumed that the familiarity with a software may increase an one’s belief in his/her capability to use another software (Agarwal et al., 2000). Igbaria and Iivari (1995) found that experience was strongly and significantly correlated with self-efficacy and concluded that individuals’ computer self-efficacy perception and outcome expectations can be changed when they evaluate their experiences. It was found that individuals’ prior experiences and their past interaction with systems can form their self-efficacy and their confidence to use advanced technology (Agarwal et al., 2000). Thus, it can be hypothesized that:
3.1.2 Self-Efficacy and Perceived Ease of Use

In the context of internet banking, self-efficacy had a significant effect on perceived ease of use (Wang et al., 2003). This means that the more individuals who recognize themselves with a high level of self-efficacy, the more they perceived internet banking is ease to use.

Venkatesh and Davis (1996) found that before and after direct experience, computer self-efficacy had a direct significant affect in determining ease of use. Agarwal et al. (2000) found that general individuals’ self-efficacy significantly influenced specific self-efficacy toward specific software package and individuals’ perceived ease of use. Thus, the current research attempts to investigate the following hypothesis:

\[ H (6): \text{Customers’ general computer self-efficacy will strongly determine their perceptions of ease of use about internet banking in Saudi Arabia and the UK.} \]

3.1.3 Individuals’ Self-Efficacy and Perceived Usefulness

It was found that individuals’ self-efficacy had a significant positive affect on performance expectation (Compeau and Higgins, 1999). Igbaria and Livari (1995) mentioned that the relationship between individuals’ self-efficacy and their perceived usefulness which may result the effect of self-efficacy on motivations and outcome expectations.

Wang et al. (2003) mentioned that individual difference factors include their self-efficacy could have significant influences on their acceptance of Internet banking in addition to the variables that addressed by TAM (perceived usefulness and ease of use)

\[ H (7): \text{Individuals’ self-efficacy will have a positive direct effect on their perceived usefulness in Saudi Arabia and the UK.} \]
4. The Technology Acceptance Model (TAM)

4.1 Perceived Usefulness

One important study by Davis (1989) believed that perceived usefulness and perceived easy of use fundamental determinants of use acceptance. It was found that perceived usefulness was affected by the level of customer trust (Eriksson et al., 2005).

Pikkarainen et al. (2004) found that perceived usefulness of online banking was the most influential factors in explaining the use of online banking. The more customers believe that a particular website is trustworthiness, the more they may believe that the website is usefulness and many benefits can be obtained. It can be hypothesized that:

\[ H_8: \text{Perceived usefulness positively affected by customers’ trust in internet banking in Saudi Arabia and in the UK.} \]

4.1 Perceived Ease of Use

The appearance of a web site, ease of navigation and customer-oriented interface attract a positive customer response, but difficulties with navigation and links can deter online customers (Harridge-March, 2006).

Ease of use seems to be one of important to use internet banking, which may be related to customer apprehension about the efforts required to learn to use internet banking and customer interest in new services provided by internet banking (Eriksson et al., 2005).
H9: Perceived ease of use positively affected by customers’ trust in internet banking in Saudi Arabia and in the UK.
H10: Perceived ease of use positively affects perceived usefulness in internet banking in Saudi Arabia and in the UK.

3.3 Customers' Attitudes toward Using Internet Banking

Customers' attitudes are a significant factor affecting customer behaviors in accepting or rejecting technology (Davis et al., 1989). It was found that the relationship between attitude towards using and usage was significant. Attitude towards using systems was significantly affected by perceived usefulness and ease of use, but usefulness was stronger in its relation with attitude to use (Davis, 1993, Taylor and Todd, 1995b).

H11: Positive Customers' attitudes towards using internet banking positively affected by perceived usefulness in internet banking in Saudi Arabia and in the UK.
H12: Positive Customers' attitudes towards using internet banking positively affected by perceived use of use in internet banking in Saudi Arabia and in the UK.

3.4 Intentions to Use Internet Banking

It has been stated that perceived usefulness and ease of use are the most critical variables in predicting whether a technology tends to be used or not (Davis, 1989). It was found that usefulness had a significantly strong relation with intentions to use a technology, greater than perceived ease of use (Davis, 1989, Eriksson et al., 2005). The study proposes the following hypotheses:

H13: Positive customer attitudes towards using internet banking positively affect customers’ intentions to use internet banking in Saudi Arabia and in the UK.
4- Customer Loyalty

Tomiuk and Pinsonneault (2001) found that electronic banking usage had a considerable effect on customer loyalty among the electronic banking users, while it had a negative impact on non-users. It was concluded that customer care and customer retention should be taken into consideration, because the convenient, easy and fast banking services is associated with the human and technology based delivery processes so that they are linked with the customers' perceptions of how these bank services are delivered to them (Black et al., 2002). Two hypotheses are proposed as follows:

\[ H14: \text{Intention to use Internet banking positively affects the level of customers' loyalty with their banks in Saudi Arabia and in the UK.} \]

5- The Study Framework

The framework proposed that customers’ loyalty can be influenced by customers’ intentions to use internet banking. It also proposed that customers’ intentions to use internet banking can be affected by customers’ attitudes toward using internet banking. When customers have positive attitudes, they are more likely to adopt internet banking and vice versa.

The framework hypothesized that customer’ attitudes toward internet banking can be affected by both perceived usefulness and ease of use. Customers’ perceived usefulness can be determined by perceived ease of use, customers’ self-efficacy, and customers’ trust, while their perceived ease of use can be affected by customers’ trust and customers’ self-efficacy to use internet in general and online banking in particular.

The framework proposed that customers’ self-efficacy can be delivered by their technological experiences. Finally, it suggested that customers’ trust can be determined by shared value include security system and customers’ privacy,
banks/customers communication, banks’ reputation in markets, and customers experiences. The following is the proposed framework which shows the casual relationships between factors addressed:
The Conceptual Framework
Research' Sample and Methods

The population of the study will be chosen from students who study at King Khalid University and at Brunel University in the UK. Based on many studies in the area of online shopping, students are appropriate population. In terms of the size of the population, 500 students can be chosen equally across two countries.

All measurements were taken from the existing studies, because they are valid. Many research suggested that using existing measurements may increase the validation of the future research. However, some considerations were taken into consideration such as translation method (back-translation) and doing focus groups so that the questions addressed are understood before moving to the main study.
References


