



The Adoption of Internet Banking: Clients' Perspective in Oman

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ABSTRACT

Internet Banking enables clients to manage their accounts or carrying out their work related to the bank via the Internet, whether at home, office or from any place and at any time he/she desires to do. Hence, the main objective of our paper is to identify the adoption level of internet banking among the clients of Omani banks. Therefore, the technology acceptance model (TAM) is utilized to examine effect of perceived usefulness (PU), and perceived ease of use (PEOU) on clients' intention to adopt internet banking in sultanate of Oman. To accomplish this goal a manual questionnaire was administered to collect the requested data to test the clients' intention to adopt internet banking. Multiple regression test was used to analyze the collected data and test the hypotheses of the paper. The findings show that the TAM model interpreted 56.3% of the variance in clients' intention to adopt internet banking. Both constructs' (PU, and PEOU) have a significant influence on clients' acceptance of internet banking. The results of the study are discussed.

Keywords: Internet Banking, Technology Acceptance Model, Perceived Ease of Use, Perceived Usefulness

JEL Classification: G2

1. INTRODUCTION

The dependency on technology to find new markets or penetrate existed ones, is dramatically increased especially in developing countries (Chipp et al., 2006). So they built unique ways to market products and services, by combining modern telecommunications with traditional physical facilities (Parhalad, 2006). In this regard, cell phone is one of the important technologies used to expand the provision of financial services to the 'unbanked' population (Leach et al., 2007). From customers perspective, the benefits include an increased speed in obtaining services, financial savings, increased perception of control, improved access to services; whereas from banks perspective, reducing the cost of labor and/or the ability to relocate employees to more efficient activities are the targeted benefits. Despite these benefits, clients are becoming more discouraged in interacting with IT-based products and services, and they are seeking a better balance between technologies and direct personal interact (Parasuraman, 2000). Regarding to (Seitz and Stickel, 1998) Internet banking may enhance e-business. The

term of internet or electronic banking refers to the dissemination of banking services over electronic networks directly to clients (Singh and Malhotra, 2004). The main goal of this study is to investigate the readiness of people to use the Internet banking for gaining what they want from the banking transactions.

We organized the remainder of this paper as follows: In section 2, we present the literature review. In section 3, we suggest our research model and hypotheses. In section 4, we present the research methodology and data gathering. In section 5, we analyze the data using multiple liner regression test, then we point out the research results. In section 6, we conclude the paper with discussion of the study results.

2. LITERATURE REVIEW

Information and communication technology had been studied from different perspectives such as information technology adoption, use, diffusion, maturity (Gault and Peterson, 2003; Karahanna

et al., 1999; Corrales and Westhoff, 2006; Alraja, 2015; Eadie et al., 2012; Hammami et al., 2015; Husain and Nazim, 2015). As well as in different fields like e-government, e-business, e-learning, e-commerce, and investment in information technology (Alraja and Malkawi, 2015; Alraja and Aref, 2015; Alraja et al., 2015; Uddin et al., 2016; Alraja et al., 2016). However, the readiness to use technology indicates to "people's tendency to adopt and utilize new technologies for reaching goals at work and/or in home life" (Parasuraman, 2000). In this meaning, it refers to what extent clients are ready to use new technologies (Caisson et al., 2008). Meuter et al. (2005) mentioned that the readiness for using new technology by clients is vital in this regards. Parasuraman (2000) developed a model called the Technology readiness index. This model contains four variables they are insecurity, discomfort, innovativeness, and optimism. Many other studies focused on the psychological variables in studying technology readiness, and several information systems authors they focused attention on studying the acceptance of innovation used among other theories such as technology acceptance model, TRA, TPB, and DOI. Some scholars lately started to emphasize the significance of compile other non-psychological variables such as the awareness (Devlin and Yeung, 2003), adopter's experience (e.g. Karjaluo, 2002; Tan and Teo, 2000; Brown et al., 2004; Black et al., 2001), knowledge (e.g., Fredriksson, 2003), exposure (e.g., Chang, 2004; Barbara, 2001). Schaup et al., (2006) investigate the effect of quality information and quality system on Satisfaction with the site, and the results showed that the information and system quality had a large and important role in the prediction of satisfaction with the website, and then in faith to use the site. Al-Qeisi, (2009) found that the excellent bank website design is one of the extremely significant factors affecting the use of the service and does not affect the decision on the type of adoption under the terms of the voluntary use and of advanced experience. Albugami and Bellaaj, (2014) concluded that the expected performance, Web site design and security are the most important influencing factors to continue using of the service. Gaitán, (2015) results showed that the most significant factors that influenced the continued use of the service was the custom, the expected performance, Price value, expected effort, and the actual use directly affected intention and wired habit. A several of studies have shown that ease of use of new technology (technophobia) among clients have been faced with IT-based services and products (Meuter et al., 2003; Edison and Geissler, 2003). Dispute Zwass (1996), mentioned that e-business maybe began in the 1960s with the electronic data interchange. But Melão (2008) argues that this operation started in the end of 1990s after the wide use of the internet with business, especially with financial institutions. Internet banking offers a set of attractive facilities for remote access to accounts, including around the clock availability of transaction and inquiry services, global connectivity, access to historical and recent transaction data, and clients direct control of funds movement (Eriksson and Nilsson, 2007; Furst et al., 2002).

3. HYPOTHESES AND RESEARCH MODEL

Depending on the above discussed literature the researchers proposed the following hypotheses:

H₁: High level of perceived usefulness (PU) has positive effect on clients intention to adopt internet banking.

H₂: High level of perceived ease of use (PEOU) has positive effect on clients intention to adopt internet banking. However, Figure 1 represents the adopted variables in the research model.

4. METHODOLOGY

This study concerned with the readiness of banks' clients in Oman to adopt internet banking. The primary data collected using paper survey. The aim of this survey is to assess clients' awareness about their readiness to benefit from the electronic services provided by banks. Regression test was used to analyze the result. The total received and completed questionnaires were 273; only 267 of them were valid for analysis. 61.8% of the respondents were male, respondents ages ranged from 18 to 50. All respondents were have electronic payment card (MasterCard, Visa Card, and etc.), all of participants used their own electronic card for pay at shops at least on time, but only 6.4% of participants were downloaded the application of their bank. The questions of our survey was prepared depending on validated instruments (Alraja and Aref, 2015; Glover and Benbasat, 2011; Koufaris, 2002; Pavlou et al., 2007). We did some modifications to fit the paper topic and Omani environment. Then the result items are randomly ordered for each construct. The 5-point likert-type is used on the survey instrument. All items were tested for reliability utilizing Cronbach's alpha (Table 1).

5. DATA ANALYZE AND RESULTS

In our paper we utilized multiple linear regression analysis to test the adopted model. Two independent variables (PU, PEOU) and one dependent variable (readiness to adopt internet banking). The research object is to set the extent to which participants are ready to adopt internet banking.

Based on above mentioned results in Table 2, the adjusted R² = 0.563 that mean the independent variables (PU and PEOU) interpreted 56.3% of the variance in participants intention to adopt internet banking. In spite of the entire model was significant (F = 172.671, P = 0.00), the study variables were individually tested for significance. Depending on this test the two suggested hypotheses are accepted. Table 3 shows the final results of hypotheses testing.

6. DISCUSSION

Both factors of the suggested model are significant: PU, and PEOU. that mean that majority of respondents think that internet banking services will help them to be in touch with their banks and do what they need remotely, so they will be more probable to use internet or electronic banking services, to do that they believe it should be easy to download the bank's application and through that application they prefer to have an access with the bank to get support and help in case they couldn't complete any process. However, because people are in the initial phase of adopting this technology, so they need to know more about the benefits of using this new technology and they support the idea that the ease of use internet banking will be more likely to affect their readiness to adopt internet banking.

Table1: The result of cronbach's alpha test

Variables	No. Items	Result
PU	5	0.783
PEOU	5	0.705
Readiness to adopt internet banking	4	0.766

PEOU: Perceived ease of use, PU: Perceived usefulness

Table2: Results of regression analysis

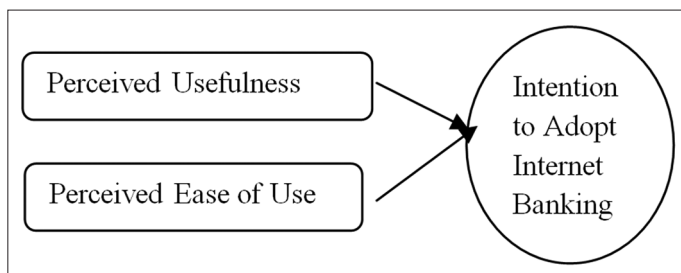
Adjusted R ²	F	Significant
0.563	172.671	0.000

Predictors: (Constant), PU, PEOU. Dependent variable: Readiness. PEOU: Perceived ease of use, PU: Perceived usefulness

Table 3: Final results of hypotheses testing

Suggested-hypotheses	β	T	Significant	Accepted
H ₁ (PU)	0.501	10.920	0.000	Yes
H ₂ (PEOU)	0.374	8.148	0.000	Yes

PEOU: Perceived ease of use, PU: Perceived usefulness

Figure 1: Research Model

The following constructs (PU and PEOU) are used to examine clients' perceptions about internet banking. The study has been shown that PU can be considered important factor on internet banking embracing. This variable has assist in clarifying the main factor which affecting the clients to adopt e-banking. We have to take in consider that the environment where the study implemented is a developing country with a small market for banks in the context of a population to use all electronic banking facilities, also questionnaire is used to collect the data, so there is probability of self-report bias. In the future researchers should try to validate the final achievements of this study by implementing its variables in other environments and moderate all the constructs by other variable like culture, gender, age or by adding new constructs like risks, and/or trust in internet banking, and they have to use different types of data collection.

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