

This studies also analysis the influence of the mediating variable (attitude) towards dependent variable (online usage behavior). The findings of this study identified that attitude plays an important and significant role in determining the usage behavior of online banking. This is aligning with the finding by (AJZEN, 1991); (Yogesh Malhotra, 1999) which indicating about the attitude has a positive influence on the behavior. These studies found out that Independent variable such as security and privacy, perceived usefulness, perceived ease of use and reliability positively influencing the behavior via attitude but the other independent variable such as internet connection, amount of information, government support, perceived enjoyment, and triability / observability not positively influencing the behavior via attitude.

## **CHAPTER 5: CONCLUSION AND RECOMMENDATIONS.**

### **5.1 SUMMARY AND CONCLUSION**

The aim of this study is to develop modified version of TAM and DOI that can explain the bank customers' attitude and behavior in using online banking. The investigated

variable's are perceived usefulness, perceived ease of use, perceived enjoyment, perceived reliability, triability/ observability, government support, information on online banking, security and privacy, trust and quality of internet connection. Moreover, descriptive statistics on demographic variables were also calculated for all participants in this study. The relationship of customer's demographic characteristics (such as ethnic, age, profession and income) has significant relationships among the usage of online banking, accept gender did not influence the attitude and the behavior usage of online banking. As expected, the relationships between perceived usefulness, perceived ease of use, security and privacy, trust and reliability were positively and highly significant towards the attitude and behavior of online banking systems, which was consistent with the evidence provided by prior TAM and other researchers' (Chen et al., 2007,2002; Gefen et al., 2003; Lai & Li, 2005; Sathye M. , 1999). Compare with the other variables such as Perceived Enjoyment, Government Support, Reliability and Information on online banking are less influencing the attitude and usage behaviors in the adoption of online banking as the items for said constructs scored the lowest loading  $p < 0.05$ .

Online banking would only be value creating if it ultimately meets the needs and wants of the targeted customers group and thus allowing the bank to earn above average return (Hitt, Ireland and Hoskisson, 2005). Hence the present study made a conscious effort to explore the factors which influence the customer's perception towards online banking as their life style. The factors determine by service outputs from distribution channel wanted by customers are perceived usefulness (e.g. convenience, delivery time, increase choice of access to bank), ease of use (e.g. flexible, useful), security and privacy (e.g. Improved

control over banking activities finances, Variety of services confidentiality) and trust(e.g. trustworthy, protect customers interest).

Online banking perceived to be a better distribution channel compared to branch banking in delivering convenience, ease of use, speed, increased choice of access to bank, delivery time, and improved control over banking activities and finances as well as lot size. Therefore, the potential of online banking to be an important strategic distribution channel among the financial institutions in Malaysia should not be underestimated.

Another primary objective of the study is also to investigate the relationship between the independent variable in light of the Technology Acceptance Model (TAM), Diffusion of Innovations Model (DoI) and other controlling independent variables ( e.g age and level of education ).

The professional segment which is generally highly paid is a profitable target segment. Thus, professional segment is definitely a business opportunity and deserve special attention from financial institutions in introducing online banking for their financial services. This findings is in line with the findings advocated by Souranta and Mattila (2004 ) and Riivari (2005).

According to Suoranta and Mattila, (2004), young customers conduct their routine banking mainly via the internet. Over 70 percent of them visit a branch office less than

twice a year. Howcroft, Hamilton and Hewer (2002) added that young consumers regarded the lack of face to face contact as less important than older customers. Such phenomenon might be true in Malaysia and thus those is the age group of 17-24 years old perceived that online banking services as significantly useful for them which certainly eliminate the hassle compared to branch banking.

To conclude, the results of this study shows that TAM is a useful predictor of online banking adoption however theories such DoI and other controlling variables should be integrated into the TAM to provide a more comprehensive understanding of attitude and behavioral intention in using an online banking.

## **5.2 LIMITATION OF THE RESEARCH.**

Although the results can be considered statistically significant in most parts the study it has several limitations that affect the reliability and validity of the findings. One potential limitation of this study was the size and composition of the age group which participated in the study. The demographic profiles of this study are of a group of relatively young and middle age users which are below than 50 years old. A generalization about the entire population of Malaysian banking customers of banking sector is inappropriate. Therefore future study should explore results taken from a different age group. For example,

respondents from the older age group might find it more of a challenge to conduct online banking transactions, thus ease of use might be a factor influencing the adoption of online banking for other age group of users. Apart from that due to time constraint the study was not able to expand the sample size to a broader geographical area to get a better and significant result. Apart from that the study would have achieved its objective accurately if the sample had been selected from the actual online bank users of the banks, however, this is impossible as the banks institutions in Malaysia are highly regulated by Banking and Financial Institutional Act 1989 ( BAFIA 1989 ) in regards to its confidentiality of customers details. The fourth limitation is, as with previous adoption studies, the factors selected may not cover all the reasons that could influence the adoption of the online banking scenario in Malaysia. Therefore future studies can consider looking into the other factors related to cultural issues, which might have an influence in the adoption of online banking services too. Further research should be undertaken to identify why people do not use internet banking, and to identify what could be done to attract non-users. Also the finding of our study could be tested further in another sample to see if there are any differences.

### **5.3 SUGGESTIONS FOR FUTURE RESEARCH**

The current study only focused from the perspective of Malaysian users. Although the idea of conducting a study in Malaysia will give insights into online banking adoption issues in a developing country, future study can apply the model used in this study to other developing countries. Second, as with previous adoption studies, the factors

selected may not cover all the reasons that could influence the adoption of the internet banking scenario in Malaysia. Therefore future studies can consider looking into factors related to cultural issues, which might have an influence in the adoption of online banking services too. Third, based on the demographic profiles of this study most of the participants (more than 50%) are a group of young age users. Therefore future study should explore results taken from a different age group equally. For example, respondents from the older age group might find it more of a challenge to conduct online banking transactions, thus ease of use might be a factor influencing the adoption of online banking for other age group of users. Future researchers can thus conduct a comparison between users from different age group in future studies. This study is focusing on factors that influencing online banking on individual users. However a comparison also can be made between individual customers and corporate customers in terms of the factors influencing their adoption decisions, the criteria for selecting an online banking service and type of products and services perceived might be different from one another. Lastly, this study only looks at the relationships between the factors which influencing the attitude and behavior to adopt online banking. Future study can test whether there are any causal relationships between online banking and other e-commerce activities such as online shopping and online learning activities.

## **5.4 IMPLICATIONS**

In regards to both theoretical and practical contributions, this study provides benefits to both practitioners and academicians. The model in this study represents an important

improvement for TAM and DoI, because it is combining all the ten constructs which influencing the decision factors in adopting online banking such as Perceived ease of use, Perceived usefulness, Perceived enjoyment, trust, government support, quality of internet connections, Perceived Reliability, Triability and Observability, security & privacy and Information on online banking. This is a combination of 2 different models in prior studies. The modal which used for this research can be use for the future studies in other developing economics like Malaysia to identify the decision factors in the adoption of online banking. Past studies that were conducted in the developed economics are different from this study due to the reason that many of their users have been using online transactions for a much longer time, some as early as the late 1990s' when e-commerce was first introduced. However in Malaysia, being online is still relatively at infant stage although most of the consumers have some exposures to internet but conducting banking transactions via online still something new to them.

As online applications continue to increase, financial institutions attempt to expand their reach beyond the traditional scope of relationship banking availability of online products and services; so it became a dominant factor in positioning banks as competitive entities. Although most of the financial institutions are now offering numerous online banking services, it is not clear whether these services have been successfully improving overall bank productivity. The empirical model developed in this paper provides a unique framework to measure the impact on the influencing factors of the information technology on financial performance. Bank managers can use this framework to understand the relationship among various online banking services and evaluate how the

influencing factors affect is the overall profitability of the organization. In the other words, the results and findings in the study shed lights on the future plans and solutions to encourage broader implementation and usage of online banking. As the bank's higher management and the decision makers like Bank Negara Malaysia (BNM), Ministry of finance can plan their strategies based on the findings from this study.

As stated above online banking was introduced in Malaysia in June 2000 and in 2002 the facility was extended to foreign owned banks as well (Radhakrishna, Volume 7, 2009). Prior to the offering of internet banking services, BNM requires banks to have a web page to educate their customers on the various issues such as terms and conditions for the use of online banking Services, the risks involved in using the online banking, rights and responsibilities as well as the user's are responsible for their own actions, that maximum limits may be specified for fund transfers to limit their risks, advised to read the privacy policy statements prior to providing any personal information to any third party advertisers or hyper text web links, security issues, advise on contractual arrangements. Hence, there is no statistical evidence to show that to what extent the information has been reached the end users. This study assists the government particularly BNM and the service providers to empirically analyze to what extend the information has been influence the adoption of online banking. This study provides update source of knowledge for the prospective researchers in the area of online banking in Malaysia particularly in Klang valley and Seremban area. Indeed, the result will guide their research relevant to online banking. The results are also able to add into the limited evidence available on online banking in Klang valley and Seremban.