

## **Perceived Ease of Use and Trust Towards Intention to Use Online Banking in Malaysia**

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### **ABSTRACT**

*The development and invention of technology has transformed the way organizations conduct their businesses currently including banking institutions mainly in offering online banking services. Since the year of 2000, online banking services have been introduced in Malaysia. Still, online banking users in Malaysia are intolerant by issues of trust towards online banking which affect their level of acceptance. This study aims to identify the effect of perceived ease of use and trust towards intention to use internet banking among staff in Municipal Council in Malaysia. Technology Acceptance Model (TAM) was used as a research framework. 265 online banking users in a Municipal Council in Malaysia were tested using self-administered questionnaire. To examine the relationship between perceived ease of use and trust towards the intention to use internet banking, Pearson correlation and multiple regression were employed. The findings showed that perceived ease of use and trust have significant relationship with the intention to use internet banking. The outcomes offered valued information for both financiers and policy makers particularly when designing online banking marketing approaches.*

**Keywords:** *Perceived ease of use, trust, intention, online banking*

### **INTRODUCTION**

A secure website offered by the bank to perform business or financial deals as well as other financial facilities can be described as online banking. The activities can be accessed by internet banking over a laptop, personal computer or mobile phone (Shaikh and Karjaluo, 2015). To date, many business establishments aware with business rivalry by applying e-commerce partly of their business approaches (Chong, Ooi, Lin, & Tan, 2010). Banking segments are among the sectors that realized technological revolution from both the end user and organizational viewpoints. Strong competition among banking institutions, globalization in marketplace as well as technology expansion have forced banks to find new market and advanced financial services. The adoption of the Internet as online business tools by banking industry has shifting routine banking activities into online banking (Michailidis, Maria, Stefanos, Aphrodite & Chrysanthi, 2011). Information technology has improved performance and revolution in the industry. In addition, banking industry has been transformed globally through internet banking (Malhotra and Singh (2010). According to data presented by Malaysian Communication and Multimedia Commission (MCMC, 2018), Internet users among online shoppers has expanded from 48.8% in 2016 to

53.3% in 2018. This indicates an encouraging trend in the e-commerce market in Malaysia. Apart from that, the increasing number of online shoppers and banking users is also aided by the acceptance of electronic and mobile wallet.

As mentioned by Sonia Barquin, a digital banking expert at McKinsey & Company, it is projected that online banking distributions in Malaysia estimated to surpass 60% by the end of 2018. This suggests that a fast growth of users depends on online medium to complete transactions (the edge market.com, 2017). Sonia further stated that online banking implementation has expanded significantly over a few years back in Malaysia and the number is anticipated to continue increasing (the edge market). With the smartphone usage diffusions among the population and data plans pricing reduction, it is unconsciously encouraging users to use smartphones more. While most Malaysian patrons engage online mainly for social media use, but there will be a speedy growth in the medium of Internet to perform many more e-commerce activities and banking transactions.

Although the number of Internet banking users in Malaysia is increasing, but there is still a gap in the population within non-users of internet banking. While Internet banking is beneficial and useful for customers and banks, numerous basic issues need to be tackled by bank segments. Trust is one of the most critical issues in using Internet banking by users (Al-Sharafi, Arshah, Shanab & Elayah, 2016). A positive trend of retail consumers using online banking activities is lagging when linked to global indicators and there is still area for improvement.

## **LITERATURE REVIEW**

### **Perceived Ease of Use**

Most present research findings revealed that ease of use of technology expects people's aim to accept technology (Yu, Balaji & Khong, 2015). Bashir and Madhavaiah (2015) suggested that perceived ease of use has a considerable consequence on internet banking acceptance. Thakur (2014), Schierz, Schilke, and Wirtz (2010) suggest that perceived ease of use has been proved to influence attitude. Ease of use is also found to positively clarify the implementation of mobile banking amongst customers in Iran (Hanafizadeh, Byron, & Khedmatgozar, 2014). Mohammadi (2015) in his study identified ease of use as a significant influence and highlights its importance in mobile banking usage. Liébana, Munoz and Rejon (2013) in their study of the influences of satisfaction with online banking recognized that ease of use is a factor contributed to online banking practice. Convenience or ease of use was concluded as the main independent variable among users living in urban area since they do not have enough time to perform their financial transactions at bank branches. Furthermore, this study revealed that people are willing to accept this technological transformation if the practice of Internet banking can make their lives easier (Ong, Hong, Teh, Soh & Tan, 2014).

### **Trust**

In certain situations, trust is held to control social contacts among people and lessen uncertainty of human behavior (Lee, Tsai, & Lanting, 2011). When associated with the acceptance of online banking among users, trust can be considered as a crucial part from the e-commerce concept (Bashir & Madhavaiah, 2015). Bashir and Madhavaiah further stated that trust is observed as the self-assured that an individual can have towards the reliability and kindness of an individual or organization. In the online banking setting, the researchers also defined trust as the certain promise a user has towards the capability of online Internet banking service provider while offering reliable services online. Hanafizadeh et. al

(2014) cited Yousafzai, Foxall, and Pallister (2010) highlighting the importance of trust by joining three models namely TRA, TPB and TAM.

As indicated by many researchers, trust is the crucial judge of intention and acceptance to use numerous online trades. It is revealed by earlier studies that one of the main predictors user's acceptance towards the online banking applications is trust (Lansing and Sunyaev, 2016). As for mobile banking adoption in a study in Iran, trust was found as one of the important influences that clarify mobile banking's implementation Hanafizadeh et al. (2014). Lee et al. (2011) and Liébana-Cabanillas et al. (2013) in their study on consumer e-banking shifting and factor associated with e-banking satisfaction found that trust is a key element of customers' converting to Internet banking. Further suggestion provided by Akhlaq and Ahmed (2013) supported that trust have influenced Internet banking acceptance in a low-income nation context.

### Research Framework

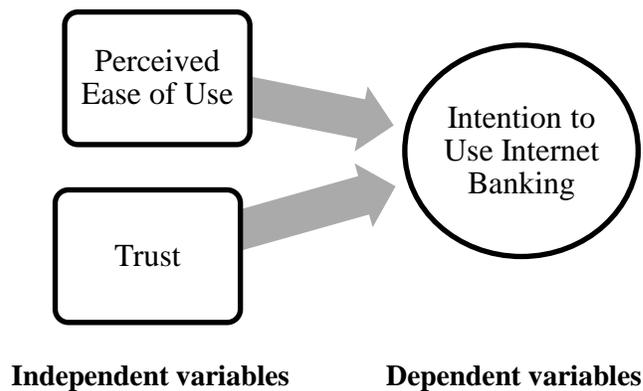


Figure 1: Research Framework

In conducting the research, both independent and dependent variables were involved. The independent variables of this research are perceived ease of use and trust. Meanwhile, the dependent variable of this research is intention to use internet banking.

### METHODOLOGY

The questionnaire was distributed to 260 staffs in a municipal council in Kuala Lumpur with 81.5% return rate. Stratified random sampling method was used to select respondents. Reliability, correlation and multiple regression analysis was carried out to analyze the data. Five-point Likert scale questionnaire was adopted to measure each variable ranging from strongly disagree to strongly agree. Section A of the questionnaire gathers demographic information. Section B consists of 6 items related to perceived ease of use while 8 items in section C measures trust. Section D measures dependent construct that consisted of 5 items of intention to use. Table 1 indicated the items and sources of the questionnaires constructed.

**Table 1: Items for Questionnaires**

Dimension	Items	Source
Perceived ease of use	6	Alkaini (2016)
Trust	8	Alkaini (2016)
Intention to use	5	Onyango (2016) and AlKaini (2016)

## Hypotheses Development

H<sup>1</sup> Perceived ease of use positively influence the intention to use Internet banking

H<sup>2</sup> Trust positively influence the intention to use Internet banking

## FINDINGS

### Reliability Analysis

To analyse the strength of items in the questionnaire, reliability analysis has been conducted. Table 3 below demonstrates the Alpha Coefficient range and the strength of association.

**Table 2: Cronbach's Alpha**

Alpha Coefficient Range	Strength of Association
< 0.6	Poor
0.7 to < 0.8	Good
0.8 to < 0.9	Very Good
0.9	Excellent

*Source: Hair, Black, Babin, Anderson & Tatham (2006)*

**Table 3: Reliability analysis**

Variables	Cronbach's Alpha	No. of items
Intention to use internet banking	0.926	5
Perceived ease of use	0.950	6
Trust	0.938	8

To identify the reliability of the items for each variable, the reliability analysis was carried out. The Cronbach's Alpha value for each variable as shown in table 3. From the results, all items in each variable are proven to be reliable. All variables have an excellent strength of association.

## Demographic Background of Respondents'

**Table 4: Respondent's demographic profile**

Factor	Description	Frequency	Percent (%)
<b>Gender</b>	Male	64	29.6
	Female	152	70.4
<b>Age</b>	Below 25 years old	10	4.6
	25-30 years old	32	14.8
	31-35 years old	63	29.2
	36-40 years old	39	18.1
	41-45 years old	26	12.0
	Above 45 years old	46	21.3
<b>Qualification</b>	SPM	102	47.2
	Diploma	68	31.5
	Bachelor of Degree	40	18.5
	Master	6	2.8
	Doctor of Philosophy (PhD)	0	0
<b>Monthly income</b>	Less than RM 1,000	6	2.8
	RM 1,001 – RM 3,000	95	44.0
	RM 3,001 – RM 6,000	111	51.4
	RM 6,001 – RM 9,000	4	1.9
	RM 9,001 and above	0	0
<b>Number of banks dealt with</b>	1	39	18.1
	2	80	37.0
	3	54	25.0
	4	30	13.9
	5 and above	13	6.0

The demographic information of the respondents consists of gender, age, qualification, monthly income and number of banks dealt with. Majority of the respondents were female (70.4%) while others were male (29.6%). Respondents' were from different range of age. The highest number of respondents were at 31-35 years old (29.2%) and the least were from the age group of below 25 years old (4.6%). As for qualification of the respondents, almost half of the respondents (47.2%) possessed SPM, followed by 31.5% obtained Diploma and the rest with bachelor's degree and Master. More than half (51.4%) of the respondents attained regular pay of RM 3,001 – RM 6,000. Finding also revealed that respondents deal with one to five banks in carrying out their banking transaction online. Many of them deals with two banks to perform online banking transaction.

## Correlation analysis

**Table 5: Correlation analysis**

Variables	Mean	Std. Deviation	Pearson Correlation
Intention to Use	3.68	0.64	
Perceived ease of use	3.67	0.66	.717
Trust	4.40	0.61	.762

**Note:** \*\*. Correlation is significant at the 0.01 level (2-tailed)

Table 5 revealed the relationship among variables. Findings indicated that both the independent variables which are perceived ease of use and trust are positively correlate. According to the Guilford's rule of thumb, the correlation between perceived ease of use and intention to use internet banking is ( $r=0.717$ ) represent a strong with high relationship. The relationship between perceived ease of use and intention to use internet banking is significant at the 0.01 level at a value of 0.000. Thus, the hypothesis 1 was supported. The correlation between trust and intention to use internet banking reported the value of  $r=0.762$  which indicated a high correlation with strong relationship. Thus, the hypothesis 2 is supported. In conclusion, all the Pearson correlation among independent variables is significant at the 0.01 level with positive relationship.

**Table 6: Guilford's Rule of Thumb**

<b>R</b>	<b>Strength of Relationship</b>
<0.20	Almost negotiable relationship
0.20 – 0.40	Low correlation; definite but small relationship
0.40 – 0.70	Moderate correlation; substantial relationship
0.70 – 0.90	High correlation; marked relationship

## Multiple Regression Analysis

To examine the established operational relationship between independent variables and dependent variable, multiple regression analysis was used. Table 7 represented multiple regression analysis.

**Table 7: Relationship between Perceive Ease of Use, Trust on Intention to Use**

<b>Independent Variables</b>	<b>Beta Coefficient</b>
Perceived ease of use	0.541
Trust	0.579
R <sup>2</sup>	0.741
Sig. value	$p < 0.000$

Findings indicates that Perceived ease of use and Trust explained 74.1% ( $R^2 = 0.741$ ) of variance in Intention to use. The residual 25.9% of the model will be described by other factors. This highlighted the positive relationship between perceived ease of use and trust towards Intention to use when referring to the individual contribution dimension presented in the table 7 represented Perceived ease of use ( $\beta = 0.579$ ,  $p < 0.000$ ) and Trust ( $\beta = 0.541$ ,  $p < 0.000$ ) respectively. Hence, it can be concluded that Perceived ease of use and Trust were discovered to have statistically significance on Intention to use. Thus, hypothesis 1 and 2 formulated for this study are supported.

## CONCLUSION

The objective of this study was to identify the determinants that affect the internet banking acceptance among users in a municipal council in Malaysia. As the conclusion from the findings, the elements in the independent variables namely perceived ease of use and trust were become the utmost factors defining the acceptance of internet banking usage. Findings also discovered that there is positive and strong relationship among the variables. Among all variables, trust influenced most to the intention to use internet banking. Trust is a considerable component contributed to online banking application's and the

information technology team integrity that bank managed (Chandio et al., 2013). Thus, the banking institutions should think through by emphasizing the benefits of using online banking to users, increase internet banking services to make it easy to use as well as make up the security in the online banking transaction to improve trust of consumers with the internet banking implementation.

## RECOMMENDATION

It is recommended that further researchers should study on other variables and elements that contribute to Internet banking acceptance other than perceived ease of use and trust in order to gain more knowledge about consumer's behavior. The other variables for instance information on online banking information as well as safety and confidentiality. The sample in this research is included only less than 300 people. In discovering customers' opinions and hopes on internet banking, future researches need a bigger sample for the purpose of higher accuracy.

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