


## Chapter 9

# Exploring Factors in Determining E-Banking Adoption Among Bruneian Corporate Customers

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### ABSTRACT

*The purpose of this chapter is to investigate the significant factors that contribute towards the adoption and use of e-banking in Brunei. The study focuses on 150 corporate customers of major banks in Brunei Darussalam to explore the behavioral intent of the corporate customers toward e-banking through their attitudes. The conceptual framework was developed through theory of planned behavior (TPB) to understand the intention towards using e-banking. The data was analyzed using SPSS version 21 and PLS smart graph suggests that customers' attitudes toward e-banking is a significant predictor of behavioral intention whereas subjective norms and perceived behavioral control remained insignificant. The model has good parsimony with 52% of the total variance in intention is shared by these independent variables. However, use of e-banking was further supported by the behavioral intention. Based upon conclusion, the study provides the practical implications both for the management and researchers.*

### INTRODUCTION

The banking sector is one of the leading business sectors that has not only enjoyed the benefits of ICT driven technological innovation but has subsequently improved the services through improved business process reengineering. Soon after the commercially available computing services, banks and financial institutions invested in new technology and early offline financial applications made a smooth transition to various online applications to Internet-based real time e-applications due to availability of the bandwidth and high speed transmission has increased the users' dependability on the Internet globally. Because

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of this rapid diffusion of the Internet, ubiquitous computing has permeated in all facet of society. This has further provided the banks with an alternative channel to provide banking services and products to their customers. This Internet based banking is now being considered as not only a strategic weapon but also has provided a source of competitive advantage. On the other hand, customers are demanding much more banking facilities. They want new levels of convenience and flexibility (Birch and Young, 1997). However, there exists a wide gap between the adoption of e-banking by the customers of developed and developing countries and especially in the developing countries among various segments of the businesses including the general versus corporate customers.

E-banking is defined as a practice of conducting financial transactions by customers over the Internet through a bank's Website (Shao, 2007). One key characteristics of the Internet banking is that customers are not required to use any proprietary software installed in their computers for accessing the banking services. Internet banking is gaining growing popularity among retail customers due to: (a) its availability for 24/7 and lower transaction costs (Leonard, 2002) and (b) its ability to serve as a convenient alternative channel (ibid). In short, Internet banking is not constrained by time and place (Hiltunen *et al.* 2002). The term e-banking and the Internet banking is synonymous and convey the same meaning. And similarly, the term corporate customers, managers and/or executives are synonymous and convey the same meaning as well.

As a result e-banking has attracted considerable adoption by the retail banking customers. For instance, The IDC (The Star, 2002) reported that with the 14.6% increase in annual growth rate of the Internet users, the number of consumers relying on Internet banking has also increased subsequently. However, there exists great variations and disparity among e-banking users among various South-East Asians countries. In Thailand, Koedraben *et al.* (2002) found that more than half of their samples are using e-banking. Internet users are mainly interested to use e-banking facilities such as fund transfer, and to pay the utility bills. In Hong Kong, Janice *et al.* (2002) reported that basic transactions and securities trading are the most popular type of operations that Hong Kong customers carry out with Internet banking. In Malaysia, Ramayah *et al.* (2003) noticed the awareness level of Malaysian consumers of online banking showed upward trend but only 23% have had some Internet banking experience. Whereas, in Singapore, Tan and Teo (2000) reported the Internet banking that was started in 1998, and since then, till date there has been tremendous growth of the Internet services users and the services offered by the local banks. Whereas, Chan and Lu (2004) studied 499 university students to understand Internet banking adoption and usage behavior by combining items from TAM2 and found attitude, as significant factor in adoption of e-banking.

Recognizing the growing popularity of Internet banking, a large number of studies have looked at how various factors influence customers' adoption decision. These studies on Internet banking is steadily growing and a content analysis of the literature is reported by Shao, (2007) who synthesis the studies into the following five groups: a) adoption factors affecting decisions of potential customers b) behavioral issues of customer towards Internet banking c) drivers of banks to introduce Internet banking d) impact of Internet banking on bank performance and finally e) characteristics of Internet banking Websites. Researchers have conducted studies to find out the benefits of using a particular IT feature. Yousafzai, (2012) found that Internet banking is mainly used for cost saving, increase service quality and to increase the revenue. This in turn confirms Alalwan *et al.*, (2013) findings that adoption of e-Banking stemmed out from satisfying users' needs. Similarly, various studies across the globe were conducted to augment various theoretical models of IS/IT adoption in explaining the relationship between users' belief, attitudes and behavioral intentions to use the technology. Tarhini *et al.*, (2014) in their Internet Banking

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