


Challenges and Factors Influencing the Adoption of Internet Banking in Qatar

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ABSTRACT

The evolution of the internet and smartphones has allowed people to use internet banking (IB). In addition, banks are able to reduce their operational costs and attract more customers when utilizing IB. The COVID-19 virus outbreak encouraged clients to use IB to limit their physical interactions with others. This research utilized the extended unified theory for acceptance and use of technology (UTAUT-II) to assess how bank customers adopt IB. Three hundred seventy-five online surveys were collected to test eight hypotheses. Results indicated that performance expectancy, social influence, security, and habit were significant predictors of the behavioral intentions to use IB, while effort expectancy, facilitating conditions, perceived value were insignificant. Age was used as a moderator to habit-behavioral intentions relationship, but data failed to support its role. The overall coefficient of determination was 0.86, which exceeded the original model. Further discussions and conclusions are reported at the end of the paper.

KEYWORDS

Age, Challenges, Internet Banking, Qatar, Security, Technology Adoption, UTAUT-II

1. INTRODUCTION

Historically, financial processes and transactions are done by physical visits to banks, verbal communication, or certain structured formal writing and formats (Rahman et al., 2015; Nayeem, 2017). With the advent of Internet applications and technologies, the majority of customers are fascinated with mobile-based applications for acquiring services. Customers hunt for convenience in banking services because of the rapid pace of digitization and widespread use of web-based applications in business (AbuShanab et al., 2010; Vyas, 2012; Bhalla & Singh, 2014; Musa and Abbad, 2018). Internet banking (IB) became important because customers do not want to spend long-hours in banks (Kumar & Anand, 2017). Moreover, larger segment of the customers are Millennials and Generation Z, who demand convenient and fast-paced services. The click-and-mortar model supported the transformation of conventional banking transactions including funds transfer, balance check, deposits, utility bill payments, credit card and debit card, and statement collection. Customers need only a computer, or smart phone with an Internet connection to benefit from Internet banking services 24/7.

The key drivers of IB growth are related to customers' convenience and efficiency in operations to the banking sector (Soloiman, 2013; Lusaya & Kalmuba, 2018). With the current Corona virus outbreak, Internet is the savior. This huge jump in the Internet adoption made it necessary for the banks

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to encourage their customers to adopt IB (Janjua et al., 2016). Moreover, given the growing trend of e-shopping, Internet banking can help customers to integrate their various financial transactions and have a better record of their expenses (Chauhan & Choudhary, 2015; Geva, 2018). Banks in Qatar are no exception from the world's banking system. The industry in Qatar is moving fast towards online banking adoption. Accordingly, this research aims to unlock the potentials for similar studies and identify the factors influencing the adoption process of IB.

This study is important given the growing trend of web-based applications and fast paced digitization. It is important for banks to understand consumer's behavior regarding IB, and the perceived risks and challenges from the banking sector's perspective. By conducting an in-depth research on the challenges facing customers in the adoption of IB, better-informed perspective can be gathered to identify opportunities to gain trust of consumers with online service. Moreover, this study will gain insightful perspectives regarding the risks related to IB, and its risks on customer's confidence in the service. This study deployed the extended Unified Theory of Acceptance and Use of Technology framework as presented by Venkatesh et al. (2012) to identify how customers may perceive the adoption of Internet banking technology. This study aims to understand the IB adoption context, where it tries to answer the following questions:

RQ1: What are the Internet banking adoption challenges to consumers in Qatar?

RQ2: What are the factors influencing IB adoption based on an extended model of the UTAUT-II?

The research is structured in five main sections. The following chapter presents a literature review of IB adoption. It also presents a clear discussion of the UTAUT-II model and its implications in this study using an extended research framework. The third section presents the research method used, the questionnaire distributed, and the sampling process. The fourth section reports the research analysis, results, followed by the discussion of findings. Finally, the fifth section concludes the research, and introduces recommendations on IB adoption. The chapter also explains the limitations faced in the study and presents suggestions for further studies.

2. LITERATURE REVIEW

This section explains the main issues related to IB research. It reports the previous studies related to the UTAUT-II model and related to IB specifically. It also briefly provides a description about IB trends in Qatar.

2.1 Internet Banking: Background and Importance

The evolution of Internet banking (IB) began in the 1990s following the inception of the Internet. Internet banking can be defined as a virtual banking service through which users can perform financial transactions with their financial service provider over an Internet connection. The global industry is expected to grow above 29,500 million USD by 2023, with a growth rate of 22.6% since 2016 (Shannak, 2013). Moreover, the IB industry is growing faster in developed economies, where populations adopt new technologies easier (Chauhan & Choudhary, 2015; Janjua et al., 2016).

IB has a great importance for both users and banks. First, IB customers can pay bills online, which provides them with the convenience of paying bill on time, without going to the bank and wait in queues (Musiiime & Ramadhan, 2011). Moreover, since IB reduces operational costs for banks, charges to customers will become minimal. From a banker's viewpoint, the substantial traffic of online transactions can result in lowering in-branch traffic and improves the efficiency of the overall operations. IB reduces paper expenses and provides customers with an option to access their records with a simple click. In addition, customers can easily check their balance and deposit funds online. The lower cost of bank's infrastructure development enables banks to save overheads if they manage

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