

Chapter 7

Determinants of E–Banking Among Bruneian Corporate Customers: An Application of Theory of Planned Behavior

Afzaal H. Seyal

Institute of Technology Brunei, Brunei

ABSTRACT

E-banking has become a new way of doing business and an important alternative for many banks and their customers. The acceptance of e-banking is affected by several factors, including the personal attitude of the users that influences normality and the context in which it is used. This study examines 150 customers of four major banks in Brunei Darussalam to explore the behavioral intent of the corporate customers toward e-banking through their attitudes. The Theory of Planned Behavior (TPB) is used as a reference framework to understand the intention toward using e-banking. The data is analyzed using PLS smart graph; analysis suggests that customers' attitudes toward e-banking are a significant predictor of behavioral intention, whereas subjective norms and perceived behavioral control are insignificant. The causal link between perceived behavioral control and behavior (use of e-banking) is also insignificant. However, use of e-banking is further supported by the behavioral intention. The implications of these findings are discussed and conclusions are drawn.

INTRODUCTION

In the first decade of the new millennium, information technology made a smooth transition from various online applications to Internet-based or e-applications due to intensive use of the Internet

globally. Because 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 consid-

DOI: 10.4018/978-1-4666-2053-7.ch007

ered 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 & 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 (Leonard, 2002). 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 synthesized 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 e) characteristics of Internet banking Websites. Since this present one is the pioneering study conducted in the Brunei Darussalam, we therefore focus on the behavioral issues of customers toward Internet banking and further taken into account the well grounded Theory of Planned Behavior as theoretical framework.

The reason for selecting the corporate customers or executives (the terms, corporate customers and executives are used synonymous) is because of the fact that these executives are better exposed to the competitive business environments with vital Internet and Web-based skill quick to adopt the new IT applications in their domains and secondly, under the e-government program, His Majesty's government has already started e-

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