



THE USAGE OF INTERNET BANKING EVIDENCE FROM JORDAN

Ahmad Nahar Al-Rfou

Business Management Department Tafila Technical University Tafila, Jordan

ABSTRACT

The huge technological development in banking sector forced the Jordanian banks to cope with these changes in order to gain a sustainable competitive advantage. Banks in Jordan have adopted internet banking since 2000. During that period the usage of internet banking by customers are questionable. The current study aims at investigating the usage of internet banking at commercial banks in Jordan from points of view of electronic services employees. 75 questionnaires were distributed through e-mail. A total of 40 usable were received. The results of this study indicate that the usage of internet banking services is weak. The results also, mentioned that there is a significant relationship between, ease for use, security and privacy and quality of Internet connection and the usage of internet banking.

Keywords: Internet banking, Jordanian banks, Usage of internet banking.

INTRODUCTION

Banks in Jordan launched in 1930, where the Arab bank was the first bank. Nowadays, Jordan has 16 commercial banks which are listed at Amman Stock Exchange by the beginning of 2012. As shown in Table 1, these include 13 commercial banks and 3 Jordanian Islamic banks ([Association of Banks in Jordan, 2012](#)). Banking sector plays vital role in the Jordanian economy, the commercial banks continues to achieve impressive growth in terms of assets and quality of services, while providing the Jordanian economy with the necessary finance and intermediation services. Jordanian Banks have given full attention to information technology and responded to huge changes in this area and coped with these changes to gain competitive advantage, especially for internet banking services. The appearance of internet banking in Jordan returned back to year 2000, when Jordan Kuwait Bank installed the first internet banking (Net Banker) ([Jordan Kuwait Bank, 2012](#)). During the last period all other Jordanian banks followed the first mover, and installed internet banking.

Internet banking allows consumers to perform banking activities anywhere, and any time via the internet, and enables consumers to perform all routine transactions at any time and from any place round-the-clock at no cost and without having to personally be in the bank to carry out banking deals, internet banking offers many financial services (e.g. view balances and details of accounts, get an account statement online, transfer funds within customer accounts, pay to credit cards and view the latest Foreign Currency Exchange rates). After few years from adopting internet banking by Jordanian commercial banks, the usage internet banking by customers are questionable. In particular, it has been noted that the usage internet banking still limited. Current study examines the usage of internet banking from the electronic services employees' opinion at commercial banks in Jordan.

Theoretical Background

Tero *et al.* (2004) defined internet banking as an 'internet portal, through which customers can use different kinds of banking services ranging from bill payment to making investments'. Many authors used internet banking and e-banking interchangeably. Baraghani (2007) distinguished between these concepts by considering e-banking is a bigger platform than internet banking. Internet banking has been investigated in many countries around the world, for example, Shah (2011) in India; Michal and Tomasz (2009) in Poland; Shumaila *et al.* (2009) in Scotland; Padachi *et al.* (2008) in Mauritius; Wadi (2008) in Gaza; Edwin *et al.* (2006) in Hong Kong; Nelson and Queenie (2006) and Sadiq and Balachandran (2003) in Malaysia; Barry *et al.* (2002) and White and Nteli (2004) in United Kingdom; Tero *et al.* (2004) and Heikki *et al.* (2002) in Finland; Jane *et al.* (2004) in US Siriluck and Mark (2003) in Thailand; Philip and Barton (2003) and Nexhmi and Audrey (2003) in Singapore; and Milind (1999) in Australia.

A stream of previous research in the field were investigated the different issues of internet banking. Most of research examined the factors that affect the acceptance and adoption internet banking. Hassanuddin *et al.* (2012) investigated how the factors (i.e. The ease for use; security and privacy; and quality of Internet connection) influence the acceptance of internet banking services. Shah (2011) also, investigated these factors on India, Michal and Tomasz (2009) mentioned that the security, experience with the medium of internet and demographic variables are effecting on adopting the Polish to internet banking, Padachi *et al.* (2008) found that there is no significant difference between the internet banking users and non-internet banking users according to demographic variables (i.e. monthly income, education level, age) in Mauritius.

Philip Gerrard *et al.* (2006) illustrated the factors that affect the adoption of internet banking, which are: perceptions about risk; the need; lacking knowledge; inertia; inaccessibility; human touch; pricing and information technology fatigue. Nelson and Queenie (2006) mentioned that the attitudinal factors play a significant role in internet banking adoption, also, White and Nteli (2004) investigated why the growing internet users in UK does not mean growing internet bank users.

While, Tero *et al.* (2004) built a model to measure acceptance online-banking among private banking customers in Finland, the result indicated that perceived usefulness and information on online banking on the Web site were the main factors influencing online-banking acceptance.

Others (e.g. (Siriluck and Mark, 2003) searched the barriers to internet banking adoption among corporate customers in Thailand. They found that the security and financial transactions via internet channels are major factors inhibiting wider adoption internet banking in Thai firms. Philip and Barton (2003) identified eight factors influenced the adoption of internet banking among Singapore consumers, the most importance factors are accessibility and confidentiality. In Gaza strip Wadi (2008) searched the importance, the advantages and the problems of internet banking.

In Jordan AbuShanab and Pearson (2007) and AbuShanab *et al.* (2010) investigated the acceptances of Internet banking in Jordan. In addition, Al Sawalqa (2012) has also investigated the effect of low cost services, security and privacy and ease of use on customers' financial needs satisfaction of Automatic Teller Machines (ATMs). The results indicated that only privacy and security contributes significantly to the customers' financial needs satisfaction. While, other studies searched the acceptance and adoption internet banking from customers' points of view, the present study examines the usage of internet banking at commercial banks in Jordan from electronic services employees' points of view.

Problem Statement

Although, the Jordanian banks adopted internet banking since 2000, however, there are obstacles on the acceptance and usage of internet banking. So, this study comes to investigate the usage of internet banking in Jordan from the electronic services employees' points of view. In other words, we can summarize the problem in the following two questions:-

- a) To what extent do customers of bank use internet banking?
- b) What are the most used services on internet banking?

Accordingly, It can be hypothesized that:

H1: There is a significant relationship between ease of use and the usage of internet banking.

H2: There is a significant relationship between security and privacy and the usage of internet banking.

H3: There is a significant relationship between Quality of Internet connection and the usage of internet banking.

RESEARCH METHODOLOGY

Study Population and Sample

The current study aims to investigate the usage of internet banking in Jordan. The sample of study was derived from a population consists of all employees in electronic services department at Jordanian commercial banks. The reason for selecting this sample is built on the idea that the employees of electronic services department have the necessary data to achieve the current study objectives in a reasonable way.

Study Method

The study used closed questionnaire and secondary data was collected through research papers, journals, websites, books and project reports.

The questionnaire consisted of three parts: **Part 1** is the demographic data and which include questions related to the respondents' demographic profiles. **Part 2** (employees' opinion) had questions measure the extent of the usage of internet banking. **Part 3** (employees' opinion) had questions related to the degree of usage of internet banking services. A five-point likert scale was used to form all the questions in the questionnaire moved from 1 = Very Dissatisfied to 5 = Highly Satisfied.

In this research, a random sample was used to select the qualified respondents. 75 questionnaires were distributed through e-mail. A total of 40 usable questionnaires were analyzed this yield a response rate of 53%. Data were analyzed by using the Statistical Package for Social Science (SPSS) version 16 software.

RESULTS AND DISCUSSIONS

Descriptive Analysis

Table 2 below shows the demographic data of respondents. The results indicate that the male form about 60% in comparison with female who forms 40%. The results indicated that the respondents have good experience as 65% of them have been worked in the sector for more than 5 years. This means that more than half of the respondents have experienced installation internet banking, and have the ability to answers the study questions. To investigate the usage internet banking table 3 shows that about 61% of respondents mentioned that the customers do not know the internet banking, and 58% interest in usage internet banking. Other surprising result indicated that the customers who authorized to use internet banking are less than 19%, and who can use the internet banking services are about 21%. All percentages in this table indicate the weakness in the usage of internet banking. We can refer these results to the weakness of the promotion in the internet banking services.

To investigate the most widely used banking services on the Internet, the respondents in Table 4 mentioned that the main used services are viewing balances and details of accounts, view balances and details of credit cards and settle their due amounts and get an account statement online, with a mean of 3.7, 3.6, 3.3 respectively. On the other hand, the results indicated that the less used services include: balance or interests and commissions certificate request, create future and recurring transfers, open new sub accounts and send secure e-mail to the bank with a mean of 2.1, 2.2, 2.2, and 2.3 respectively.

This means that the internet banking users are still conservative about the usage of sophisticated financial services through internet banking (i.e. Transfer funds within customer accounts, within or to local and international banks, transfer cash from credit card account to any of personal accounts, and balance or interests and commissions certificate request). We can justify this result that the internet banking users fear from privacy and security issues.

Hypotheses Test

Table 5 shows that the result of linear simple regression indicates that there is a significant relationship between ease of use and the usage of internet banking (Beta= 0.297, p= 0.000).

Table 6 shows the result of linear simple regression indicates that there is a significant relationship between security and privacy and the usage of internet banking (Beta= 0.392, p= 0.000).

Table 7 shows the result of linear simple regression indicates that there is a significant relationship between quality of Internet connection and the usage of internet banking (Beta= 0.277, p= 0.000).

CONCLUSIONS

Based on the results above, technology is perceived by Jordanian banks as a basis for their own infrastructure to gain opportunities to compete in the local and global marketplace. Therefore, Internet banking can help banks in gaining competitive advantage by labor cost reduction, improved customer service, improved visibility; enhance flexibility and better access to information, and elimination of most manual or paperwork. However, in order to increase the success of Internet banking and achieve better results, banks need to understand the feasibility of installing Internet banking. The current study investigate the acceptance and usage of Internet banking in Jordan by shedding light on the extent of usage of the Internet banking to know the most used services of internet banking from the electronic services employees' points of view. The results of this study indicate that the usage of internet banking services is weak in general. We can justify this result in that customers are unaware the importance of internet banking, and are they put more concern on the security and privacy of the internet banking usage.

The results also, mentioned that there is a significant relationship between, ease for use, security and privacy and quality of Internet connection and the usage of internet banking. This study has opened doors for many future research opportunities. These include for example taking many other variables in work to assess their effect on the extent of the usage of internet banking services.

Tables

Table-1. Jordanian commercial banks

<i>No</i>	<i>Name</i>	<i>Foundation Year</i>	<i>No</i>	<i>Name</i>	<i>Foundation year</i>
1	Arab Bank PLC.	1930	9	Jordan Kuwait Bank	1977
2	Arab Banking Corporation (Jordan)	1989	10	Jordan Ahli Bank JAB	1956
3	Arab Jordan Investment Bank	1989	11	Societies General de Bank / Jordan	1993
4	Bank of Jordan PLC	1960	12	The Housing Bank for Trade & Finance	1974
5	Cairo Amman Bank	1960	13	Union Bank for Saving & Investment	1991
6	Capital Bank of Jordan	1996	14	Islamic International Arab Bank PLC	1997
7	Jordan Commercial Bank	1960	15	Jordan Islamic Bank for Finance and Investment	1978
8	Jordan Investment and Finance Bank	1978	16	Arab Jordan Investment Bank	1978

Source: Association of Banks in Jordan (2012)

Table-2. Respondents' characteristics

Variable	NO	%
Gender	Male	24 60%
	Female	16 40%
Experiences	less than 5 years	14 35%
	More than 5 years	26 65%

Table-3. Descriptive analysis of the internet banking usage

Item	Internet Banking Services	Likert scale										Mean	S. D
		Strongly Agree 5		Agree 4		Uncertain 3		Disagree 2		Strongly Disagree 1			
		NO	%	No	%	NO	%	No	%	NO	%		
1)	Many customers know the internet banking	3	8%	11	28%	2	5%	11	28%	13	33%	2.5	1.102
2)	Many customers have a username on internet banking	2	5%	5	13%	2	5%	20	50%	11	28%	2.2	12.32
3)	Many customers entering to their account internet banking	4	10%	3	8%	8	20%	11	28%	14	35%	2.3	4.1
4)	Many customers use the internet banking services	3	8%	6	15%	4	10%	17	43%	10	25%	2.4	0.14
5)	Many customers have interest in the usage of internet banking.	10	25%	13	33%	5	13%	9	23%	3	8%	3.5	0.15
Total											2.58		

Table-4. The respondent's perceptions toward internet banking usage

Item	Internet Banking Services	Likert scale										Mean	S. D
		Strongly Agree 5		Agree 4		Uncertain 3		Disagree 2		Strongly Disagree 1			
		NO	%	No	%	NO	%	No	%	NO	%		
1)	View balances and details of accounts	16	40%	9	23%	5	13%	6	15%	4	10%	3.7	0.84
2)	Get an account statement online	11	28%	9	23%	6	15%	8	20%	6	15%	3.3	0.71
3)	Fund accounts when balances are not sufficient to honor debit instructions	4	10%	3	8%	8	20%	11	28%	14	35%	2.3	0.12
4)	Create future and recurring transfers	3	8%	4	10%	5	13%	15	38%	13	33%	2.2	0.25
5)	Open new Sub Accounts	4	10%	3	8%	3	8%	16	40%	14	35%	2.2	0.52
6)	View balances and details of credit cards and settle their due amounts	11	28%	15	38%	5	13%	6	15%	3	8%	3.6	0.95
7)	Pay to other credit cards	3	8%	11	28%	2	5%	11	28%	13	33%	2.5	0.63
8)	Transfer funds within customer accounts, within or to local and international banks	5	13%	18	45%	1	3%	8	20%	8	20%	3.1	0.144
9)	Settle current or future due Payments (i.e. social security, electricity, water...etc)	1	3%	10	25%	3	8%	15	38%	11	28%	2.4	0.362
10)	Transfer cash from credit card account to any of personal accounts	3	8%	20	50%	0	0%	9	23%	8	20%	3.0	0.145
11)	View the latest foreign currency exchange rates	2	5%	8	20%	3	8%	19	48%	8	20%	2.4	0.11
12)	Send secure e-mail to the bank	1	3%	7	18%	3	8%	19	48%	10	25%	2.3	1.25
13)	Cheque book request	5	13%	15	38%	2	5%	9	23%	9	23%	3.0	6.1
14)	Online stop cheque payment	2	5%	17	43%	4	10%	11	28%	6	15%	3.0	9.12
15)	Balance or interests and commissions certificate request	1	3%	6	15%	1	3%	21	53%	11	28%	2.1	0.11
Total											2.7		

Table-5. Simple regression analysis, independent variable (ease of use) and dependent variable (usage of internet banking)

Independent	Beta	T	Significant
Ease of use	0.297	*3.978	0.000

* Significant ($\alpha \leq 0.005$)**Table-6.** Simple regression analysis, independent variable (security and privacy) and dependent variable (usage of internet banking)

Independent	Beta	T	Significant
Security and privacy	0.392	*5.454	0.000

* Significant ($\alpha \leq 0.005$)**Table-7.** Simple regression analysis, independent variable (quality of Internet connection) and dependent variable (usage of internet banking)

Independent	Beta	T	Significant
Quality of Internet connection	0.277	3.691*	0.000

* Significant ($\alpha \leq 0.005$)

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