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THE ROLE OF INTERNET BANKING IN SOCIETY

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ABSTRACT

Online banking is known as internet banking, e-banking or virtual banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. The online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking which was the traditional way customers accessed banking services. The Internet Banking is changing the banking industry and is having the major effects on banking relationships. Internet Banking involves delivery of banking products and services. At present many of the banks around the world have web presence in form of ATMs, Internet Banking, Support services etc. In the world of banking, the development in information technology has an enormous effect on development of more flexible payment methods and more- user friendly banking services. Electronic Banking services are new and the development and diffusion of these technologies by financial institutions is expected to result in more efficient banking system. Therefore, a questionnaire survey was conducted to identify the role of internet banking and society among the people in Jeddah city, Saudi Arabia. The obtained result outlined that majority people in Saudi are acquainted with the role of internet banking and society.

INTRODUCTION

Internet banking is the latest delivery channel for financial services. Internet banking is a self-service that allows customers to perform financial activities over the internet [1]. Regardless of the differences in definition, internet banking refers to many kinds of electronic services through which bank customers can request information and get most of the retail banking services via a computer. Internet banking provides a change from the traditional way of face-to-face contact at a bank's counter during office hours to a remote way by

online network connection anywhere at any time (24 hours a day, seven days a week) [2].

The study of Mahesh Kumar et al. [3, 4] on the role of internet banking and society has outlined since most people are busy in their daily lives and they don't even have quality time to spend with the close ones. In such a scenario, standing in long queues for simply requesting financial transaction, turns out nothing less than a headache. Thus, to stay away from such irritations, the concept of online banking was conceived. This has reduced the time to process banking transactions and has helped to save customer's time. The services that are mostly used by maximum customers are transactions, online trading, bill payment, shopping etc. The mode of the cash deposit in bank is for use to online transaction cash, cheque and e-banking. Different banks may have different charge on their online service.

Although there is some feeling of insecurity, but there are still many business classes prefer it due to the multi-features service. In addition, there are some suggestions to improve the back service and ensure the customer security such as prevent online banking from remaining customers to prompt this service through advertising company. After repairing this basic deficiency, banks must ensure that their service is competitive. Bank should provide the services in different languages. All the complaints felt by the customers should be considered with seriousness and solution-based approach to keep them satisfied in long run. The bank should extend their tie-up contracts with other various institutions whether financial or nonfinancial for convenience of its customers [3, 4].

Kerem [5] has recommended internet accesses itself if not sufficient for Internet usage (and further Internet bank usage). In is necessary to provide content, which is relevant to different segments and would motivate their internet usage. It is vital to increase efforts to promote internet training and provide learning systems for general public who do not have possibilities to get relevant education either at school or at work. Education will increasingly be a key contribution to the recruitment of new users. As it is increasingly difficult for persons who do not have internet access or skills to keep up with the development of society, therefore it is crucial to pay attention to bridging the digital divide. High-end heavy users are already motivated to keep up and train themselves. Cooperation between state institutions and banks in providing public services creates internet content that is valued by the customers and motivates them to move from offline services to online services [5, 6].

Besides that, Kerem [5] also outlined that positive technology attitudes enable faster diffusion of internet-based services. Awareness creation in the general public and goodwill among both adults and the younger generation is an enabling factor for the electronic services uptake. Effective laws will vastly accelerate the development of internet banking - especially laws concerning digital signature. Effective privacy protection laws considering the internet environment will help to build trust and consumer confidence. Sensible regulation of the telecommunications field, end of monopolies and creating

conditions for competitive market will create wider possibilities of internet usage both for the private consumers and businesses. In monopolistic conditions the cost of connection will often inhibit the diffusion of internet. The development of internet banking is also dependent on the overall conditions of the financial services market [5, 6]. Effective reorganization, stabilization and regulation are pre-condition for provision of electronic services. General business open-minded business culture that values technological development and is eager to try out new advanced solutions has also been an important aspect of internet banking development.

Richard Selassie Bebli [7] finds that internet banking users who were participants to the study were interested in using the services because it was very easy to use. Respondents can use it anywhere and at any time since they do not have to walk into the banking hall. Banking services can be done anywhere. The only challenge is that most of the users of internet banking services in Ghana are literate who are abreast with technology and the usage of the internet. This implies that those who are illiterate cannot use internet banking services for their daily activities. The illiterate could not easily use internet banking services hence they were satisfied with the services provided by their bank.

Mohammed Ben-Jadeed and Alfonso Molina [8] have responded to its research questions by applying the conceptual lens of the sociotechnical constituencies' approach, the 'diamond of alignment', to the evolution of the Samba e-banking constituency. Given that the important features of the Samba e-banking constituency-building process are the result of inter-organizational interactions between the bank and other organizations, the paper has analysed a two-layered intra- and inter-organizational diamond during two distinctive periods. Results indicated that the inter-organizational dimension of the constituency building process played a fundamental role in implementing a 'follower' strategy during the first phase while the intra-organizational dimension played a fundamental role in implementing a 'first mover' strategy during the second phase. Results also indicated the difficulty in improving the inter-organizational dimension of the constituency-building process, in particular the clients' constituent, suggesting further research into how to improve client's acceptance and to what extent cultural aspects influence such an issue.

Internet banking provides many advantages for bank and customers as well. Therefore, many banks have invested heavily in internet banking services. There is a great role of internet banking towards the society, and internet banking is being as a part of human life, and it may be irreplaceable [9]. Therefore, this study identifies the role of internet banking and society.

METHODOLOGY

The importance of this research is to identify the role of internet banking and society. This study used survey approach to gather the primary data. The secondary data such as article and journal publication are used as the guide to design the questionnaire question. The questionnaire consists of 10 questions and the type of question is all in single select multiple choice questions. The

questionnaire procedure for this study will be limited to Jeddah city only to some users of Internet banking. The sample size of this study is 50 participants. The collected data are then analysed through statistic method.

RESULT AND DISCUSSION

Based on Figure 1, about 86% of the respondents are agree, 6.00% of them are disagree, 8.00% are answering with to some extent that there is a large rule of internet banking in Promote social progress. So, there is a large rule of internet banking promotes social progress.

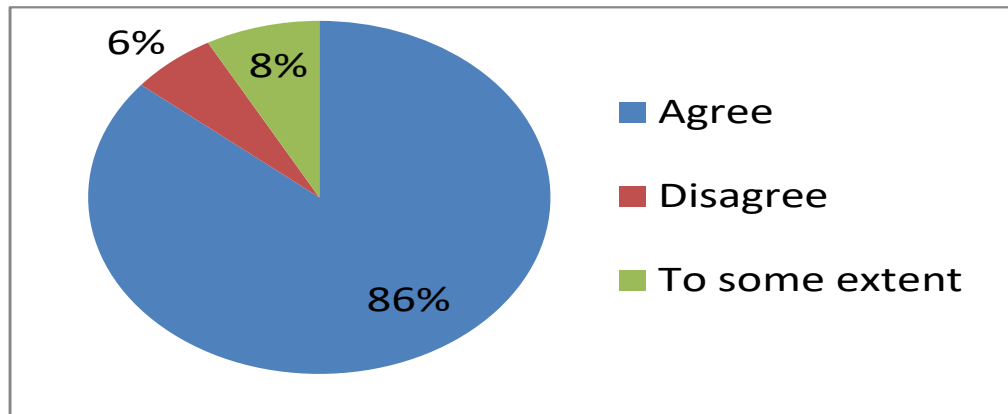


Figure 1. Do You Agree That There Is A Large Rule Of Internet Banking In Promote Social Progress?

According to Figure 2, there are 74.00% agree, 18.00% disagree and 8.00% to some extent that internet banking service isn't taking a long time to be done. Thus, the internet banking service isn't taking a long time to be done.

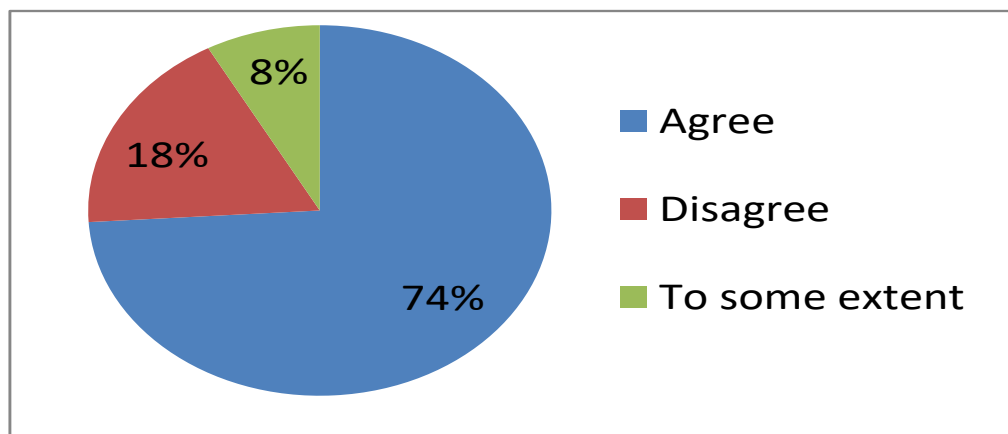


Figure 2. The Internet Banking Service Isn't Taking A Long Time To Be Done.

From Figure 3, about 42.00% of the respondents are agreeing, 36.00% of them are disagreeing and 22.00% are replied with to some extent. So, the majority are agreeing that the internet banking in Saudi Arabia isn't good due to some weakness in internet service.

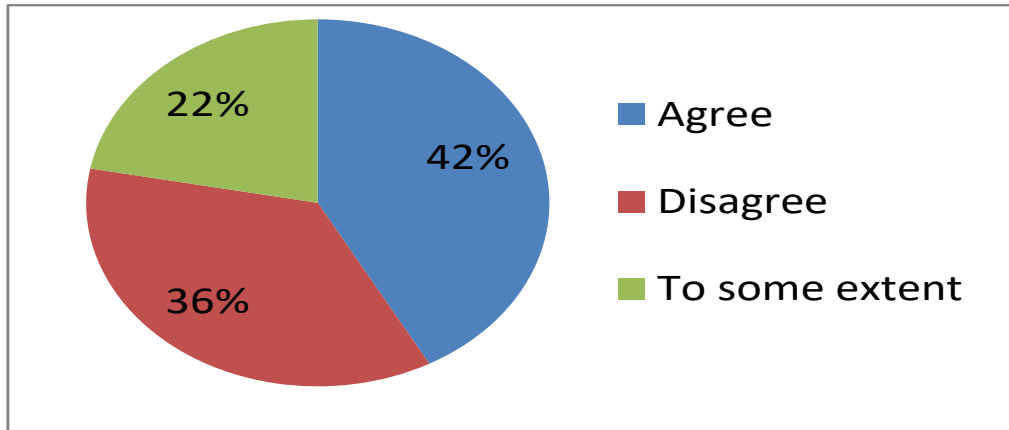


Figure 3. The internet banking in Saudi Arabia isn't good due to some weakness in internet service.

According to Figure 4, there are 94% are agree, 4.00% are disagree and 3.00% are to some extent regarding the statement of internet banking is saving time and efforts for the customers. This has concluded that internet banking is saving time and efforts for the customers.

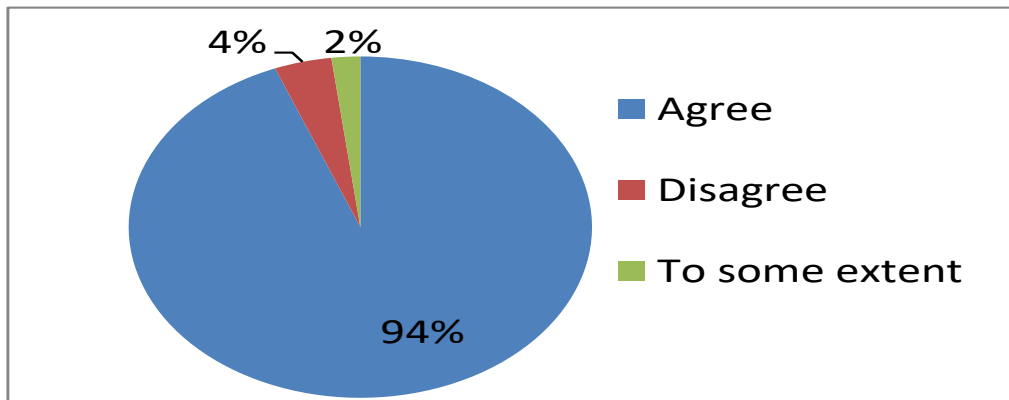


Figure 4. The Internet Banking Is Saving Time And Efforts For The Customers.

Based on Figure 5, about 34% of the respondents are agreeing, 50% of them are disagreeing, and 16.00 % are replied with to some extent. So, the majority are disagreeing that that internet banking doesn't have many customers in Saudi Arabia.

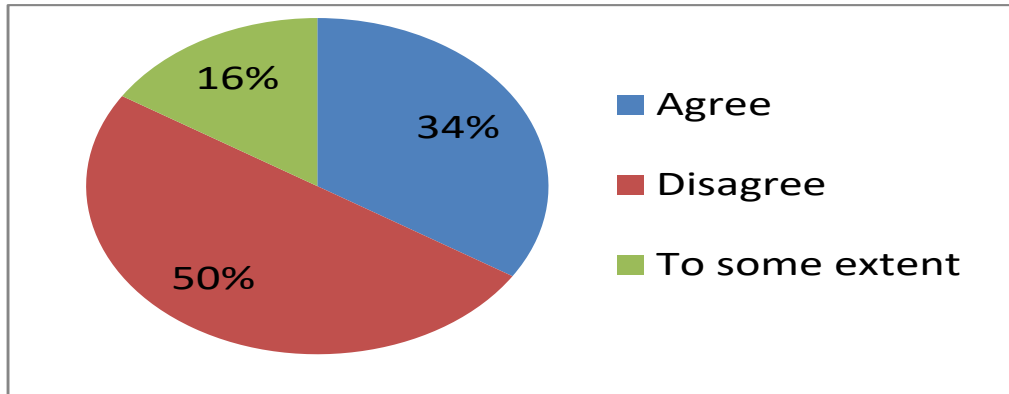


Figure 5. Do You Agree That Internet Banking Doesn't Have Many Customers In Saudi Arabia?

According to Figure 6, about 26.00% of respondents are agree, 50.00% of them are disagree, 24.00 % are replied with to some extent where people in Saudi don't care about internet banking So half of the respondents agree that people in Saudi don't care about internet banking.

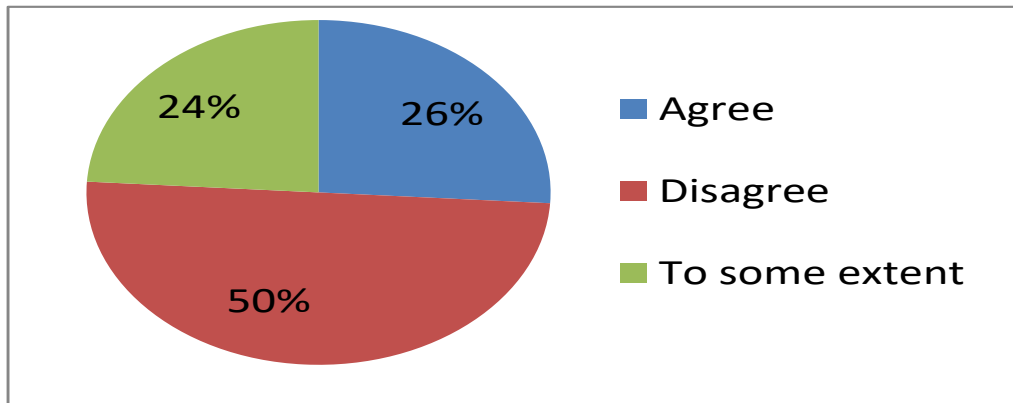


Figure 6. People In Saudi Don't Care About Internet Banking.

From Figure 7, about 66.00% of the respondents are agree, 22.00% are disagree, while 12.00% said to some extent. This concludes that bad internet service is one of the obstacles of using internet banking in Saudi Arabia.

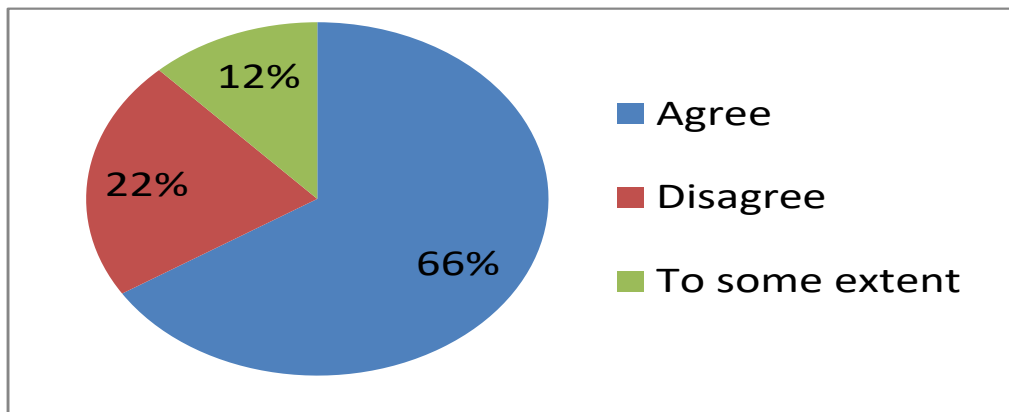


Figure 7. Bad Internet Service Is One Of The Obstacles Of Using Internet Banking In Saudi Arabia.

According to Figure 8, respondents who agree are 52.00%, those who replied disagree are 26.00%, and to some extents are 22.00%. Thus, some difficult in opening bank account from the bank may lead to some obstacles in using internet banking.

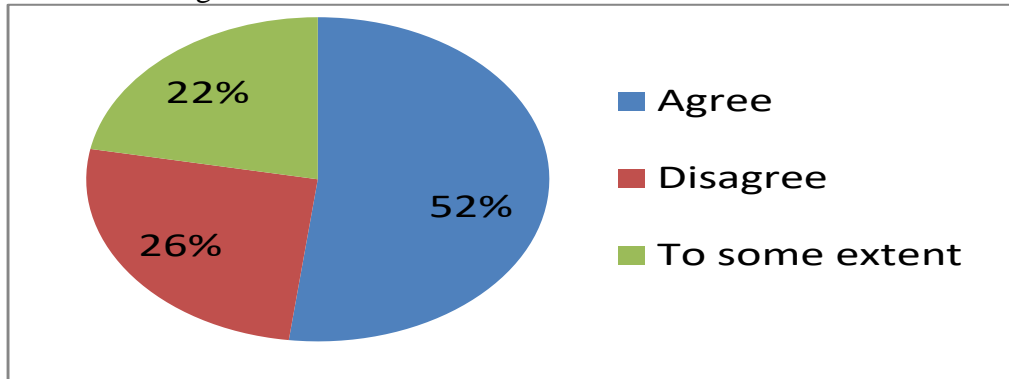


Figure 8. Some Difficult In Opening Bank Account From The Bank May Lead To Some Obstacles In Using Internet Banking.

According to Figure 9, about 58.00% are agreeing, 24.00% of the respondents are disagreeing, and 18.00% are replied with to some extent. Therefore, the internet banking may participate in the development of Saudi family.

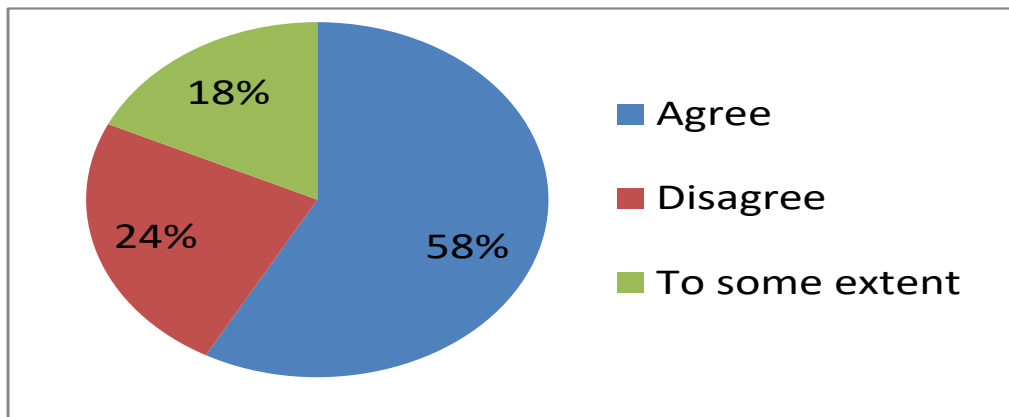


Figure 9. Internet Banking May Participate in The Development Of The Standard Of Living Of Saudi Family.

Based on Figure 10, about 60.00% of the respondents agree, 24.00% of them are disagreeing and 16.00% replied with to some extent. Since, majority is agreeing, thus the security issues are considered one of internet banking problems.

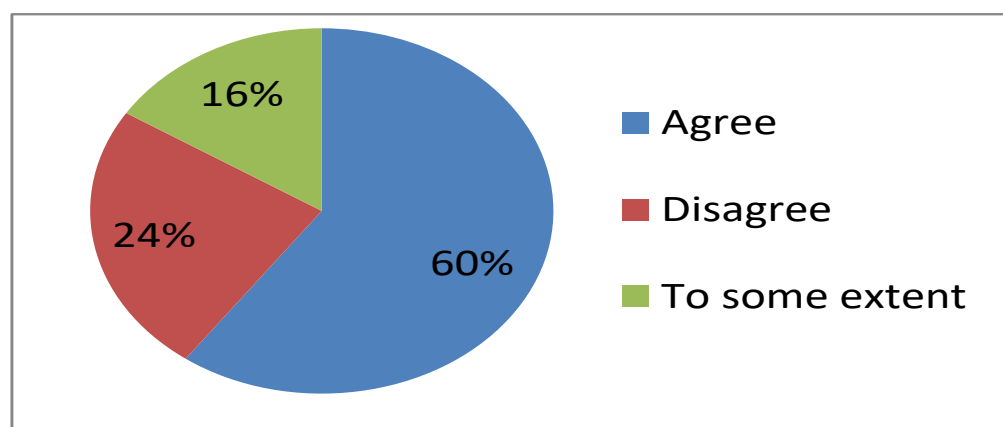


Figure 10. Security Issues Are Considered One of Internet Banking Problems

Internet banking has a large role in the field of serving society such as manage your accounts, conduct your day-to-day banking transactions quickly and securely, at any time and from any location. There are different types of internet banking services. The types of internet banking that are used mostly are: ATM, PC Banking, Phone Banking, and Email Banking. Internet services were officially made available in the Kingdom of Saudi Arabia, for the public, in 1999 [10]. There are approximately 35 companies licensed to provide an internet service. There are eleven private commercial banks in Saudi Arabia [11]. All these banks have become the primary financial institutions for provision of all financial services. All these banks are presented internet banking services to their customers as especial and to the society as general so as to participate in the progress of the society toward the best.

CONCLUSION

In overall, majority of the respondents agreed that there is a large rule of internet banking in Promote social progress, internet banking service is much more time efficient, the internet baking in Saudi Arabia isn't good due to some weakness in internet service. More than half of the respondents also agree that bad internet service is one of the obstacles of using internet banking in Saudi Arabia. Some difficult in opening bank account from the bank may lead to some obstacles in using internet banking. Internet banking may participate in the development of the standard of living of Saudi family. Security issues are considered one of internet banking problems. Besides that, there are also majority disagree that the internet banking doesn't have many customers in Saudi Arabia and people in Saudi don't care about internet banking. The survey result indicates that people in Saudi are aware the role of internet banking and society.

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