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CONSUMER TRUST EFFECTS ON E-BANKING IN SAUDI ARABIA

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ABSTRACT

Online banking has gained immense popularity worldwide. Likewise, in Saudi Arabia it is used by the masses. However, the question that arises is what are the factors that led the people to use online banking and what entails their customer trust. The quantitative research was conducted to identify the reasons for consumers use e-banking; to determine the reasons for the consumer trust in e-banking and to evaluate the most important factor that develops the consumer trust in e-banking in Saudi Arabia. There were 9 question survey asked through Survey Monkey. There are 70 candidates participated in the survey. The results showed that the reasons for using the online banking was the ease of using banking services and recommended by friends and family. While the most important factors for developing the customer trust has been the bank reputation and customer service. In conclusion, the bank should continue to maintain its brand name and the customer service in order for the customer trust to be there.

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INTRODUCTION

The tremendous development of the web and internet during this 21st century has been considered the most remarkable advancement in the field of electronic commerce. The increasing access to the internet in Saudi Arabia has led to the establishment of e-banking services among varied banks in Saudi Arabia. The increased adoption of the e-banking in Saudi Arabia have been spearheaded by the fact that the rapid growth of the Saudi IT sector, which based in Arab Advisors Group [1] is growing at a rate of 9.3%. Further, report on the usage of e-banking show that an estimated 3.5 million internet users which is equivalent to 14.26% of the Saudi Population is currently using the internet for purposes of conducting e-commerce transactions. This implies that for the e-banking to be successful in Saudi Arabia, there would be a need for the firms involved to conduct an extensive campaign, as well as, put in place structures that would, in turn enhance customer trust.

One of the factors critical in building a stronger relationship is trust hence the firm would have to build a strong trust with the customers [2]. Studies show that

for customers to develop strong trust with an online vendor, the customer expects the firm to have attributes, such as competence, benevolence, and integrity [3]. The term benevolence simply means one being able to rely on the goodwill of the other individual to act on his or her best interest [4]. Further, the term competence implies the belief that the partner has the required skills to perform a task in the best way possible [5].

Disposition to trust refers to the general tendency to trust one another. Disposition is another pertinent factor that has been found to affect trust in an online banking transaction. According to Ferres, Connell & Travaglione [6], disposition is a representation of the inclination to trust other individual. Lee & Turban [7] argue that the ability to trust other individual strongly depends on development experience, cultural background and an individual's personality type.

Besides personal disposition and trusting beliefs, another pertinent factor that has been found to affect trust includes the perception that an individual has on the institution. Basically, an institution with a strong corporate image is likely to attract more individual. This has further been emphasised by Chang and Cheung [8] who contend that institutional-based trust is likely to contribute to higher levels of trust in the electronic vendors. Another important factors affecting trust include structural assurance, which includes protective structures, such as contracts, guarantees, promises, and regulations. Basically, internet users are likely to attribute the structural assurance, such as the ones mentioned below with technological and legal internet safeguard. Basically, these customers believe that the safeguards would protect them from identity loss, privacy loss, and issues resulting from credit card fraud. It is prudent to note that the banking firms willing to be successful in their e-service endeavours should ensure that they put in place infrastructures capable of assuring clients of their privacy and security. Therefore, this study aims to identify the consumer trust in the e-banking in Saudi Arabia.

METHODOLOGY

This study uses the deductive research approach. This is the uses of theory and works towards a more specific study topic and objectives. First, explains the general consumer trust in e-banking and then works towards explaining the consumer trust specifically found in the Saudi e-banking. This study used the quantitative research method. This is using specific research process to derive numerical data results such as through questionnaires. This shows the accurate results on the topic. This is a fast method of conducting research. It provides easily analysing numerical results

Data Collection

Questionnaire was used in this study. The questionnaires are quantitative research method tool. The questionnaires provide numerical data, which are fast and convenient to retrieve data from a large sample. The questionnaire was designed in Survey Monkey. There are nine questions in the questionnaire. These were multiple choice questions and one rating question. The link of the Survey Monkey was emailed to the participants and also messaged through Whatsapp or other texting applications. The participant's anonymity and the confidentiality were maintained. No participant was coerced to take part in the study. The sample size is 70 people. The sampling technique used was non-random technique of snowballing sampling where the family and friends were sent the questionnaire who was then asked to forward to their friends and family

Data Analysis

The data analysis was conducted through making charts of the result and percentage of the sample answering each option was calculated

RESULT AND DISCUSSION

There are total of 70 candidates participated in the online survey of this study. Table 1 shows majority of the participants are female contributes by 85.7% and 14.29% of the participants are male. Next, most of the participants fall into age group of 18 to 24 years old, about 57.14%, follows by age group of 25 to 34 years old, about 37.14%. There is none participant above 55 years old.

Table 1: Demographic of the participants

Characteristics	Criteria	Frequency (n)	Percentage (%)
Gender	Female	60	85.71
	Male	10	14.29
Age group	18 to 24	40	57.14
	25 to 34	26	37.14
	35 to 44	3	4.29
	45 to 54	1	1.43
	55 and above	0	0

There were diverse results of the different banks the participants used, clearly showing that the competition level in the commercial banking is high. Fig. 1 shows that the highest number of participants used NCB at 27%, and then came SAMBA at 23% and then SABB and Rajhi bank at 17% and 16% respectively. Riyadh bank and Jazeera bank are only 3% each. There is 11% participant who answered others. These banks were mostly of Alinma, few of Saudi Fransi bank and one of SHB.

Fig. 2 shows that 27% of the participants rate the bank service as very good, 25% of the participants rate the bank service as good. There is 26% of the participant rate bank service as neither. About 12% and 10% of the participants rate the bank service as poor and very poor respectively.

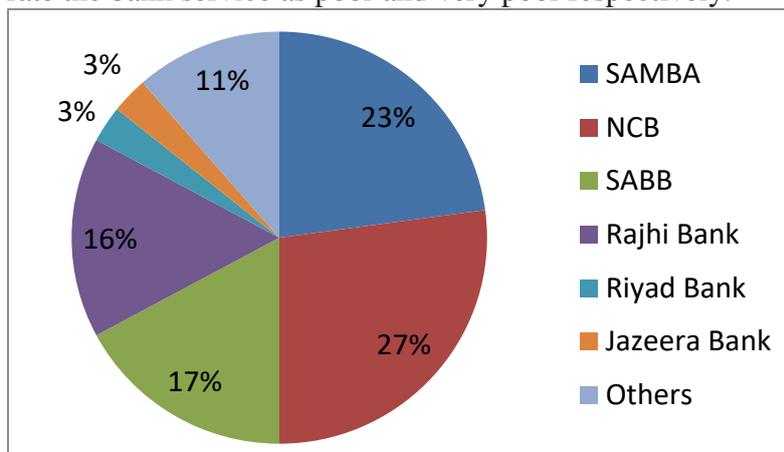


Figure 1: Bank account of the participants

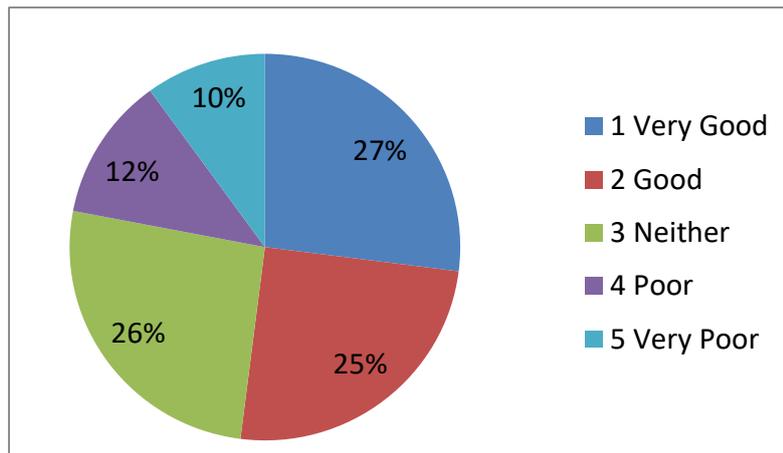


Figure 2: The customer rating of the bank experienced by the participants

Fig. 3 shows the participant’s frequency of using e-banking service. The majority participants 30% and 28% of the participants use several times in a month and several times in a week respectively. There are 3%, 9% and 17% % of the participants use the e-banking every day, once a week and once a month respectively. About 13% of the participants never use e-banking

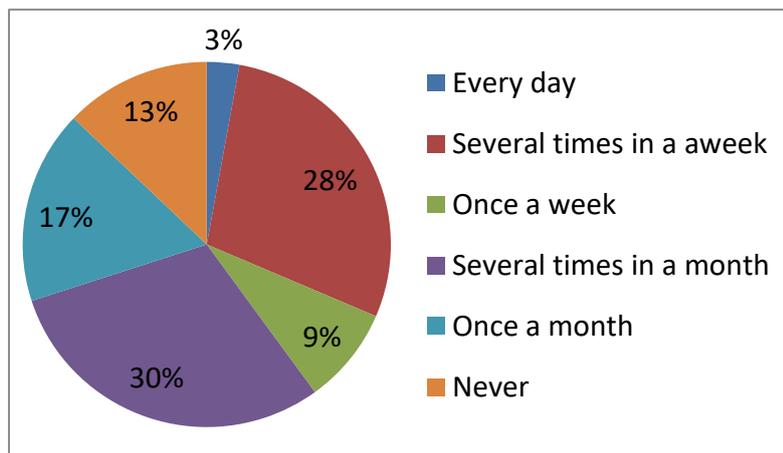


Figure 3: The frequency of using e-banking service

Fig. 4 shows majority 57% of the participants used e-banking because of ease using banking service from home, 23% of the participant claims they are recommended by friend or family. There is 16% of the participant using e-banking because of the bank reputation and only 4% of the participant claims for other reasons

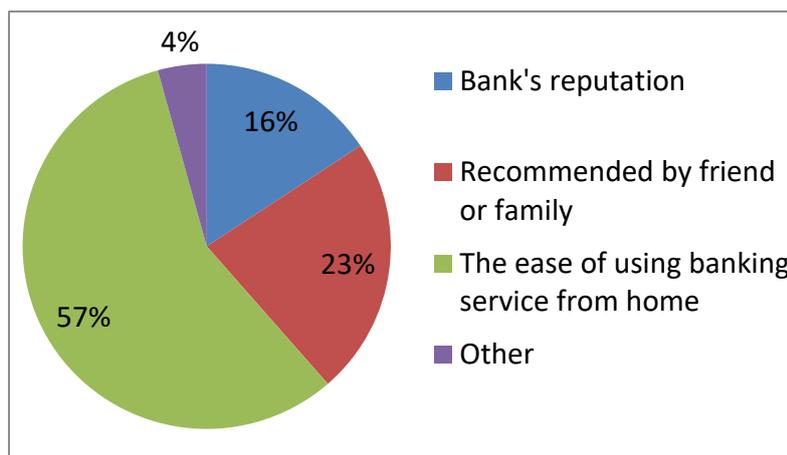


Figure 4: Reason of using e-banking

Fig. 5 shows the rating of different e-banking services. It showed that majority of the participants about 81% believed that bank transfer in Saudi Arabia is very good and about 53% of the participants consider the international bank transfer is good. Almost 85% of the participants believed paying bills service is very good and none of them claim for poor quality. There is nearly 50% opinion regarding website security as good and very good. The website appearance was mostly seen as good and very good. The website is user friendly and good.

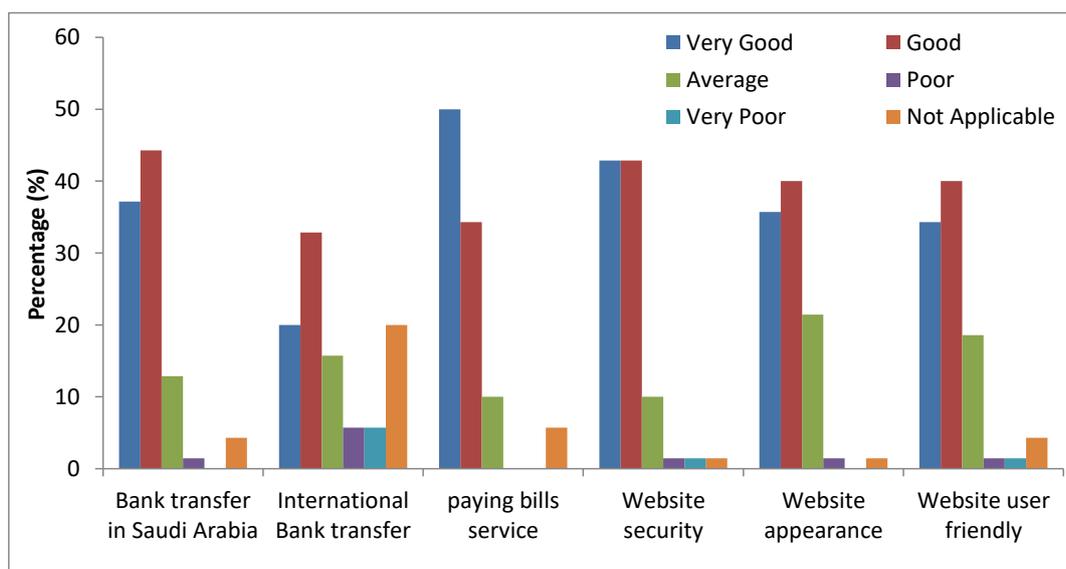


Figure 5: The rating for e-banking service

Fig. 6 shows 35% of the participants claims the security concerns prevent from using e-banking once in a while and 26% of the participants claim security concerns never prevent them from using e-banking. While, there are 19%, 11% and 9% claim the security concerns prevent from using e-banking about half a time, most of the time and always respectively.

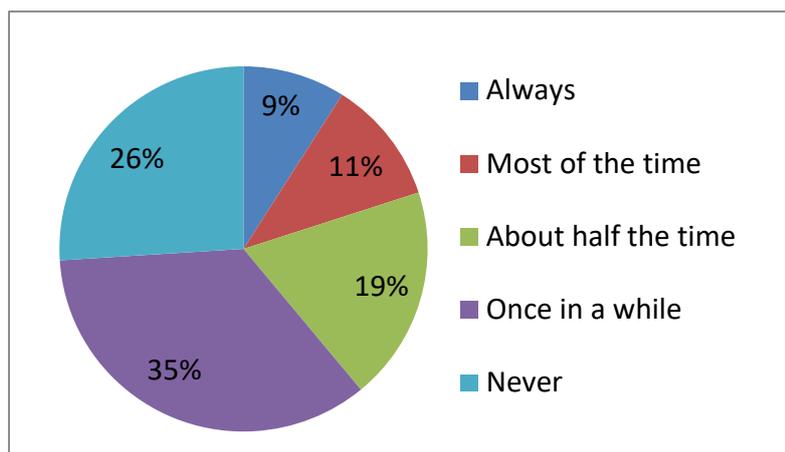


Figure 6: The frequency of the security concerns prevent from using e-banking

Fig. 7. shows the factors of online e-banking assure the online security. About 30%, 12% and 9% of the participants claim for bank's reputation, website user friendly and Saudi regulations on online security respectively. The factor of bank's customer service and website security guarantee displayed on the website mark the same percentage which is 23% each.

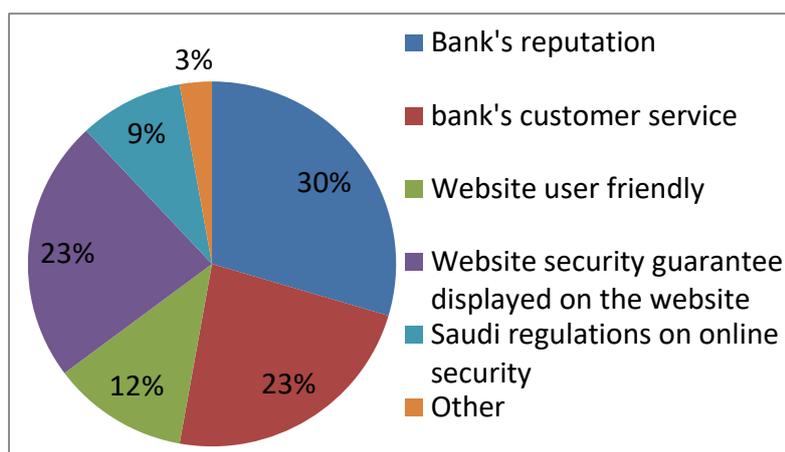


Figure 7: The factors of online e-banking assures the online security

This study evaluates the consumer trust in e-banking in Saudi Arabia. In the past decade, the e-banking concept has risen in Saudi Arabia due to the advancement in technology and greater accessibility to the good quality internet. This has allowed people of all ages, whether male or female use the service.

Saudi Arabia has been increase in the usage of e-banking in the country. This can also be seen in the small sample size taken that indeed majority of the people were using e-banking few times a week to several times in the month. When asked the reason for using the e-banking. Most had replied that it was due to the ease of doing banking transactions and recommended by friends and family. This clearly showed that family and friends play an integral role making the consumer decision. The ease to access banking facilities from the comfort of one's home has motivated many to use the service.

The consumer trust in Saudi Arabia's e-banking is very high. One can clearly see that most people do not have issues with the trust at all as such does not stop many from conducting their banking activities online. When asked for the reasons for the consumer trust, there were different factors pointed out. Firstly, was the bank's reputation, this had been stressed in the literature review that indeed the organization's trust plays an integral part in building the trust of the employee. Furthermore, the customer service also is important as one relies on the organization's consumer service. Therefore, there is a trust level that has been developed due to these two factors prior to using the e-banking service.

In addition, the web security assurance given on the website also builds the consumer trust. This has become a norm in many international website which protect the consumers from any kind of theft online through international protection companies. This information on the website assures and reaffirms the consumers' trust levels. Other factors such as Saudi regulations on online services and the website user friendly were not as important as other factors. This showed that the people did not have trust in the Saudi authority's regulations and the format of the website did not make much difference to building the trust of the people.

CONCLUSION

This study was conducted to evaluate the consumer trust level and factors in the e-banking in Saudi Arabia. The e-banking services in Saudi Arabia have been increasing at a fast pace where the finding shows that indeed majority of the people are using e-banking service many times during the month. The customers are satisfied by the different online services as most customers rated all of the services very good or good. Furthermore, the customer trust level is high in the online services. This is primarily due to the organization's goal or the customer service provided by the bank. This clearly showing us that indeed the organization attributes play an important role in developing the customer trust. Other external and internal factors do not make such difference.

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