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Factors Influencing the Adoption of Electronic Banking in Jordan

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ABSTRACT

Background: Utilizing information technology has enlarged rapidly lately and develops a main support of establishing and sustaining businesses, mainly the banking business. Electronic banking services propose clients and banks many advantages. Electronic banking have been broadly adopted and used in advanced countries **Objective:** To identify the factors that affect customers' acceptance of electronic banking. **Results:** The research provide that the perceived importance of the critical factors was correlated through The Effort expectancy, convenience, accessibility quick service delivery, security, privacy, trust, content, design and simplicity of the banking website as well as anxiety, lack of reliability, fees and charges and E-service quality. The results demonstrate that three of the critical factors were necessary (security, Trust, Privacy) through customer intentions to adopt an E-banking system. **Conclusion:** The aim of this study is to management an examination into the basic elements influencing the behavioral intention to adopt of electronic banking service in the Jordanian Banks, The Effort expectancy, convenience, accessibility quick service delivery, security, privacy, trust, content, design and simplicity of the banking website as well as anxiety, lack of reliability, fees and charges and E-service quality have a directly impact on the behavioural intention to adopt electronic banking services.

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INTRODUCTION

Banks are significant in every state and have an important effect in sustaining economic growth over efficient financial services. They offer a automatic system to group protecting and change them into investment. For over a period, banks have been adopted by changes linked with globalization and monetary liberalization. Responding to these revolutions, banks increase the select of services intended to the clienteles and enlarge their dependence upon technology (Al-Smadi and Al-Wabel, 2011).

In this paper we define EBS as the customer's capability to access their bank accounts and whole all their banking businesses over bank websites without necessity for a physical presence at banks. In Jordan, the year of 2000 was the initial idea of IBS (Awamleh *et al*., 2003).

Internet banking is named transactional electronic banking, because it contains different services such as opening accounts, examination accounts, checking account balances, repaying mortgage, paying invoices, transmission of cash and other services (Al Sukkar and Hasan, 2005).

According to yearly governmental information in Jordan (Ministry of Information and Communications Technology 2011; Telecommunications Regulatory Commission 2011, 2012), 55.9% of Jordanians people had internet linking at that period. Due to this transmission of the internet in Jordan, the acceptance and practice of e-services would raise substantially. Nevertheless, the practice of e-services was very low; the modern

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governmental report in Jordan presented that only 3.6 % of Jordanians usage EBS (Department of Statistics 2009).

Electronic banking is a term that used for execution transactions, payments etc. upon the Internet across a bank, credit union or structure people secure website. This agrees clients to do their financial transactions outside of bank times and from anywhere where Internet entrance is available. In very cases a web browser is used and any usual Internet linking is suitable. No specific software or hardware is regularly needed. Really online banking involved several technology such as telephone banking (cable phone , cellular phone), direct invoice payment; electronic cash transfer (EFT), and electronic banking. There are five primary services for electronic banking concurring to Chou and Chou (2000)

1- Opinion account balance with operation history.
2- Paying invoice.
3- Transmitting funds among accounts.
4- Demand credit card increase.
5- Checking check

Extra facilities such as start account, credit and extractions, scale and fees, security. Among another things, banks need understand who specifically adopting business technology and why. A main benefit for the bank is cost investments because its usage inexpensive delivery system and decrease number of service work; and, for the customer, a primary advantage is with personality -service (Bruno *et al*., 2003).

Benefit of Online Banking:

(Tuchila, 2000) classified the benefit of running electronic banking in term of bank and client, respectively, which it displays in (Table 1) under.

Operational electronic banking	Advantage
Bank	Enhanced market appearance. - Decrease business cost. - Quick answer to the marketplace changes - Enlarged market penetration - Promote /Sell latest product
Customer	Decrease cost in opening and consuming the bank service -Increase ease and time saving(operation can be ended 24 hours a day) - Hurry of transaction - Enhance management of funds

Electronic Banking in Jordan:

Electronic banking services started in Jordan in 2000, where banks sense that is very vital significant tool to improve its competitive advantage and compete other banks locally and globally.

Arab bank in Jordan is the first Jordanian bank started this service in May 2000. Then, many banks in Jordan must presented Internet banking, such as, The Housing Bank for Trade and Finance, Jordan Kuwait Bank, Cairo Amman Bank and HSBC bank. Since that time, banks managements known that by internet banks will produce diverse advantages to their clients such as reduction delaying time, mistakes, prices and growth customer satisfaction.

According to the Central Bank of Jordan (2006), there are 23 banks in Jordan -15 commercial banks (of which five are foreign bank branches), 6 investment banks and 2 Islamic banks- most of these banks has its websites

The banks in Jordan are now proposing just limited span of electronic services. Therefore, bank clients still want to visit the banks.

Based on previous studies, a number of variables thought to be impacting the process of adoption of E-Banking. These variables are as follows:

1- Security, Trust and Privacy:

By way of several bank account containers are worried with the risk related with Electronic Banking businesses, the perceived lack of financial and non-financial safety is certainly a hesitant block (Jun *et al*., 2004). Monetary safety is about transmission financial information electronic (e.g. an account number, account statement, transfers, etc.), whereas non-financial safety is associated principally primarily to presenting individual information (e.g. e-mail, telephone number, etc.). Security is defined as the vindication of information against casual or worldwide innovation to illegal persons, or illegal changes or damage (Mirza *et al*., 2009). Furthermore, bank account containers often fear that their individual news might be leaked to unauthorized groups by the internet (Davis, 1993; Dumortier and Goemans, 2001; Miyazaki and Fernandez, 2001). Clients are additionally worried about the trust capability of the electronic bank's privacy strategies (Gerrrard and Cunningham, 2003). Other studies display that security and privacy are related with trust in the sense that trust is often implore by the academia to synchronize the issues of security, privacy, fulfillment and confidence (Lynch and Lundguist, 1996). Indeed, numerous empirical studies have found that trust constitutes a major critical factor influencing the success of E-Banking because uncertainties often surround banking transactions over the internet (Zhang and Tang, 2006; Chellappa, 2000; Gerrard Cunningham, 2003).

2-Convenience, Accessibility and Quick E-Service Delivery:

Electronic banking offers three major benefits: convenience (Meuter *et al*., 2002), speedy service

(Karjaluoto, *et al*., 2002), and accessibility (Al-alak and Alnawas, 2010), likened to habitual trade banking services. Indeed, the rationale behind the establishment of E-bank Services in the first place is to allow bank account holders to conduct transactions with higher degree of convenience and speed, and to access internet banking services at all times and places. Apart from that, the availability of computers is apparent as a ration of relative advantage (Delvin, 1995; Ainscough and Luckett, 1996; Daniel, 1999; Black *et al*., 2001; Polatoglu and Ekin, 2001; Suganthi, *et al*., 2001; Gerrard and Cunningham, 2003). Clearly, both bankers and customers would be pleased with a service delivery that is convenient, quick and easily reachable.

3- Content, Design and Simplicity of the Banking Web Site:

According to (Laukkanen *et al*., 2008) consumer resistance to internet banking, especially among those who are not fully familiar with the world of internet, is mainly attributed to technical issues such as design, content and complexity not only of the web site but also the ways and means of using the site itself. Another study shows that sophisticated web site design and crowded content discourage customers from using the web site and benefit from it (Pikkarainen *et al*., 2006). Earlier studies on internet banking show that the complexity or poorness of the web site design and content might deter visitors from using the services provided via such web sites (Gerrard and Cunningham, 2003; Howcroft *et al*., 2002; Black *et al*., 2002). Simplicity is defined as the betterment of tools that enables the provider of services to deliver the benefit that satisfies an unspoken consumer's need by inserting better pictures and finding better ways of sharing to their potential customers (Piew *et al*., 2010). (Lau, 2007) suggests that in order for a web site to be truly appealing and attractive to customers, it should be designed in such a way as to deliver the maximum benefits as perceived by end-users themselves.

4-Anxiety and Reliability:

A study by (Laukkanen *et al*., 2008) discoveries that mental aspects such as anxiety, prior beliefs, traditions and image are even better sources of resistance to electronic banking Services than other elements. The term anxiety is most frequently used to illustrate disagreeable emotional national which described via tension and apprehensive (Abu Shanab *et al*., 2008). The anxiety encourages clients to avoid condition that create anxious moods Reliability means the degree to which a customer considers that he or she can depend on the Electronic banking service offered and sense satisfied with it (Lee and Lin, 2005). In this feel, together reliability and anxiety might be stared as concepts affecting the intention to use electronic banking services (Quan and Jianxin, 2010; Piew *et al*., 2010; Al-alak, 2004).

5-Fees and Charges:

It has been empirically discovered that clients will be more possible to agree to take new technologies if the benefits gained from the use of such technologies surpass the expenses sustained (Davis, 1989). Cost reserves have facilitated internet-based banking to offer electronic banking facilities at less or no service payments, and to propose higher interest rates on interest-bearing financial records than traditional banks (Poon, 2008; Gerlanch, 2000; Jun and Cai, 2001). Other studies (e.g. Howcroft *et al*., 2002; Karjaluoto, 2002; Karjaluoto, *et al*., 2002; Poon, 2008; Gerrard *et al*., 2006; Kuisma *et al*., 2007; Laukkanen *et al*., 2008) explore that even though electronic banking consumers mostly identify that the service payments are acceptable, for specific non-adopters the relative benefit of electronic banking may be reduced due to the fact that a countless transaction of expenses will be suffered in purchasing a computer and receiving electronic , when the expenses might surpass the benefits.

6-Demographic Characteristics: Gender, Age, Income, and Education:

Study in the subject of electronic banking proposes that demographic features such as gender, age, income and education). Influence the intention to use certain electronic banking services. Wilson (2000) shows that little income customers would be fewer likely to pay for a monthly fee to promise to an electronic service, and would be fewer probable to have internal computer. previous study reported that boys were shifted likely to accept or adopt electronic Banking (Al-Qisi, 2009). Though, other investigators arise that level of learning is element qualified of influencing the intention to use electronic banking services (Sathye, 1999; Matilla *et al*., 2003; Laforet and Lee, 2005; Polatoglu and Ekin, 2001; Akinci *et al*., 2004; Eriksson *et al*., 2005; Wan *et al*., 2005; Jaruwachirathanakul and Fink, 2005).

As the core objective of the recent report is to explore the elements affecting the adoption electronic banking via bank account containers in Jordan, it is anticipated that the favorable effect of some elements as effort expectancy, convenience, accessibility, quick service delivery, security, privacy, trust and anxiety, lack of reliability, fees and charges, content, design, simplicity and demographic characteristics, on clients' intention to use electronic bank statement would also determine acceptance performance, i.e. intention to use would be positively connected with acceptance performance.

7-Behavioral Intention:

Behavioral intention to accept electronic banking services procedures a client's related to power of intention to achieve a behavior (Fishbein and Ajzen, 1975). It is an index of a human's motivation to achieve exact performance.

Performance intention is considered as the previous of real performance.

8-Actual Usage:

(Davis, 1985) suggested that system employ is an answer that be clarified by client motivation which in turn is immediately affected by outside variables containing of the real system characteristics and abilities. Davis considered that the real usage of a system is a behavior. Actual use of behavioral usage is usually deliberate via total of time using, rate of use, real amount of usage and variety of usage.

Limitations of Traditional Banking Systems in the Context Of Online Payments:

Three elements are activating the growth of electronic payment systems:

1- Decreased operational and banking processing prices, rising electronic commerce and reducing the prices of technology, (Kalakota and Whinston, 1997).

2-Decrease of budgets is one of the main causes for research and advance of Electronic banking.

3- The vital stimulus for ecommerce and electronic business is to offer an extra efficient service, mainly in terms of costs. In this light, paying electronic with traditional payment systems such as credit cards is rather paradoxical, assumed that credit cards are one of the best costly of all obtainable normal payment means for together end consumers and retailers, overcome maybe only by paper checks, (Lietaer, 2002; Laudon and Traver, 2002).

Numerous limitations of traditional banking systems in the context of e-commerce can be defined. Current banking systems are insufficient for trade client digital business from the subsequent next views:

Lack of usability:

Current banking systems for the Internet need from the end user to offer a huge quantity of information, or create costs by complicated detailed web site borders. E.g. credit card payments through a web site are not the simple method to fee, such as these need entering general quantities of individual files and communication details in a web form, (Kalakota and Whinston, 1997)

Lack of security:

Current banking systems for the Internet are an comfortable aim for theft money and individual information. Clients have to offer credit card or payment account parts and other personal information electronic. This detail is occasionally conveyed in an un- safe way, (Kalakota and Whinston, 1997). In repetition this occurs even in spite of outline of safe businesses devices, such as Secured Socket Layer. Offering these features via mail or over the phone also entails safety risks, (Guttmann, 2003; Laudon and Traver, 2002).

Lack of trust:

Consumers head for not to trust existing systems with the lengthy history of cheat , misapply or low reliability, as well as novel systems without created favorable reputation. In the current situation, money harm by clients is quite potential when using current payment systems, such as credit cards, for Internet payments. Possible clients often mention this risk as the main aim why they do not trust electronic services and thus do not create Internet procurements (Lietaer, 2002).

Conclusion:

The aim of this study is to management an examination into the basic elements influencing the behavioral intention to adopt of electronic banking service in the Jordanian Banks, The Effort expectancy, convenience, accessibility quick service delivery, security, privacy, trust, content, design and simplicity of the banking website as well as anxiety, lack of reliability, fees and charges and E-service quality have a directly impact on the behavioral intention to adopt electronic banking services .

Recommendations for Future Research:

Understanding the impact of familiarity with the technology and user experience and competence would be of value in this context. There are opportunities for further research in this area to make several extensions of this study. First, how service quality create e-loyalty or e-trust for the customers. Second, extended research to cover other neighbor's countries to make it wider spread. Other viable prospects for further research, to measure the infrastructure of technology and see how the infrastructure can contribute in online bank industry to be successfully in term of, service quality and technology to present a good service for customers.

In order, to increase the level of satisfaction and adoption for customers in this industry follow these recommendations:

1. Banks need to tell their customers about its security policy over all accessible media such as their Websites or newsletters.
2. Banks need to study exercise and education plans that will support users and non-adopters, in specific, overcome the complexity of consuming electronic banking.
3. Banks must build an awareness campaign of security sides of their electronic services to Support the usage on electronic banking.

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