Factors Affecting Customers’ Adoption of E-Banking Services in Jordan

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ABSTRACT

This study aimed to identify and analyze factors affecting customers’ adoption of E-Banking services in Jordan. The study sample was 450 E-banking services users, who have been chosen from nine main banks selected by the researchers. The study concluded that there was a significant effect of (E-Service Quality, E-Perceived Usefulness, E-Security, E-Reliability) on the adoption of E-Banking services. E-Service quality was the most effecting factor on customers’ adoption of E-Banking services, while E-Security was the least influential factor. The study proved the existence of the effect of the following E-Service quality dimensions: E-Ease of Use, E-Privacy, E-Efficiency, E-Design and E-Cost Effectiveness and denied the existence of the effect of E-Responsiveness on customers’ adoption of E-banking services.

KEYWORDS

Customers’ Adoption, E-Banking Services, E-Service Quality, Jordan

1. INTRODUCTION

The banking industry is considered one of the leading and principal financial and economic sectors in the Hashemite Kingdom of Jordan; it has been undergoing a rapid transformation where almost all banks have adopted advanced information and communication technology as a mean of enhancing service quality. It is argued that Jordanian banks are trying to distinguish themselves in a fiercely competitive industry which has lead to the necessity to adopt the E-Banking services and urge customers to use it in order to keep up with modern improvements. Recognizing the growing popularity of E-Banking worldwide, a number of studies have looked at how various factors influence customers’ adoption decisions. Certain studies have been made by department of statistics in Jordan and others all have showed that only 2-3.5% of the total of population is E-Banking service users (Al-Majali, 2011); which at the discretion of the researchers, defines the major problem that, there is still a lack of accepting the use of bank services over the internet. Despite the importance of E-Banking, fewer studies have focused on customers’ adoption of its services especially in Jordan. Since many customers have not yet embraced it, this study will be conducted to shed light on the major factors (E-Service quality, E-Perceived usefulness, E-Security and E-Reliability) and examine the extent to which they may affect the adoption of E-Banking services which may be considered as aspects of improving the banking sector.
2. LITERATURE REVIEW

2.1. Factors that Drive E-Banking Services Adoption

The need to understand what factors are affecting the adoption of internet banking is important for banks’ managers, internet service providers, and researchers. Internet banking adoption has gained special attention in academic studies during the past years to investigate factors that drive E-Banking services adoption (Davis et al., 1989). E-Service quality in web-based services had an important role in building overall customer trust for service provider. It follows then that the customer’s experiences with E-Banking may have an influence on changing their expectations and perceptions of traditional banking services (Mittal and Gera, 2012).

2.2. E-Service Quality

According to Parasuraman et al. (2005) E-Service quality is defined broadly to encompass all phases of a customer’s interactions with a Web site. Zeithaml et al. (2000) developed E-SERVQUAL for measuring e service quality, and indentified seven dimensions of service quality: efficiency, reliability, fulfillment, privacy, responsiveness, compensation and contract. Zeithaml et al. (2000; 2002) and Parasuraman et al. (2005) carry out a study on E-Service quality based on earlier research on service quality in the traditional distribution channels, and develop an ESQUAL scale; the ESQUAL scale comprises 11 dimensions in eservice quality, and later into a seven dimensions scale. The seven dimensions are split into two separated scales the core dimensions (E-Efficiency, E-System availability, E-Fulfillment, and E-Privacy), and the recovery dimensions (responsiveness, compensation, and contact). In this study, we developed an E-Service quality dimensions scale that includes: (E-Responsiveness, E-Ease of use, E-Privacy, E-Efficiency, E-Design, E-Cost effectiveness) as the measurement variables of customers’ adoption of E-Banking services, based on the previous mentioned studies.

2.2.1. E-Responsiveness

E-Responsiveness is an essential ingredient for bank to attract more customers and to have an enduring long success. Problem handling, recovery of the problem, prompt service, timeliness service, helping nature, employee courtesy, recovery of PIN, password and money losses all are concepts that clarify the meaning of E-Responsiveness, and the availability of alternative communication channels (Lee & Allaway, 2002; Yang & Peterson, 2004). E-Responsiveness relates to flexibility, prompt delivery, consistency and accuracy of service delivered (Swaid and Wigand, 2009). As a result, it refers to effective handling of problems and returns via the Internet. In E-Banking services, company’s prompt service to customers via the Internet can make customers feel more comfortable during the use of this service without interruption (Tan et al., 2010).

2.2.2. E-Ease of Use

Rogers (1995) has noted that understanding the technology leads to adaptation of innovative service/product by customers is known as E-Ease of use; in his study, he affirmed perceived E-Ease of use as a term that represents the degree to which an innovation is perceived not to be difficult to understand, learn or operate, he further stated that perceived E-Ease of use is the degree to which consumers perceive a new product or service as better than its substitutes. Similarly; (Zeithaml et al., 2002) stated that the degree to which an innovation is easy to understand or use could be considered as perceived E-Ease of use; ease of reading and understanding the concepts on the website and having an intuitive operation system that is easy to operate and navigate are important for customers to adopt
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