Chapter XIV

Adoption and Implementation Obstacles of E-Banking Services: An Empirical Investigation of the Omani Banking Industry

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Abstract

All forms of business organizations are being drawn into e-commerce and e-business. Electronic commerce is a powerful new way of conducting business and one that has presented many opportunities for enterprises and consumers. Yet, despite its many advantages there is evidence that it has not been adopted in full and has not reached its full potential. The global nature of e-Business provides developing countries with a unique opportunity in market places that were beyond their reach. It has the potential to reduce physical trade obstacles, increase market access and trade efficiency that can provide a competitive stimulus for local entrepreneurs and organizations in developing...
countries. Interests in e-commerce and electronic markets have been largely been focused on North America and Europe, and yet there are many interesting developments happening in some of the developing countries which have received little attention. This study aims to address these issues. This research chapter explored the potential impeding factors that could inhibit the wide adoption and use of electronic commerce applications in the Omani banking industry. Data were collected using a survey questionnaire complemented with using semi-structured interviews, and review of internal banking documents. The participants in the study were IS executives and managers. The results provide a pragmatic picture on the adoption and use of e-commerce applications in this country’s core sector. One of the major inhibiting factors in this study is the lack of top management support. Top management perspectives and attitudes toward e-commerce adoption and use play an important role in developing internal IS/IT competencies and success. Information privacy and security issues were identified as serious inhibiting factors on the successful adoption and use of electronic banking applications in the financial sector. Other factors such as power relationships (e.g., conflict between managers that arise during the process of IS/IT adoption), and lack of investment in e-commerce applications were found less significant as inhibiting factors. Although this is a context specific research, the findings should be relevant to other businesses in Arab countries in particular and developing countries in general when contemplating their e-commerce strategies.

Introduction

E-business is a new way of doing business that involves connectivity, transparency, sharing, and integration. It requires the integration and alignment of business processes, technology, and people with a continuously evolving e-business strategy (Helmi, 2002). E-business involves fundamentally rethinking the business model to transform an organization into a digitally networked enterprise. Electronic commerce is a new way of conducting business that brings innovation in every part of the industrial value chain (Kalakota & Whinston, 1996).

The World Wide Web (WWW), the first and current networked global implementation of a hypermedia computer-mediated environment (CME), is increasingly being recognized as an important emerging commercial medium and marketing environment (Hoffman & Novak, 1997). The convergence of technological, economic, and organizational forces is resulting in the widespread use of e-commerce. Technologically, the power of desktop systems, networking infrastructures (Internet, intranet, and extranet), data warehouses, and the browser technologies are enabling organizations to use World Wide Web for true corporate-wide information processing (Lack, 2000).

The global nature of e-business provides developing countries with a unique opportunity in market places that were beyond their reach. It has the potential to reduce physical trade obstacles, increase market access and trade efficiency that can provide a competitive stimulus for local entrepreneurs and organizations in developing countries. Banks in the Arab Gulf region in general have been quite slow to launch e-banking services.