Customers’ Perceptions towards
Online Banking Services in Malta

by

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A dissertation submitted to the Faculty of Economics, Management
and Accountancy in partial fulfillment of the requirements of the
Degree of Bachelor of Commerce (Honours) in Banking and Finance
at the University of Malta.

May 2016
Statement of Authenticity

I, the undersigned, declare that unless otherwise stated, this dissertation entitled:

‘Customers Perceptions towards Online Banking Services in Malta’,

is my own original work. Any part of this dissertation that is not the result of my own personal research has been cited accordingly.

________________________
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Abstract

The way technology and the internet have developed in recent years has changed the approach taken by many organisations in order to operate and conduct their business. This is without any doubt the case with banking institutions, and one very important element which evolved as a result of technology and innovation is online or internet banking. Local banks in Malta have adapted to this new way of conducting business in order to stay in line with competition, but also due to the number of added benefits that are associated with such a system. Apart from the service provider, the ultimate end user of internet banking gains from various advantages as well.

The aim of this dissertation is to find out what has affected customers, or is still affecting them today, in starting to use online banking services or otherwise. Ultimately, and vitally for banking institutions, customers’ perceptions on what they would like to change or add in relation to internet banking will help the local banks in Malta to better understand what their clients want and to try and satisfy their needs when possible.

The methodology of this research is quantitative as it involves a questionnaire with a number of questions which vary from close-ended to open-ended and which was distributed mainly through the internet.

According to this study the percentage of internet banking users in Malta is very high, however there are still those that believe that the traditional way of doing banking is more appropriate for their needs and thus it is important to understand exactly what the wants of these non-users of online banking are. The obtained results suggest that the main factors that both users and non-users of internet banking would like to change or add include: the fees and/or the transfer charges between one bank and the other, a more user friendly system and/or more knowledge about the service, and increased safety and security.

Recommendations both from the customers’ and the researcher’s point of view were given for local banks in Malta in order to be able to improve their online banking services.

Keywords: Online banking, Internet banking, Maltese banks
To my daughter and best friend,

Chalize
Acknowledgements

I would like to express my sincere appreciation to all those people who in some way or another contributed to the completion of this dissertation.

First of all, I would like to convey my deepest gratitude to my tutor Dr. Robert M. Suban, MA (Bruges) PhD Finance (Manchester Business School), for his assistance and constant feedback throughout this research. Without his professional guidance the completion of this dissertation would not have been possible.

Also, I would like to acknowledge and thank all the respondents of my questionnaire, whose involvement in my research enabled my study to be possible and representative.

Eventually, I take this opportunity to thank my boyfriend Jesmar, my family and my close friends for their endless patience, support and encouragement not only during this dissertation but throughout my whole course of study.
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List of Abbreviations

TRA   Theory of Reasoned Action
TAM   Technology Acceptance Model
TPB   Theory of Planned Behaviour
PEOU  Perceived Ease of Use
PU    Perceived Usefulness
PBC   Perceived Behavioural Control
NSO   National Statistics Office
Chapter 1: Introduction

1.1 General Overview

There is no doubt that the further we go into the future, the more important the internet is becoming in almost everyone’s lives. Due to this rapid growth in technology, and in order to remain competitive in relation to their rivals, banks have altered the way in which they operate and deliver services to their customers.

Online banking services, or more commonly known as internet banking, have become increasingly significant. As a result, and to stay in line with competition, Malta has adapted to these modern ways of doing business. In doing so, Maltese banks take advantage of various factors, two of which are efficiency and profitability.

In Malta, there are a total of about twenty eight banks which are members of the Malta Bankers’ Association (Maltabankers.org, n.d.), however the majority of these banks do not provide internet banking services to their clients. Some banking institutions in Malta that do offer online banking services to their customers include Bank of Valletta, HSBC, APS Bank, Banif Bank and Lombard Bank.

1.2 What is Internet Banking?

Online banking allows its user to perform a number of banking activities, which are usually conducted through a local branch, at the comfort of one’s choice by using the internet. Internet banking is a more commonly used phrase for online banking and throughout the remaining of this dissertation these two terms have the same meaning and are thus used interchangeably.
Some of the services which are made available to customers by most of the online banking providers include: viewing account balances and transaction histories, making mobile top ups, transferring money between accounts, paying third parties and bills, as well as opening accounts and ordering cheque books. Using internet banking suggests that anyone can carry out the above mentioned transactions and more whenever he/she needs to from anywhere that has an internet connection, irrelevant or whether it is a computer or a mobile phone.

Most of the banks that offer online banking services are traditional banks which also have a number of branches dispersed around a particular country or even overseas. However, there are also some banks which do not have a physical presence but operate only through the internet.

This new way of conducting business is beneficial to both the service provider and the customer alike, and that explains why a lot of banks try to encourage this idea of using internet banking among their customers rather than visiting a physical branch to conduct some basic transactions that can be easily performed at the comfort of the user.

1.3 Research Question and Objectives

My research question is ‘Customers’ perceptions towards online banking services in Malta’, and the purpose of this dissertation is to find out what factors have affected customers in the past, or are still affecting them today, in using internet banking services or otherwise. Ultimately I plan to discover what customers are expecting from banks in the future in relation to online banking, and these expectations can then be recommended to the various local banks in Malta for them to analyse and address when possible. This is important because what customers perceive as good quality will transform in satisfaction, and consequently in trust and loyalty.
1.4 Outline of the Dissertation

Chapter 2 follows the introduction and is an in-depth review of the current theories and literature available on the subject. This chapter also includes a brief history of online banking and a number of benefits and limitations of internet banking.

Chapter 3 is the methodology chapter, describing and explaining how I am conducting my research and the reasons of why I am doing it in this way. This chapter discusses the research approach, the type of sampling used together with the sample size, the primary and secondary data types used in this research, as well as the limitations of the methodology and some ethical considerations which were taken into account.

The main objective of the analysis and results chapter, which is chapter 4 of this dissertation, is to analyse all the questions asked in the distributed questionnaires together with the answers obtained. In addition, the main findings of my research were compared to the literature found in chapter 2 in order to see whether the former are consistent with the latter.

Lastly, chapter 5 in an overall conclusion to this research, summarising the results presented in the preceding chapter and providing some recommendations related to online banking which local banks in Malta could take into consideration in the near future. Furthermore, in this chapter is also included the research limitations and a few suggestions of topics related to my subject which could be examined in any possible future research.
Chapter 2: Literature Review

2.1 Introduction

The purpose of the literature review is to try to understand what other researchers have studied and found in relation to the subject that you are undertaking. By critically analysing the area that you are investigating, you will be able to know where data and theory is pointing to, and this will help you to understand what the results from your research should include and look like. In addition, you can take benefit from the strengths that are pointed out in previous works, while trying to avoid any potential weaknesses that others have faced. This chapter is in fact divided into six sections, each one exploring a different aspect related to online banking.

Section 2.2 provides a brief history of online banking in general, while section 2.3 focuses on the main existing theories related to online banking. Section 2.4 outlines a number of benefits and limitations of online banking, both from the bank’s and the customer’s point of view. Additionally, section 2.5 investigates the empirical research currently available on customers’ perceptions towards online banking services. Lastly, section 2.6 is a conclusion to this chapter, which will link the literature review with the methodology chapter.

2.2 History of Online Banking

In today’s world, where technology plays such an important role, and where customers’ preferences continue to shift to online banking, it is not easy to imagine a time when all banking transactions, even a simple account transfer, had to be conducted through a brick and mortar building. In addition, although online banking has been around since the early 1980s (Woods, 2014), to carry out a transaction was not as easy as one might think.
According to Woods (2014), when in the late 1980s online banking gained popularity, to access one’s bank account through a landline telephone required the use of a keyboard, a terminal and a computer monitor. In America, the first place to test this new way of doing business was New York City in 1981 (Woods, 2014). However, customers did not really like this home banking access at the time and was only accepted in the mid of 1990s, when in 1994 Stanford Federal Credit Union in the US made internet banking available to all of their customers (Woods, 2014).

There are a number of reasons why banks’ customers were not comfortable in testing this new way of conducting business, perhaps the most important one being trust. Some were not sure how to use this innovative system and others were not willing to invest the required time needed for start-up. Nonetheless, e-commerce became more popular and by the year 2000 eighty percent of the banks in the US were offering these online banking services (Woods, 2014).

Nowadays, banks can operate more efficiently and effectively by decreasing overhead costs. Online banking has today become so common such that there are quite a number of banks that operate only through the internet. Three examples of such banks, also known as direct banks, include Ally Bank, ING Direct, and PerkStreet (Griffith, 2011). These banks are in a position to offer better rates when compared to those of their competitors, and thus benefit from higher profit margins.

### 2.3 Existing Theories about Online Banking

In the existing literature there are three main theories related to online banking: the theory of reasoned action (TRA), the technology acceptance model (TAM) and the theory of planned behaviour (TPB). According to Sadeghi and Farokhian (2011, p.4491), “these models follow the attitude-behavior paradigm that suggests that actual behavior is declared through intention
toward the behavior. Intention is influenced by attitude and subsequently salient beliefs influence attitude”.

2.3.1 Theory of Reasoned Action (TRA)

Theory has been used by many researchers in the field of technology adoption. As can be seen in figure 2.1, the TRA believes that there are two factors that will influence an individual in trying, and eventually adopting, an innovation. These are an individual’s attitude towards the behaviour and subjective norms. The attitude towards carrying out the behaviour is the result of the person’s beliefs. During his lifetime an individual accumulates beliefs which are formed from personal experiences and from information given by other people. However, not all of these beliefs will have an impact on attitude and only those beliefs which will influence the individual’s performance matter. On the other hand, subjective norms are the beliefs of what other people will think about the behaviour (Sadeghi and Farokhian, 2011). Alternatively, subjective norms include the social pressure that an individual feels to perform or otherwise the behaviour.

**Figure 2.1: Theory of Reasoned Action (TRA) Model**

![Diagram of TRA model]

*Source: Author’s diagram*

2.3.2 Technology Acceptance Model (TAM)

TAM was introduced as an extension to the TRA, however with a higher emphasis on computer use and information technology. Thus the objective of the technology acceptance model is to
determine the factors underlying the computer acceptance capabilities. Sadeghi and Farokhian (2011, p.4492) state that “TAM adapted the TRA model to the domain of user acceptance of information technology, replacing the TRA model’s attitudinal determinants with two beliefs; perceived usefulness and perceived ease of use”. As stated by these authors the two main elements in this theory are perceived ease of use (PEOU) and perceived usefulness (PU). The former is the extent to which an individual believes that adopting a particular system would be done without any effort, while the latter is the extent to which an individual believes that adopting a particular system will improve his or her performance (Sadeghi and Farokhian, 2011). Various external variables depending on the particular context will influence the PEOU and the PU. Two of these external variables include computer anxiety and experience. A graphical representation of the TAM is found in figure 2.2.

**Figure 2.2: Technology Acceptance Model (TAM)**

Source: Author’s diagram

### 2.3.3 Theory of Planned Behaviour (TPB)

Just like TAM, TPB is an adaption of the TRA which explains further computer use behaviour. “TPB is an attitude–intention–behavior model, which posits that an individual’s behavior is determined by perceived behavioral control and intention” (Sadeghi and Farokhian, 2011, p.4491). Figure 2.3 depicts the TPB model and shows that intention to perform is determined by attitudes towards the act, subjective norms and perceived behavioural control (PBC). Attitudes and subjective norms have already been defined in sub-section 2.3.1, while PBC is an
individual’s perception of whether he or she has enough resources to perform the behaviour (Sadeghi and Farokhian, 2011).

**Figure 2.3: Theory of Planned Behaviour (TPB) Model**

```
<table>
<thead>
<tr>
<th>Attitude</th>
<th>Intention to perform the behaviour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subjective norms</td>
<td>Actual behaviour</td>
</tr>
<tr>
<td>Perceived behavioural control</td>
<td></td>
</tr>
</tbody>
</table>
```

*Source: Author’s diagram*

As can be seen from figure 2.3, this section tries to explain the role of the behavioural adoption theories in online banking services by examining the factors which influence the adoption of internet banking.

### 2.4 Benefits and Limitations of Online Banking

When searching the literature for benefits and limitations of online banking one can find a lot of data. However, due to the restricted number of words, this section will only outline the main advantages and disadvantages of internet banking.

#### 2.4.1 Benefits of Online Banking

Starting with the benefits, the online banking’s main advantage is its ability to reduce costs for the banks. “It has been estimated that banks can save around 50% on the cost of transactions
through the use of on-line banking" (Teach-ict.com, n.d.). In return, this allows banks to offer better rates to their customers in terms of charging lower interest rates on loans and paying higher rates of interests on savings (Michael, n.d.).

For customers, perhaps more importantly than attractive rates, is the convenience factor. Customers find internet banking inviting primarily because online banking can be conducted 24 hours a day, 7 days a week, from the comfort of anywhere that has an internet connection. Young (2014) also states that “the capacity to pay most or all of your bills online is something that we just cannot live without”. Another influence of online banking use for customers is the ease of use in setting up and using internet banking.

2.4.2 Limitations of Online Banking

The two major limitations of online banking which apply to both banks and customers alike are security and the reduced relationship between banks and customers. The most influential aspect is security, which is the major inhibitor for customers in using internet banking. Hacker attacks and fraud are obstacles which banks have to constantly try to overcome in order to assure customers that their personal details are protected. Also, when using online banking, the opportunity for a relationship between the bank and the customer to be developed is lost.

An additional disadvantage for banks is the fact that specialised web developers have to be employed to take care of the site and to make sure that to the maximum extent possible it always functions in the way that it should be.

For customers, another disadvantage is related to transaction issues, such as the case when some aspects of banking cannot be performed from behind a monitor, example depositing cash. Also, in order to make use of internet banking one must have an internet access and be mobile or computer literate.
2.5 Empirical research on customers’ perceptions towards online banking services

Keeping the customer satisfied is probably the major goal of any company. This particularly applies to banks since these are service providers, and also because when these financial institutions succeed in keeping their customers happy, they will not only retain their existing clients but possibly increase their customer base through good word of mouth. In recent years one major weapon which has helped banks in providing this customer satisfaction was online banking. Despite the fact that nowadays a vast number of banks’ customers use internet banking, there are still those that feel reluctant to do so. This section will thus uncover some existing empirical research on customers’ perceptions towards online banking services.

Yoon and Barker Steege (2012) argue that although the number of internet users and the number of benefits associated with online banking has risen, it has not increased by as much as expected. The results obtained by these authors show that there are three main dimensions that influence the use of internet banking. In particular, online banking is positively related to openness and website usability, while negatively related to perceived security concerns. People are more likely to have a positive attitude towards trying new systems, such as online banking, when their score on openness is high. Conversely, individuals whose score on openness is low may form part of those customers who in today’s world still do not make use of internet banking, perhaps because they are not comfortable with trying new things. Also, as the TAM theory states, banks’ customers will use online banking if their perceived usefulness and ease of use with regards to website usability are positive. Lastly, in the context of online banking, security concerns play one of the most important roles because as it will be shown throughout the remaining of this section, security is the major inhibitor of online banking almost everywhere.
Most of the empirical research found on this subject is segmented by country. Since the article that was just discussed does not focus on one particular country, I will present the different arguments that various authors have come up with in their country with relation to this. I am going to mention five researches that reinforce what Yoon and Barker Steege (2012) have found in the former article, some of them also adding more to the three main dimensions explored. Following this I am going to refer to a study conducted locally in Malta, which confirms and further strengthens what these researches will present.

2.5.1 India
Starting with India, Goyal and Goyal (2012) identified two out of the three factors that Yoon and Barker Steege (2012) have worked on, namely openness and security concerns. This study has revealed that “risk perceptions in terms of financial, psychological and safety risks among customers not using the internet was more meaningful than those using internet banking” (Goyal and Goyal, 2012, p.1). Thus individuals are not using their internet banking accounts mainly due to security. The second reason is that they are not willing to try new systems that might in the end prove to be beneficial to them. However, this research focused on the factors that discourage people from using online banking rather than on those factors that affect the customer not only negatively but also positively to make use of internet banking.

2.5.2 Mexico
The last point discussed in the previous sub-section has been overcome in an article dealing with the factors that underlie the adoption of online banking in Mexico, where Mansumitrchai and N. Al-Malkawi (2011) present both sides of the argument. To reinforce what was written before, these authors suggest eight characteristics that can affect customers' perceptions towards online banking and these can be divided into two. The first field includes reasons such as difficulty, compatibility, social influence and computer proficiency, while the second one encompasses trust, security, third party concerns and human contact. These characteristics
resemble the dimensions of website usability and security concerns of Yoon and Barker Steege (2012). This study found that adopters and non-adopters of internet banking differed on only four of these eight attributes of adoption: difficulty, compatibility, trust and human contact. Different banks’ customers, mostly online banking users and non-users, have opposite opinions on the difficulty attribute of using internet banking, on trust and compatibility, and on whether human contact is an essential element for banking services or not.

2.5.3 Pakistan

In addition, also supporting the previous three studies, is a research on Pakistan by Bin Omar et al. (2011). These authors separate the factors that encourage people to use online banking from those that impede individuals from doing so. “Customers prefer internet banking (IB) services over branch banking due to reliability, convenience, speed, safety and security, cost effectiveness, user-friendly, and error free system” (Bin Omar et al., 2011, p.2). On the other hand, security problems, safety and lack of trust, and other problems such as unreliable ATM services, deter customers from using internet banking. A lot of these points are in fact featured in the previous section as benefits and limitations of online banking.

2.5.4 United Kingdom and Mauritius

In the United Kingdom and Mauritius, Mukhtar (2015) and Devi Juwaheer et al. (2012) respectively add more to the findings of the mentioned researches. Apart from the perceived usefulness and security, privacy and trust aspects, these authors reveal that awareness and demographic variables also have an influence on customers when deciding whether to use online banking or not. In the UK “it has been concluded that these respondents might not have enough knowledge to use the internet that creates difficulty for them to use internet banking” (Mukhtar, 2015, p.30), while in Mauritius “the survey results reveal that level of awareness of the concept had an impact on the choice of using internet banking in Mauritius” (Devi Juwaheer et al., 2012, p.220). When it comes to demographic variables, Mukhtar (2015) states that
individuals who are below the age of thirty and who possess higher levels of education are more likely to be attracted to internet banking. Devi Juwaheer et al. (2012) have similar opinions on the education variable but disregard age and give importance to the level of income. In particular, those with higher levels of income are more likely to be drawn to online banking services.

2.5.5 Malta

Locally in Malta, a study conducted by Camilleri, Cortis and Fenech (2014, p.1) focuses on “different aspects which may encourage or inhibit the adoption of internet banking services, and these include cost, security, convenience and having the service recommended by acquaintances”. These authors argue that in the banking industry technology plays a very important role since it reduces costs considerably. They also state that the advantage of accessing internet banking services from the comfort of one’s choice has to be considered with relation to the disadvantages of “reduced face to face interactions and security risks” (Camilleri, Cortis and Fenech, 2014, p.2).

From these studies one can conclude that most of the results obtained in the previous researches on foreign countries seem to apply to Malta as well. In particular, this local study on the Maltese island agrees with the mentioned foreign ones on the aspects of the level of awareness, website usability and on security concerns. In addition, cost reduction, one of the main benefits of online banking, is an influential factor for the adoption of internet banking in Malta.

To conclude this section, it is evident that the major factors that encourage customers to use online banking are the perceived ease of use and the perceived usefulness from using such a service. On the other hand, the main inhibitor is without any doubt security, together with privacy and trust aspects.
2.6 Conclusion

In order to be able to conduct an empirical research, it is crucial to initially grasp a good understanding of the literature available on the subject. The preceding sections in this chapter disclose very useful information about different aspects of customers’ perceptions on online banking services.

In conclusion, there are three main theories on this subject, namely the theory of reasoned action, the technology acceptance model and the theory of planned behaviour. The major benefits of online banking are its ability to reduce costs and the convenience which is associated with such a system, while the limitations attached to internet banking include security and the reduced relationship between banks and customers. When it comes to the empirical research on the subject, there are some significant factors which the mentioned authors in this chapter have found out. Openness and website usability are aspects that will likely encourage customers to adopt online banking, while the loss in human contact and the perceived security concerns are more likely to inhibit the adoption of such a system. The level of awareness and demographic variables are supplementary determinants of the use of online banking.

Keeping the above discussions in mind, it is now possible to move on to the methodology chapter, which will explain how the study is going to be conducted and why.
Chapter 3: Methodology

3.1 Introduction

Research methodology has been defined by Rajasekar et al. (2013, p.5) as “a systematic way to solve a problem. It is a science of studying how research is to be carried out. Essentially, the procedures by which researchers go about their work of describing, explaining and predicting phenomena are called research methodology”. Thus, the aim of the methodology chapter is to gain knowledge by studying the different methods that are available when carrying out your research. As a result, one will then be able to select the most appropriate method according to his type of study. Actually this chapter is divided into seven sections, each one having the purpose of describing and explaining what I am doing, while also giving a justification of why I am conducting my research in this way.

Section 3.2 starts with the research approach, analysing the tool I have chosen to conduct my quantitative study and the justification for this decision. Following this, section 3.3 describes the type of sampling used together with the sample size, while section 3.4 provides the primary and secondary data types used in this research. Moreover, section 3.5 outlines the limitations of the methodology and also the actions that were taken when possible in order to overcome these limitations. Section 3.6 briefly focuses on the ethical considerations, and lastly section 3.7 summarises this chapter and links the methodology chapter with the analysis and results chapter.

3.2 Research Approach

The research approach adopted in a particular study depends on the research question and what the aims of the research are. The purpose of my study is to find out what factors affect
customers in using internet banking services or otherwise. Also, I would like to find out what customers are expecting from banks in the future in relation to online banking. Keeping these two objectives in mind it is easy to see that a quantitative type of research using a research tool that can reach as many participants as possible is the most appropriate.

Quantitative research is a controllable way of finding the opinions of others in order to be able to produce facts about the research. However, for your results to be reliable it is essential that one surveys a large number of people to make sure that the sample is representative of the whole targeted population. When conducting quantitative research one will be in a position to quantify data and also generalise results from the chosen sample to the whole population of interest. These mentioned points are confirmed by Mora (2010), which states that “quantitative research is conclusive in its purpose, as it tries to quantify a problem and understand how prevalent it is by looking for projectable results to a larger population”. Also, according to Urban Wallace Associates (n.d., p.2), “the primary reason for conducting quantitative research is to learn how many people in a population share particular characteristics or like a particular idea. It is specifically designed to produce accurate and reliable measurements that permit statistical analysis”. Considering all these factors one can conclude that quantitative research is relatively the easiest way to find out customers' perceptions towards internet banking in Malta as by selecting the appropriate sample one is then in a position to generalise the results to the whole Maltese population.

In addition, a deductive approach is taken by moving from theory to data to check the validity of the theory and either confirm or reject the hypotheses in hand (Research Methodology, n.d.). This can be visually seen in figure 3.1 below.
Saunders et al. (2007) distinguishes between the inductive and the deductive research approaches and believes that in the latter quantitative data is primarily collected. This further strengthens the choice of using a quantitative approach to collect the data in this research.

With respect to a quantitative research tool that can reach as many participants as possible I have decided to use a questionnaire. This involves coming up with a number of survey questions appropriate for one’s particular study and that will be asked to the respondents of the research. Considering the fact that the higher the number of responses the better, questionnaires are ideal as a relatively easy and cost effective way to collect a lot of data in a reasonable amount of time. Moreover, results can be easily quantified and analysed, especially those questions which are close-ended. Other questions are open-ended in order for the respondent to feel free to express his perceptions in a flexible manner rather than choosing an option from a predetermined set of answers. Furthermore, I have included a likert scale with those questions related to the attitudes of customers towards internet banking. Using this approach respondents choose a number from one to five, one representing total disagreement while five demonstrating total agreement. A copy of the questionnaire that was used in this research is attached in the Appendix.
3.3 Sampling

“Sampling is the process of selecting units (e.g., people, organizations) from a population of interest so that by studying the sample we may fairly generalize our results back to the population from which they were chosen” (Trochim, 2006). There are various sampling methods and while probability or random samples are preferred, at times it is difficult to have access to the whole population, perhaps due to time and money constraints. For the purposes of this research I have used convenience sampling, which is a non-probability sampling technique of collecting data. I have distributed my questionnaires mainly through the internet, where using this approach participants were chosen according to their availability in responding the questionnaire. Although I have also given out some questionnaires by hand, not all the people in the population had an equal chance of being chosen and that is the main disadvantage of not using a random sample.

To find the appropriate sample size for my research I have used Creative Research Systems’ online sample size calculator. I have taken a confidence level of 95%, a confidence interval of 5%, and a population size of 349,666. This latter value was obtained by taking the whole population size of Malta at the end of 2013 (425,384) as given by the National Statistics Office (NSO) in their last demographic review, and subtracting from it the 17.8% of the population which are under the age of 18 (75,718). The sample size needed as obtained through this online calculator was 384 participants. Both from online sources as well as from those given out by hand, I have managed to collect around 560 responses. However, only about 440 of these responses were valid as the others did not answer all the questions, and considering the fact that I had reached the needed sample size, I decided to remove the uncompleted ones from the analysis for better and more accurate results.
3.4 Data Type

In order to be able to achieve the objectives of your research it is essential to obtain data, and there are two main ways in how this data can be collected. In my research I have made use of both the primary and secondary data types.

3.4.1 Primary Data

Primary data involves getting direct information from the subjects which are needed for the purposes of your study. The greatest benefit of this type of data is that the data obtained is specific to your research as you have come up with the questions to be asked to your respondents. In fact my empirical research is mainly based on primary data, which was obtained through the use of the questionnaires circulated primarily through the internet but also given out by hand. Considering this, the cost factor was minimal to printing out the questionnaires which were given out by hand, however it was rather time consuming to get the required number of responses.

3.4.2 Secondary Data

On the other hand, secondary data includes making use of data that has already been collected by others. The biggest advantage of this type of data is that it is very cost and time effective since one is only analysing data which has been gathered by someone else. I have commenced this study by making use of secondary data, which was obtained primarily by searching through past dissertations and the internet. A disadvantage of using secondary data is that the information that is available may not be specific to your research as this data may have been obtained for other purposes.
3.5 Limitations

The major limitations of this study are the restricted time and money constraints that were available to conduct this research. Due to these, the sample size was potentially smaller than the one that could have been achieved if I had more time and money. This is because if more time was available, more participants could have taken part in this research, and also because if I had more resources and funds, I could have distributed the questionnaire to a wider section of the population. Nonetheless, to try and overcome these limitations, I have chosen to reach respondents in a fast and cost-effective way by passing on my questionnaires through the internet and by giving them out by hand. While the internet is free of charge, in the latter, the only costs incurred were those of actually printing out the surveys.

However, this chosen research approach to collecting the data has its drawbacks as well. In particular, since the information is gathered primarily through online methods, one is excluding that part of the population which does not have access to the internet. In fact, that was the main reason why I have decided to give out some questionnaires by hand, to try and reach, even if a small portion, the population which does not make use of the internet. Then again, this may have created the problem of selection bias, which could consequently bias my results, as the chosen subjects to complete the questionnaires which were handed out by hand were selected according to the convenience in reaching these participants, i.e. many of these respondents were family and friends.

Lastly, since the respondents are answering the questions alone, they might not fully understand the questions and/or the answers in the questionnaire, and thus, the obtained results would not be correct. To try and overcome this problem, in the beginning of the questionnaire, I have included my email address and telephone number so that those that encounter any difficulties could contact me on either one of those methods.
3.6 Ethical Considerations

Ethical considerations are essential when conducting any type of research and I have assured that every participant is aware that any information that they submitted in the questionnaire is strictly anonymous, will be treated as confidential and that it will only be used for the purposes of the research. I guaranteed this at the beginning of the questionnaire so that the respondents would feel free to answer the questions in an unbiased way. The participants of this research provided their informed consent by answering the questionnaire in an impartial manner.

3.7 Conclusion

The methodology behind an empirical research describes how the researcher has decided to conduct his study and why. Actually, the preceding sections in this chapter explain and justify how I chose to undertake my research.

To sum up, I have decided to carry out a quantitative type of study using questionnaires since I took a deductive approach in obtaining the relevant data. By means of convenience sampling I distributed my questionnaire, mainly through the internet but also by hand, and tried to obtain as many responses as possible. Also, for the purposes of my research I have made use of both primary and secondary data, using the responses from the questionnaires and other already available information respectively. The major limitations encountered while doing this study were the limited time, the money constraints, the fact that part of the population was excluded from answering the questionnaire, and the fact that respondents may not have fully understood either the question and/or the answer and thus results will be biased. However, in each case I tried to overcome these restrictions in different ways. Lastly, ethical considerations were taken into account and communicated to the participants of this research.
Considering all the above mentioned factors, one can now move on to the analysis and results chapter, where the various sections of the questionnaire together with the questions and their answers will be analysed.
Chapter 4: Analysis and Results

4.1 Introduction

Having understood clearly the methodology behind this research, one can now move on with the analysis of the survey questions and the responses obtained from the circulated questionnaires. The results were extracted from the eSurvey Creator website, which was used to distribute the online questionnaires, and all the figures, graphs, and tables presented in the remaining of this chapter were also generated from the eSurvey Creator website.

The questionnaire used in this study is divided into three major sections, each one dealing with a different aspect of online banking, and for each section questions were analysed on a one by one basis to attain a more consistent presentation of results.

Section 4.2 commences with the analysis of the results of section A of the questionnaire, the latter being the demographic section of the survey. Following this are sections 4.3 and 4.4, analysing the results of sections B and C of the questionnaire respectively. These two sections of the survey include the questions asked and the responses obtained from those who have answered ‘yes’ and ‘no’ correspondingly when asked if they currently use internet banking. Section 4.5 discusses the findings with regards to the literature, and how the former are consistent or otherwise with the latter. Finally, section 4.6 is a conclusion to this chapter, also linking the analysis and results chapter with the conclusions and recommendations chapter.
4.2 Analysing the Results of Section A of the Questionnaire

In section A of the questionnaire the data collected relates to the demographics of the participants. The four questions which were asked in this first section include: gender, age, educational level, and whether the respondent currently uses internet banking or otherwise.

4.2.1 Question 1: Gender of respondents

Figure 4.1: Gender of respondents

Out of the 439 participants, 238 were male while the remaining 201 were female. This means that overall the study is representative because as it can be seen from figure 4.1 above, the difference between the 54.21% of male respondents and the 45.79% of female respondents is not substantial.

It is interesting to note that when I first distributed the questionnaires through various online platforms the female response was much higher than the male one. This may be the case since I have more female relatives and friends which make use of such online sources. However, when I noticed that this factor would have been a limitation to my study as my research would have been biased towards women, I pointed out this factor when sending out the questionnaires and to my advantage results have changed so that at the end the percentage between male and female respondents is almost equal.
4.2.2 Question 2: Age of respondents

Figure 4.2: Age of respondents

I have provided the respondents with five different age groups that they could choose from, starting from 18 to 25 years and finishing with 56 years and over. Figure 4.2 above shows that 44.65%, that is 196 participants, are within the smallest age group of 18 to 25 years old. The second highest percentage was that of the 26 to 35 years age group, with a percentage of 27.79, or 122 respondents. The other three age groups of 36 to 45 years, 46 to 55 years, and 56 years and over have a proportion of 10.71%, 10.93% and 5.92% respectively.

The results obtained in this question were not surprising as it was expected that the response from the younger generation would have been higher. This is mainly the case because of two factors: the fact that I have comparatively young relatives and especially friends which make use of online sources, and the fact that it is more likely for younger generations in general to make use of social media such as Facebook.
4.2.3 Question 3: Educational level of respondents

Figure 4.3: Educational level of respondents

Source: eSurvey Creator

In this question participants had to choose their educational level. From the results obtained it was shown that no respondent had the most basic educational level of primary education. Figure 4.3 above depicts that the highest number of respondents, 154 individuals or 35.08%, have up to an undergraduate level of education. Following this one can then find 136 participants with a tertiary education, 70 respondents with a secondary education and a masters level, while only 9 individuals have a doctoral level of education.

Once again it can be seen that the highest percentage is that of an undergraduate level of education, most probably because a lot of persons that had the possibility to answer the questionnaire are University students like myself. This could in fact be considered as one of the main limitations of my research.
4.2.4 Question 4: Do you currently use internet banking?

Figure 4.4: Do you currently use internet banking?

As it can be seen from figure 4.4 above, at present the percentage of online banking usage stands at 92.48% when compared to the 7.52% which have answered ‘no’ to currently using internet banking. This means that out of the 439 participants, only 33 do not make use of internet banking as the remaining 406 currently use online banking services.

4.3 Analysing the Results of Section B of the Questionnaire

Section B of the questionnaire involves a set of questions which were asked to the participants who have answered ‘yes’ in currently using internet banking. The following is the data collected from the nine questions which were asked in this second section.
4.3.1 Question 1: Which bank/s is/are your internet banking service provider/s?

Figure 4.5: Which bank/s is/are your internet banking service provider/s?

Source: eSurvey Creator

When participants were asked which bank is their internet banking service provider, the results shown in figure 4.5 above were obtained. As it can be seen from the graph, the three most used local banks in Malta in terms of online banking services are Bank of Valletta with 68%, HSBC with 43.1%, and Banif Bank with 8.6%. The majority of the respondents, six out of eight, which chose the 'other' option specified that they use Mediterranean Bank as their internet banking service provider.

These results approximately reflect the relative market share of these banks, and thus the fact that most of the participants of this questionnaire use Bank of Valletta, HSBC, and Banif Bank is not a potential source of bias for the overall results of this study.
4.3.2 Question 2: How long have you been using internet banking?

Figure 4.6: How long have you been using internet banking?

<table>
<thead>
<tr>
<th>Duration</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>3.45%</td>
</tr>
<tr>
<td>Between one year</td>
<td>16.97%</td>
</tr>
<tr>
<td>and three years</td>
<td></td>
</tr>
<tr>
<td>More than three</td>
<td>77.59%</td>
</tr>
<tr>
<td>years</td>
<td></td>
</tr>
</tbody>
</table>

Source: eSurvey Creator

Participants were given three options to choose from, namely less than one year, between one year and three years, and more than three years. The results collected were 14, 77 and 315 responses respectively. This means that internet banking is not considered as something new, and also that once people adopt this new way of doing banking they tend to continue using it in the long run, i.e. for more than three years. This ultimately shows that users are quite satisfied with this service.
4.3.3 Question 3: Who/What affected your choice in starting to use internet banking?

Figure 4.7: Who/What affected your choice in starting to use internet banking?

![Bar Chart Showing Influences]

Source: eSurvey Creator

Figure 4.7 above shows that the main influencer for customers in starting to use internet banking was the service provider, or the bank, itself, with a majority of 67.2%. Family also plays a very important role with a percentage of 26.1%. Following this 8.9% of the respondents have chosen friends, and 5.4% have selected promotions. Among the specified answers of the ‘other’ option, more than half of the participants have mentioned factors such as convenience/flexibility/ease of access, easiness to use, and work related issues. Other answers were that it is a time saver, it is used for personal interest, and to pay or buy online.

The numbers obtained from this question suggest that the service provider of internet banking plays the most important role in persuading customers to start to use this service. Although users of online banking services have a lot to gain from using such a service which is offered by a lot of banks in Malta, ultimately the bank is the body which is most at an advantage as a result of internet banking usage. This is the case since banks benefit from a lot of reduced costs when their customers perform most of their needed tasks from the comfort of their home instead of actually visiting a branch. Reduced costs in terms of personnel will eventually result in more
profits for the bank so it is quite evident as to why service providers do their utmost in influencing people to start to use online banking services.

4.3.4 Question 4: How often do you use internet banking services?

Figure 4.8: How often do you use internet banking services?

More than half of the sample at hand, 226 respondents, use internet banking services weekly. Although the number of individuals who use internet banking on a daily basis is not so high, 57 people, the 55.67% of weekly usage shows that customers are relying on internet banking services as if not weekly they will almost need the service on a monthly basis, another 112 respondents. Only 11 participants feel that they rarely need internet banking.

Source: eSurvey Creator
4.3.5 Question 5: What are the main internet banking services that you use?

Figure 4.9: What are the main internet banking services that you use?

![Bar chart showing the main internet banking services used by respondents.]

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>View account balances</td>
<td>94.3%</td>
</tr>
<tr>
<td>View transaction history</td>
<td>80.8%</td>
</tr>
<tr>
<td>Make mobile top ups</td>
<td>72.4%</td>
</tr>
<tr>
<td>Transfer money between own accounts</td>
<td>72.4%</td>
</tr>
<tr>
<td>Pay third parties</td>
<td>68.0%</td>
</tr>
<tr>
<td>Pay bills</td>
<td>64.2%</td>
</tr>
<tr>
<td>Open accounts</td>
<td>16.8%</td>
</tr>
<tr>
<td>Order cheque books</td>
<td>16.8%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
</tr>
</tbody>
</table>

*Source: eSurvey Creator*

The major internet banking service that 94.3% of this sample make use of is the viewing of their account balances. After this option respondents have chosen transferring money between their own accounts, viewing transaction histories, and paying third parties, with 80.8%, 72.4%, and 58.6% correspondingly.
4.3.6 Question 6: How do you perceive these factors in relation to internet banking?

Table 4.1: How do you perceive these factors in relation to internet banking?

<table>
<thead>
<tr>
<th></th>
<th>1 (Strongly disagree)</th>
<th>2 (Disagree)</th>
<th>3 (Neutral)</th>
<th>4 (Agree)</th>
<th>5 (Strongly agree)</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is easy to use</td>
<td>Σ 12</td>
<td>% 2.96</td>
<td>Σ 3</td>
<td>% 0.74</td>
<td>Σ 23</td>
</tr>
<tr>
<td>It is cost effective</td>
<td>Σ 13</td>
<td>% 3.20</td>
<td>Σ 15</td>
<td>% 3.69</td>
<td>Σ 70</td>
</tr>
<tr>
<td>It is convenient</td>
<td>Σ 10</td>
<td>% 2.46</td>
<td>Σ 1</td>
<td>% 0.25</td>
<td>Σ 8</td>
</tr>
<tr>
<td>It is reliable</td>
<td>Σ 10</td>
<td>% 2.46</td>
<td>Σ 3</td>
<td>% 0.74</td>
<td>Σ 40</td>
</tr>
<tr>
<td>It is useful</td>
<td>Σ 8</td>
<td>% 1.98</td>
<td>Σ 3</td>
<td>% 0.74</td>
<td>Σ 4</td>
</tr>
<tr>
<td>Human contact is not ...</td>
<td>Σ 17</td>
<td>% 4.19</td>
<td>Σ 36</td>
<td>% 8.87</td>
<td>Σ 97</td>
</tr>
<tr>
<td>Safety and security ar...</td>
<td>Σ 7</td>
<td>% 1.72</td>
<td>Σ 6</td>
<td>% 1.48</td>
<td>Σ 50</td>
</tr>
</tbody>
</table>

Source: eSurvey Creator

From table 4.1 above, one can see that the three factors in relation to internet banking which participants of this survey perceive in a very positive manner include: it is convenient, it is useful, and it is easy to use. This was concluded since these factors have the highest arithmetic averages of 4.61, 4.55, and 4.27 respectively, and as a result these mean that respondents are more on the agree side of the likert scale. On the other hand, the three factors which respondents of this questionnaire are quite skeptical about are: human contact is not essential, it is cost effective, and safety and security are satisfactory, with arithmetic averages of 3.74, 4.05, and 4.16 correspondingly. Although these values are still not on the disagree side of the scale, when compared to the numbers of the first three above mentioned factors one can notice that there is a difference between the extent of how much participants agree to the statement.
4.3.7 Question 7: What factor/s would you like internet banking service providers to change/add?

In this open-ended question participants were asked what they would like their internet banking service provider to change or to add. The fact that almost half of the respondents, 46.17%, said that they would like to change or add nothing, or that this question was not applicable to them, shows that overall almost the majority of this sample are happy with the current way that this service is being given by banks.

A factor which was pointed out by 7.41% of the sample was the fees and/or the transfer charges between one bank and the other. Some customers believe that by using internet banking they are reducing various costs for the bank and therefore this service should be made free of charge as an incentive for them to use it more.

Additionally, 5.93% of the respondents mentioned that the system could be more user friendly and/or easier, while another 1.73% added that there should be more knowledge about the service and/or videos on how to use the service. Also with respect to these factors, 2.96% of the participants stated that online customer service could be better and/or that live chats with customer care representatives should be made available. All these three factors could help those customers who feel reluctant to use the service mainly because they feel that it is too difficult or complicated to do so.

Other factors which were pointed out by more than ten individuals were that safety and security could be increased, transactions should be made in real time, and that more options or services, such as the ability to close an account, should be made available to online banking customer users.
4.3.8 Question 8: Would you recommend internet banking services to others?

Out of the 495 responses, only 5 participants stated that they would not recommend internet banking services to others, meaning that the other 490 respondents would in actual fact recommend this service to other people.

When asked to justify their choice, those that answered ‘no’ to the question gave reasons such as it is expensive, it involves too much hassle and that it is not suitable for quick transfers. On the contrary, the three most mentioned reasons for answering ‘yes’ to the question were convenience, the fact that it is fast and/or saves time, and the fact that it is easy to use. These responses make up to almost 80% of all the answers so these factors could be considered as the reasons why people use internet banking services. Other popular responses were efficiency and effectiveness, safety and security, and the fact that internet banking is useful and/or helpful, and reliable.

4.3.9 Question 9: Do you intend to keep on using internet banking in the near future?

98.45% of the sample at hand intend to keep on using internet banking in the near future. This means that less than 2% of the respondents do not intend to keep on using online banking services. This could be considered as a very positive factor because as long as the service remains constant, the majority of customers will continue using it.

Once again, when respondents specified the reason why they intend to do so they listed the same factors as the ones they stated in the previous question. Thus, convenience, time saving, and easiness to use can be considered as the three main reasons why customers use online banking services. Apart from the other factors which were already mentioned in the preceding question, participants have here added that they intend to keep on using internet banking in the
near future to check accounts’ information or balances, to transfer money between their own accounts, and to pay bills and third parties and receive payments.

### 4.4 Analysing the Results of Section C of the Questionnaire

Section C of the questionnaire involves a set of questions which were asked to the participants who have answered ‘no’ in currently using internet banking. The following is the data collected from the five questions which were asked in this third section.

#### 4.4.1 Question 1: What is/are the main reason/s for not using internet banking?

![Figure 4.10: What is/are the main reason/s for not using internet banking?](image)

*Source: eSurvey Creator*

As per figure 4.10 it can be concluded that the main reason for not using internet banking is the satisfaction with the traditional branch banking services, which accounts for 47.1% of the whole sample. Moreover, there is the lack of knowledge about internet banking services with 23.5%. The difficulty to use and the lack of safety and security follow, with 11.8% each. Apart from the reasons that can be seen in figure 4.10 above, participants have also mentioned that they either
have no need for it, they have no interest in checking it out, or otherwise they have no chance to go to the bank.

Almost half of the sample at hand do not make use of internet banking because they are satisfied with the traditional branch banking services, and to a certain degree this is a positive factor for the bank as that means that the employees working at the branch are doing their job properly. However, the bank can try to attract more customers in using their internet banking services by taking into consideration the other mentioned factors which hinder customers in changing their current and traditional way of doing banking. If for example we take the second most selected reason, the lack of knowledge about internet banking services, the bank can try to give more information about the service and in this way the percentage of internet banking users may possibly increase.

4.4.2 Question 2: How do you perceive these factors in relation to internet banking?

Table 4.2: How do you perceive these factors in relation to internet banking?

<table>
<thead>
<tr>
<th>Factor</th>
<th>1 (Strongly disagree)</th>
<th>2 (Disagree)</th>
<th>3 (Neutral)</th>
<th>4 (Agree)</th>
<th>5 (Strongly agree)</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is easy to use</td>
<td>2x 5.88</td>
<td>5x 14.71</td>
<td>11x 32.35</td>
<td>13x 38.24</td>
<td>3x 8.82</td>
</tr>
<tr>
<td>It is cost effective</td>
<td>3x 9.09</td>
<td>5x 15.15</td>
<td>9x 27.27</td>
<td>12x 36.36</td>
<td>4x 12.12</td>
</tr>
<tr>
<td>It is convenient</td>
<td>- -</td>
<td>1x 3.03</td>
<td>8x 24.24</td>
<td>10x 30.30</td>
<td>14x 42.42</td>
</tr>
<tr>
<td>It is reliable</td>
<td>- -</td>
<td>4x 12.12</td>
<td>13x 39.39</td>
<td>9x 27.27</td>
<td>7x 21.21</td>
</tr>
<tr>
<td>It is useful</td>
<td>1x 3.03</td>
<td>- -</td>
<td>7x 21.21</td>
<td>15x 45.43</td>
<td>10x 30.30</td>
</tr>
<tr>
<td>Human contact is not important</td>
<td>3x 9.09</td>
<td>8x 24.24</td>
<td>11x 33.33</td>
<td>9x 27.27</td>
<td>2x 6.06</td>
</tr>
<tr>
<td>Safety and security are not adequate</td>
<td>4x 12.12</td>
<td>3x 9.09</td>
<td>11x 33.33</td>
<td>11x 33.33</td>
<td>4x 12.12</td>
</tr>
</tbody>
</table>

Source: eSurvey Creator
Opposite to the results which were obtained when these same factors were presented to the participants who make use of internet banking, in this case the arithmetic averages are smaller in value.

This time, the three factors in relation to internet banking which respondents of this questionnaire perceive in quite a negative manner involve: human contact is not essential, safety and security are satisfactory, and it is cost effective. This was concluded since these factors have the lowest arithmetic averages of 2.97, 3.24, and 3.27 correspondingly, and thus are closer to the disagree side of the likert scale. Conversely, the three factors which participants of this survey have a positive attitude towards include: it is convenient, it is useful, and it is reliable, with arithmetic averages of 4.12, 4.00, and 3.58 respectively. Although these values fall on the agree side of the scale, when compared to the those obtained from internet banking users one can notice that there is a difference between the extent of how much participants agree on the statement.

The above findings postulate that whether customers make use of internet banking or otherwise, they still agree on factors such as internet banking is convenient and that human contact is essential. The only difference between the two groups is the degree to how much they agree on such statements, meaning that those who make use of online banking services are more likely to have a positive attitude towards the statements when compared to those who have never tried such services.
4.4.3 Question 3: Who/What can affect your choice in starting to use internet banking?

Figure 4.11: Who/What can affect your choice in starting to use internet banking?

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family</td>
<td>55.9%</td>
</tr>
<tr>
<td>Friends</td>
<td>52.9%</td>
</tr>
<tr>
<td>Service provider (the bank)</td>
<td>30.1%</td>
</tr>
<tr>
<td>Promotions</td>
<td>19.1%</td>
</tr>
<tr>
<td>Other</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

*Source: eSurvey Creator*

As per figure 4.11 above, family with 55.9% and the service provider (the bank) with 52.9%, play a very important role in changing the decision of participants in starting to use internet banking. The bank should take the fact that it is one of the main influencers on customers in order to increase the number of internet banking users. Since promotions also affect the participants’ choices, the bank could use advertising to achieve its objectives related to online banking.

4.4.4 Question 4: What can internet banking service providers change/add in order for you to reconsider your decision?

51.43% of the respondents feel that if instructions on how to use the service and/or more guidelines and information were available, which can be communicated through the appropriate marketing in order for the service to become more easy to use, they would reconsider their decision.
An additional 20% pointed out that the fees and the charges from one bank to the other should be reduced, some even pointed out that the service should be free.

Other participants stated that in order for them to reconsider their decision they needed to be able to apply for the service online, or that safety and security should be increased.

4.4.5 Question 5: Do you consider starting using internet banking in the near future?

When asked if they would consider starting using internet banking in the near future only 18 out of 30 participants answered ‘yes’. Some of the most common reasons for this decision were convenience, usefulness, efficiency, time saving and cost effectiveness. 2 of the responses chose ‘no’ because they believe that it is better to go to a branch as they are afraid of doing something wrong. The remaining 10 individuals decided that they were ‘not sure’ as they were happy with using the traditional services such as bank branches and ATMs. An additional point was that it depends on whether they will need the service in the future or not.

4.5 Findings versus the Literature

Most of the benefits and limitations of online banking which were previously mentioned in the literature review have been pointed out by the respondents of the distributed questionnaires themselves. Some of the advantages include: the convenience factor, the capacity to pay bills online, and the ease of use in setting up and using internet banking. The listed disadvantages are: security factors, the reduced relationship between the bank and the customer, and the need to be computer literate.

Comparing the findings of this survey with Yoon and Barker Steege’s (2012) study, the main study which was already presented in the literature review, one can notice similarities as well as
differences in the results obtained. From this research I can conclude that just like Yoon and Barker Steege (2012) believe, customers make use of online banking services when they think that the perceived usefulness and ease of use in using this system are positive. On the other hand, although security concerns play an important role, from the findings of my study I can say that safety and security were not one of the most important factors which influenced respondents in their decisions.

In India, Goyal and Goyal (2012, p.1) revealed that “risk perceptions in terms of financial, psychological and safety risks among customers not using the internet was more meaningful than those using internet banking”. From the results obtained in this survey I can agree with this statement because as one could notice from the questions involving the likert scale, when comparing the values of the arithmetic averages of those not using internet banking with those that make use of online banking services, these values were smaller, implying a more negative impression of this service.

In their research on Mexico, Mansumitrchai and N. Al-Malkawi (2011) believe that online banking users and non-users have opposite opinions on the difficulty attribute of using internet banking and on whether human contact is an essential element for banking services or not. The findings of my study suggest that there is in fact a difference in the way that users and non-users perceive the difficulty attribute which is associated with internet banking, however when it comes to human contact both users and non-users of online banking services feel that this factor is essential for conducting business and thus is one of the inhibitors of using internet banking.

Another study conducted by Mukhtar (2015) in the United Kingdom deals with the level of awareness and the demographic variables. In particular, “it has been concluded that these respondents might not have enough knowledge to use the internet that creates difficulty for
them to use internet banking” (Mukhtar, 2015, p.30). This was in reality one of the major inhibitors of using online banking services.

4.6 Conclusion

The analysis and results chapter involves the examination of each survey question and the responses obtained through the distributed questionnaires. Having analysed separately each question of the questionnaire together with its answers one can now move on to the conclusions and recommendations chapter where a summary of the main findings of the research and some recommendations which local banks could take into consideration are presented.
Chapter 5: Conclusion and Recommendations

5.1 Introduction

The last chapter of this research is an overall conclusion to my study with the main focus being on section 5.2 below, a summary of the results presented in the previous chapter and also some recommendations related to online banking which local banks could take into consideration in the near future. Following this, section 5.3 lists the research limitations, which although were present in my study and may have thus affected the ultimate end results, were accounted for in the final analysis of the findings. Section 5.4 includes a few suggestions of topics related to my subject which could be examined in any possible future research, and finally section 5.5 is a conclusion to this chapter.

5.2 Summary of the Results and Recommendations

When it comes to internet banking users it is important to note than almost half of the participants of this survey are satisfied with the service currently offered by the major banks in Malta. Nonetheless, other everyday online banking services consumers and even non-internet banking users have suggested some factors which they would like to see changed and/or added by their local internet banking service providers.

From the previous chapter is has been seen that one of the major above mentioned factors was the fees and/or the transfer charges between one bank and the other. Although the majority of the respondents believe that there should be no charges whatsoever as the bank is ultimately gaining when customers use internet banking, banks could at least consider reducing these stated costs in order for users and non-users to have an incentive to either start to use this service in the first place or else to use it more frequently.
Another important aspect which internet banking service providers should take into account includes a more user friendly system and/or the fact that more knowledge about the service should be given to its users and most importantly to its non-users who find it difficult to use internet banking mainly because of lack of knowledge about the service. Some respondents of this survey have in fact suggested that there should be videos serving as tutorials on how to use the service. In addition, customer service in relation to online banking could be improved by, for example, introducing live chats between customer care representatives and internet banking clients.

Additionally, but not to the great extent which I expected prior to conducting the research, a number of participants have also mentioned safety and security. If it is not possible for banks to further increase their safety and security measures, they could guarantee internet banking users that they can be almost sure that they are secure from any type of fraud or hacking.

Since the suggestions and recommendations presented in this section were given after analysing the main findings of the research and what customers want, or to some extent expect, from their internet banking service providers, it is empirical to see that the banks in Malta which provide online banking services to their clients should take these above mentioned considerations into account if they would like to see their number of internet banking users to increase.

5.3 Research Limitations

The first research limitation which I encountered in the beginning of this study was when I was reviewing the literature review. This is the case since empirical research has to be recent due to the rapid changes in the subject. As a result I could not include some of the researches that I
found interesting as these were relatively out dated when compared to the more recent studies which I discussed in the literature review chapter.

As already mentioned in the methodology chapter, the restricted time and money constraints have limited the actual number of responses that I could have achieved if the situation was otherwise. In addition, not all the population had a chance to answer the questionnaire since these were distributed mainly through the internet. This could have thus resulted in the findings not being representative of the whole population since most of the respondents are potentially young students like myself.

Furthermore, in this research only customers’ perspectives were examined when in actual fact it could have been ideal to also attain what banks have to say in relation to this subject. Consequently, if I had more time I would have interviewed at least the two main banks in Malta, namely Bank of Valletta and HSBC Bank Malta plc, to also analyse the banks’ point of view.

5.4 Suggestions for Future Research

Online banking is a very vast subject which could be tackled from different viewpoints. The main aim of my research was to find out what factors have affected customers in the past, or are still affecting them today, in using internet banking services or otherwise. Moreover, I tried to discover what customers are expecting from banks in the future in relation to online banking. However, there are other topics which could be conducted in the future and the following is a list of studies that could be used as potential future researches:

- Distributing the survey through other methods rather than almost relying solely on internet sources. Two of the methods that could be used are; sending the questionnaires by post in order to reach a much wider area of the whole population, and
handing out the questionnaire in banks’ branches in order to obtain a better view of what are most likely to be non-users of internet banking.

- As already mentioned in the preceding section, interviews with local banks that offer online banking services could be conducted to get their first hand perception in relation to, for example, what kind of internet banking related complaints they mostly get.

- Also, a comparison between the various Maltese banks that offer internet banking can be conducted to get an idea of which local bank is the preferred one between customers and why.

5.5 Conclusion

From the results obtained in this study one can conclude that more than 90% of the respondents make use of online banking services in their day to day tasks. Almost 99% of this number would recommend internet banking services to others and that plays a very important role when considering the fact that almost three quarters of the non-users of internet banking stated that they could change their decision to start to use this service if suggested by family or friends. However, since almost half of the non-internet banking users do not make use of this service because they are satisfied with the traditional branch banking services, it is essential for the service provider to make sure that customers are aware of the various benefits which are associated with online banking services and which can eventually outweigh the traditional way of doing banking.
References and Bibliography


Appendix

Dear respondent,

I am a 4th year student reading for a Bachelor of Commerce in Banking and Finance (Honours) at the University of Malta. As part of my last year of studies I am required to write a dissertation, and I have decided to do my research on customers' perceptions towards online banking services in Malta.

In relation to this, I have created a short questionnaire which I would really appreciate if you could take some of your time to answer. This should not take more than 10 minutes and I would like you to answer the questionnaire by 13th March. Both users and non-users of internet banking are in a position to complete this questionnaire according to which category they fall into.

I would like to point out that participation in this survey is strictly anonymous and that data collected will be treated confidentially and will be solely used for the purposes of this research.

Should you require further information about the research or the questionnaire, you can contact the author below on e-mail donnapace16@yahoo.com or on mobile 79391394.

One can access the above mentioned questionnaire through this link: <https://www.esurveycreator.com/s/2cba2f2>.

Thank you for your time,

Donna Pace
Section A

1. Gender *(tick one)*
   - Male
   - Female

2. Age *(tick one)*
   - 18 - 25 years
   - 26 - 35 years
   - 36 - 45 years
   - 46 - 55 years
   - 56 years and over

3. Educational level *(tick one)*
   - Primary
   - Secondary
   - Tertiary
   - Undergraduate level
   - Masters level
   - Doctoral level

4. Do you currently use internet banking? *(tick one)*
   - Yes *(please proceed to Section B)*
   - No *(please proceed to Section C)*

Section B - If you answered ‘yes’ to Question 4 in Section A

1. Which bank/s is/are your internet banking service provider/s? *(tick one or more)*
   - Bank of Valletta
   - HSBC
APS Bank
☐ Banif Bank
☐ Lombard Bank
☐ Other *(please specify)* __________________________

2. How long have you been using internet banking? *(tick one)*
   - Less than one year
   - Between one year and three years
   - More than three years

3. Who/What affected your choice in starting to use internet banking? *(tick one or more)*
   - Family
   - Friends
   - Service provider (the bank)
   - Promotions
   - Other *(please specify)* __________________________

4. How often do you use internet banking services? *(tick one)*
   - Daily
   - Weekly
   - Monthly
   - Rarely

5. What are the main internet banking services that you use? *(tick one or more)*
   - View account balances
   - View transaction history
   - Make mobile top ups
   - Transfer money between own accounts
   - Pay third parties
   - Pay bills
☐ Open accounts
☐ Order cheque books
☐ Other (please specify) ____________________________

6. How do you perceive these factors in relation to internet banking? *(write a number from 1 to 5, 1 being strongly disagree and 5 being strongly agree)*

- It is easy to use
- It is cost effective
- It is convenient
- It is reliable
- It is useful
- Human contact is not essential
- Safety and security are satisfactory

7. What factor/s would you like internet banking service providers to change/add? *(please specify)*

____________________________________________________________________
____________________________________________________________________

8. Would you recommend internet banking services to others? *(answer one)*

- If yes, please specify why
  _____________________________________________________________________
  _____________________________________________________________________

- If no, please specify why
  _____________________________________________________________________
  _____________________________________________________________________
9. Do you intend to keep on using internet banking in the near future? *(answer one)*
   - If yes, please specify why
     _________________________________________________________________
     _________________________________________________________________
   - If no, please specify why
     _________________________________________________________________
     _________________________________________________________________
   - If not sure, please specify why
     _________________________________________________________________
     _________________________________________________________________

Section C - If you answered ‘no’ to Question 4 in Section A

1. What is/are the main reason/s for not using internet banking? *(tick one or more)*
   - Satisfaction with the traditional branch banking services
   - Lack of knowledge about internet banking services
   - Costs
   - Difficulty to use
   - Unreliability
   - Lack of human contact
   - Lack of safety and security
   - Other *(please specify)* ______________________

2. How do you perceive these factors in relation to internet banking? *(write a number from 1 to 5, 1 being strongly disagree and 5 being strongly agree)*
   - It is easy to use
   - It is cost effective
   - It is convenient
• It is reliable
• It is useful
• Human contact is not essential
• Safety and security are satisfactory

3. Who/What can affect your choice in starting to use internet banking? (tick one or more)
   □ Family
   □ Friends
   □ Service provider (the bank)
   □ Promotions
   □ Other (please specify) __________________________

4. What can internet banking service providers change/add in order for you to reconsider your decision? (please specify)
   __________________________________________________
   __________________________________________________

5. Do you consider starting using internet banking in the near future? (answer one)
   • If yes, please specify why
     __________________________________________________
     __________________________________________________
   • If no, please specify why
     __________________________________________________
     __________________________________________________
   • If not sure, please specify why
     __________________________________________________
     __________________________________________________

Thank you for your participation!