FACTORS AFFECTING THE ADOPTION OF INTERNET BANKING BY DIVERSE ORGANIZATIONAL EMPLOYEES IN NAIROBI COUNTY

BY

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UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

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A Research Project Report Submitted to the Chandaria School of Business in partial fulfilment of the Requirement for the Degree of Master of Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA

SUMMER 2019
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University - Africa in Nairobi for academic credit.

Signed: ____________________________  Date: ______________________

Sandra Kasiva Musila (ID 642945)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ____________________________  Date: ______________________

Dr. Paul Katuse

Signed: ____________________________  Date: ______________________

Dean, Chandaria School of Business
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ABSTRACT

The purpose of the study was to establish the factors that influence adoption of internet banking among diverse organizational employees who have accounts with commercial banks in Nairobi County, Kenya. The specific objectives for this study were to investigate the relationship between Perceived Ease of Use to adoption of internet banking, to investigate the relationship between Perceived Usefulness to adoption of internet banking and to investigate the relationship between perceived risk to adoption of internet banking.

This research utilized Davis (1989) Technology Acceptance Model (TAM) as a guide in the study, with a focus on Perceived Usefulness, Perceived Ease of Use and perceived risk to understand adoption of internet banking by diverse organizational employees in Nairobi county. The research was a descriptive study in which data collection was conducted through questionnaires via e-mail and physical questionnaires. The questionnaires were distributed across a random sample of 110 employed young professionals based on a religious group, Young Catholic Adults, Nairobi County. Only 105 respondents completed the questionnaires hence a response rate of 95% was achieved. In this study, the purposive sampling was best suited as the population elements were easily accessible to the researcher. In addition, they are key in using/influencing the adoption of Internet Banking in their places of work as millennials (born between 1981-1996) who are tech savvy. Statistical Packages for Social Sciences (SPSS) version 24 software was used for analysis though descriptive and inferential statistical measures to understand the various factors that affect the adoption of internet banking.

The first objective sought to find out the relationship between Perceived Usefulness to adoption of internet banking. The results from a Pearson correlation analysis, 0.356, indicated that there is a weak, positive relationship between adoption of internet banking and Perceived Usefulness. This demonstrates that Perceived Usefulness affects adoption of internet banking. The second objective sought to establish the relationship between Perceived Ease of Use to adoption of internet banking. Based on the Pearson correlation analysis conducted, the result, 0.545, indicated that there is a strong, positive relationship between adoption of internet banking and Perceived Ease of Use. This demonstrates that Perceived Ease of Use affects adoption of internet banking. The last objective sought to investigate the relationship between perceived risk to adoption of internet banking. Results from the Pearson correlation conducted, 0.155, indicated that there is no relationship between perceived risk and adoption of internet banking.
This is an indication that perceived risk does not affect adoption of internet banking based on this study.

With reference to Perceived Usefulness, it was concluded that customers value a product more when their personal needs are met to their expectation. Drawing more productivity by use of internet banking with regards to efficiency and saving on time is a significant factor to consider when adopting internet banking based. Regarding Perceived Ease of Use, the end user’s understanding of a technology and their computer self-efficacy significantly influence their intention to adopt internet banking. The more a user understands the technology and how it operates, the easier it will seem to use and eventually adopt.

As much as there was no relationship found between perceived risk and adoption of internet banking according to this study, it was evident that financial risk, performance risk, security risk and privacy were significant aspects of risk that consumers would raise when interacting with a platform that offers financial services due to potential loss of funds. Financial institutions need to focus on these while pushing for adoption of technology based financial services and/or products.

The study recommends financial institutions to raise awareness on value and the robustness technology provides through internet banking since a high level of productivity and efficiency is drawn from use of technology. Continuous improvement of internet banking platforms with regards to developing platforms that mirror transactions conducted via the physical branch will enhance adoption. Similarly, constant education and sensitization on simplicity and ease of use of internet banking will translate to adoption in the long run. A 24-hour access and availability of systems is paramount; therefore, this needs to be guaranteed by service providers to their consumers. Lastly, financial services institutions and Banks need to raise more awareness on risks and preventative measures taken to clear the belief that consumers of their products have significant potential risk regarding loss of funds via use of internet banking. The above study only focused on employed people from randomly selected corporates. Further studies can be done on the same topic in other counties for comparison.
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And above all, the One who created everything, the One who gives wisdom and strength, the One who picks you up when you feel so broken, to our Almighty Father.
DEDICATION

I dedicate this project to my beloved parents. They have provided enormous support and walked this journey with me. I will forever be grateful to you, thank you and may God bless you.
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### ABBREVIATIONS AND ACRONYMS

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<tr>
<td>CBK</td>
<td>Central Bank of Kenya</td>
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<td>EFT</td>
<td>Electronic Funds Transfer</td>
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<td>FMCG</td>
<td>Fast Moving Consumer Goods</td>
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<td>IB</td>
<td>Internet Banking</td>
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<td>ICT</td>
<td>Information and Communication Technology</td>
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<td>IT</td>
<td>Information Technology</td>
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<td>PEOU</td>
<td>Perceived Ease Of Use</td>
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<td>PR</td>
<td>Perceived Risk</td>
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<td>PU</td>
<td>Perceived Usefulness</td>
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<td>SPSS</td>
<td>Statistical Package for the Social Sciences</td>
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<td>TAM</td>
<td>Technology Acceptance Model</td>
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<td>WWW</td>
<td>World Wide Web</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study
The origins of banking can be traced to the ancient days where man traded through undeveloped money lending and barter trade mostly for agricultural needs amongst other commodities. This radically changed after the industrial revolution in Europe in the 17th century. The Europeans at the time formed colonies amongst themselves and the need for credit for trade was recognized like never before. Since then, banks began their operations (Infosys Finacle, 2012).

Similarly, the financial journey in Kenya dates back to the pre-colonial period. The concept of banking was introduced in Kenya in 1896 with the establishment of National Bank of India. Later on, Standard Chartered Bank came into the Kenyan banking space in 1911 opening its first branches in Mombasa and Nairobi, Kenya Commercial Bank in 1958 and Co-operative Bank on Kenya in 1965 with the purpose of providing financial services to Co-operative societies (Ombati, Magutu, Nyamwange, & Nyaoga, 2011). The pioneering banks then focussed on financing international trade along the Europe-South Africa-India axis. Bank operations, mainly by foreign banks, were later of diversified in order to tap the opportunities for profitable banking mainly through financing the agricultural sector. The banking industry in Kenya is mainly governed by the Constitution, Companies Act, the Central Bank of Kenya (CBK) Act, the Banking Act and the Prudential Guidelines issued by the Central Bank of Kenya among other Acts (Central Bank of Kenya, 2017).

Globally, banks were traditionally run solely to support the financial needs of individuals and businesses. The banking operations and services provided were financing businesses and individuals through loans, issuance of credit or debit cards and insurance services among others (Gulf News, 2016). It was common for a customer to pay regular visits and receive banking services face-to-face with a teller at a branch closest to the customer. The concept of internet banking developed due to the emergence of the World Wide Web (WWW) and the Internet. The evolution of online banking began in the 1980s.
Online banking gained a lot of popularity in the late 1980s when people accessed their bank accounts using a landline telephone. Online banking, also referred to as internet banking, electronic banking (e-banking), refers to a system that allows customers of a financial institution to conduct financial transactions such as transferring funds, paying bills, viewing checking and savings account balances, paying mortgages and purchasing financial instruments and certificates of deposits through the financial institution’s website (Mohammed, Mahapatra & Sreekumar, 2009). It is also defined as the use of electronic means to deliver banking services mainly via the Internet. Internet Banking is a branch of e-business in the banking sector which heavily involves the use of Information and Communication Technology (ICT) in offering banking services (Lee, 2009).

With the continuously developing wave of an information driven economy, the banking industry in Kenya has without doubt found itself unable to repel technological indulgence. The need for convenient ways of accessing financial resources beyond the conventional norms has seen the recurrent expansion and modernization of banking patterns (Njenga, 2008). Many banks across the continent have moved from manual banking systems in the 1980s and 1990s to front office digital services (Nyantakyi & Mouhamadou, 2015). Over time, the financial services industry has opened to historic transformation that can be termed as e-developments (Mahdi & Mehrdad, 2010). Given the huge demand for finance oriented services, institutions besides the traditional banks have joined the field in an attempt to grab a piece of the perceived cake of opportunity within the banking industry, financial intermediation and markets such as e-money, e-brokering, e-finance and e-banking among others (Njenga, 2008; Mahdi & Mehrdad, 2010).

According to a study done in Hong Kong, internet banking was observed to offer an opportunity to foster banking services thereby enhancing their competitiveness (Lam & Burton, 2005). From the research done, it was also noted that the electronic banking platform reduced the bank’s costs, enhanced its corporate image and met the demands of its customers through the additional alternative channels. Additionally, use of digital infrastructures has not only allowed domestic banks to efficiently reach higher number of clients and compete with large foreign competitors, but also improved banks’ margins by reducing operational based costs (Nyantakyi & Mouhamadou, 2015).
The driving forces behind the rapid transformation of commercial banks are influential changes in the economic environment include among others innovations in information technology, innovations in financial products, deregulation of financial inter-mediation, liberalization and consolidation of financial markets. These factors make it complicated to design a bank’s strategy, whose process is threatened by unforeseen developments and changes in the economic environment and therefore, strategies must be flexible to adjust to these changes (Auta, 2010). For instance, locally the banking industry responded to this growing demand for banking services by opening up new bank branches at the grass roots closer to their potential customers. However, with the continuously emerging wave of information driven economy, banks are swiftly resorting to the mobile phone technology as the channel of choice for the provision of financial services (Nyantakyi & Mouhamadou, 2015).

In the recent years, banks have heavily invested in banking infrastructure including online banking (internet banking) and electronic transactions systems (Nyantakyi & Mouhamadou, 2015). In addition, the adoption of e-banking has begun to occur extensively as a channel of distribution for financial services due to rapid advances in ICT and intensive competitive banking markets (Mahdi & Mehrdad, 2010; Dube et al., 2009). Just 5 to 10 years ago, it was ordinary to visit your bank’s branch to check your monthly balance, conduct a funds transfer through a money order or even to make payments via cheques. While several of these services have virtually disappeared today, most have gone digital (Gulf News, 2016). In addition to the above functions, banks have augmented their distribution networks with transactional websites, which allow customers to open accounts, apply for loans, check balances, transfer funds, make and receive payments over the Internet, currency exchange, issue letters of credit amongst others (Jham, 2016).

These days, banking is more important to our society than ever before. The improvement in communication and computer technology and the availability of the Internet has made it possible that one can do most banking transactions even from remote locations without stepping into a physical financial structure - this is, the emergence of E-banking (Bruene, 2002). The banking and financial industry is being transformed by the internet in terms of the nature of core products and services provided. They manner in which these are packaged, proposed, delivered and consumed has also been impacted. The Internet is an invaluable and powerful tool with regards to driving development, supporting growth, promoting innovation and enhancing competitiveness (Gupta, 2008; Kamel, 2005).
Like other businesses, banks are adopting to ICT to improve business efficiency, service quality and attract new customers (Kannabira & Narayan, 2005). Innovations in technology are known to contribute significantly on the distribution channels of banks. These electronic delivery channels are collectively referred to as electronic banking (Goi, 2005). The growth and transformation of banking technology has been driven by changes in distribution channels as demonstrated by automated teller machine (ATM), Phone banking, Telebanking, Personal Computer banking and most recently internet banking (Chang, 2003; Gallup Consulting, 2008).

Electronic banking has undergone tremendous growth and has transformed traditional banking practices (Gonzalez, 2008). As per prediction of Maholtra and Singh (2007), electronic banking is leading to a paradigm shift in marketing practices resulting in high performance in the banking industry. Delivery of services in banking can be provided efficiently only when the background operations are efficient through the integration of an electronic system. Banking customers get satisfied with the system when it provides them maximum convenience and comfort while transacting with the bank. Internet enabled electronic systems facilitate the operation to achieve these results.

According to Christopher et al. (2006), electronic banking has become an important channel to sell the products and services and is perceived to be necessity in order to stay profitable and successful. Customers have started perceiving the services of a bank through the internet as a prime attractive feature than any other prime product features of the bank. Customers have started evaluating the banks based on the convenience and comfort it provides to them. It is difficult to infer whether the internet tool has been applied for convenience of bankers or for the customers’ convenience. But ultimately it contributes in increasing the efficiency of the banking operations as well providing more convenience to customers (Auta, 2010).

Online banking services are offered in a technology framework called the Technology Acceptance Model (TAM) (Chuttur, 2009). Davis (2003), states that TAM specifies the causal relationships between system design features, Perceived Ease of Use, Perceived Usefulness, attitude towards using and actual usage behaviour. The framework provides an informative mechanism that enables design choices that influences user acceptance and is helpful in evaluating the user acceptance of information technology. The adoption of internet banking therefore follows this model (Zeithaml, 2000). The attributes of innovation
that affect the rate of adoption are the relative advantage, compatibility, complexity, communicability and divisibility (Rogers, 2003). Other characteristics that were later added to the above attributes were perceived risk, financial costs and social costs (Zeithaml, 2000).

Studies have been conducted to understand the adoption, challenges and effects of internet banking in various parts of the world. Muche (2010) looked at the opportunities and challenges for the adoption of e-banking service in Ethiopia, a developing country. According to Muche, the major driving forces that initiate banks to deliver banking services to the customer using electronic channels are existence of high competition in the banking industry, rapidly changing customers’ needs and preferences, desire to improve organizational performance, desire to improve the relationship with customers, desire to reduce transaction cost, desire to cover wide geographical area, desire to build organizational reputation, desire to satisfy customers and to keep the international banking standard among others.

Lichtenstein and Williamson (2006) conducted a study on understanding consumer adoption of internet banking in the Australian banking context. A major finding that was not previously reported is that there is a need for extensive and deep levels of consumer support from banks, especially in terms of the immediate availability of support-oriented knowledge provided by knowledgeable bank personnel. The banking industry and more specifically the field of electronic banking is an attractive and rich research area (Ndubisi & Sinti, 2006; Sachan & Ali, 2006). Previous research has dwelled significantly on the impacts of adoption of internet banking, effects of internet banking on financial performance of Banks. However, little has been done on the factors affecting the adoption of internet banking by employed people in Nairobi county. This study therefore focused on the factors that affect the adoption of internet banking by diverse organizational employees in Nairobi County based on the Technology Acceptance Model.

1.2 Statement of the Problem
For over a decade, information technology has significantly affected the banking industry all over the world. Historically, branches and physical distribution channels, commonly known as brick and mortar banking, have been the very foundation to most banks’ market success. Traditional brick and mortar banking remains the most widespread method for conducting banking transactions in Kenya with agency banking and mobile banking being the recently adopted and widely used.
In recent years, the banking sector has been an interesting case for service innovation. Banks have moved towards using the Web for commercial purposes through Internet Banking (Rotchanakitumnuai & Speece, 2003). Some banks view electronic banking as a way to lower costs or to create new revenue streams by attracting additional customers and selling more services to current customers. On the flipside, other banks have begun to offer electronic banking services as a defensive step out of concern that current customers may switch to another financial institution with more advanced electronic banking services (Jham, 2016). Additionally, Internet banking provides opportunities for banks to develop their markets by attracting new customers from existing internet users (Suganthi, Balachanher, & Balachandran, 2001). From a customers’ perspective, the main advantage of internet banking is the absence of restrictions on time and location of using banking services. In addition, internet banking offers customers greater convenience of financial management, allows them to transfer money on a safer and more efficient basis, and saves on labour and costs relating to financial activities (Chen, 2014).

The introduction of internet banking seems like a theory so far as things have not moved as quickly as anticipated in making this a reality in the banking sector (Rotchanakitumnuai & Speece, 2003). Most consumer banking customers rank internet banking as less important than other technology-based delivery channels such as ATMs (Aladwani, 2001; Suganthi et al., 2001). From research, rapid growth of internet banking amongst retail banking customers has been hindered by the customers’ perception particularly trust of service quality and security (Adesina, 2010; Saputro, 2015).

Out of the 42 Commercial banks in Kenya at least 35 have internet banking as an offering to their customers. This interprets to at least 83% of the commercial banks in Kenya according to the Central bank of Kenya records. Although there is a significant growth of internet users in Kenya, the number of financial transactions carried out over the internet remains very low. This trend however is the same globally and it has been observed that potential users either do not adopt internet banking or do not use it continually after adoption. For instance, a huge number of customers in the USA is accessing most of the banks’ websites but only a minority of customers has made online financial transactions. Similarly, Gartner expressed that out of 61% online users, only 20% of consumers carry out online banking in the USA (Njuguna, Ritho, Olweny, & Wanderi, 2012).
Many studies have investigated consumer adoption of internet banking services (Yousafzai & Yani-de-Soriano, 2012; Zhou, 2011; Zolait, 2010). Prior studies have mainly focused on positive aspects of internet banking such as benefits, trust, adoption with the focus on the perspective of personal account customers (Adesina, 2010; Suganthi et al., 2001; Musiime & Ramadhan, 2011; Jham, 2016). Among employed customers, relatively little research has addressed the issue of factors affecting the adoption of internet banking, particularly in the context of developing countries in Africa such as Kenya. This research, therefore aimed to identify the factors affecting the adoption of internet banking by diverse organizational employees in Nairobi County.

1.3 General Objective
The purpose of this study was to investigate the factors affecting the adoption of internet banking in Kenya, with a focus on diverse organizational employees in Nairobi County.

1.4 Specific Objectives
The researcher was guided by the following specific objectives:

1.4.1 To find out the relationship between Perceived Usefulness to adoption of internet banking

1.4.2 To establish the relationship between Perceived Ease of Use to adoption of internet banking

1.4.3 To investigate the relationship between Perceived Risk to adoption of internet banking

1.5 Significance of the Study
The results of the research are beneficial to the following audiences:

1.5.1 Management of Commercial Banks
The top management in financial institutions will have better understanding with regards to decision making on whether to adopt internet banking as an alternative banking solution or maintain the current brick and mortar model with advances in technology versus cost of operating physical branch network and efficiency for their businesses. Since internet banking services provide benefits for both banks and their consumers and is a key business area for banks, it is critical for management to understand key factors in customers’ decisions in adopting the service. Such understanding would be beneficial for banks to lay down marketing strategies and to improve their operational efficiency. In addition,
managers of financial institutions providing internet banking as an alternative channel to its customers will better understand the challenges/fears experienced by the end user that have been with regards to adoption of internet banking. This will help them make appropriate adjustments and interactions with the end user to counter these challenges and achieve optimal results.

1.5.2 Academicians and Researchers

The study contributes to the existing knowledge on the factors that affect the adoption of internet banking. In addition, the study highlights other areas of study for future research. It also stimulates prospective researchers to replicate the study in another jurisdiction as it focusses on Nairobi County. This will eventually better information on the factors affecting the adoption of internet banking by diverse organizational employees as information will be available far and wide.

1.5.3 Bank Customers

This study is of great significance to various customers banking with commercial banks as it demystifies the benefits of using internet banking platforms in day to day activities for instance saving on costs, time and convenience therefore enhancing their level of customer satisfaction, efficiency and records management. This enables them make informed decisions while selecting a preferred mode of banking.

1.6 Scope of the Study

The main focus of this study was to understand the factors that affect the adoption of internet banking by diverse organizational employees in Nairobi County. These individuals held bank accounts in commercial banks that offer internet banking as an alternative channel of banking. The targeted respondents were selected randomly. The study was conducted in July 2019. Expected limitations were the respondents would not provide feedback on time while others were not willing to fill in the questionnaire. To mitigate these, follow-ups were conducted via reminders on e-mail. In addition, physical questionnaires were distributed as conducting the questionnaires via e-mail proved to yield a very low response rate.
1.7 Definition of Terms

1.7.1 Internet banking

Online banking, also referred to as internet banking, electronic banking (e-banking), refers to a system that allows customers of a financial institution to conduct financial transactions such as transferring funds, paying bills, viewing checking and savings account balances, paying mortgages and purchasing financial instruments and certificates of deposits through the financial institution’s website (Mohammed, Mahapatra, & Sreekumar, 2009). It is also defined as the use of electronic means to deliver banking services mainly via the Internet. Internet Banking is a branch of e-business in the banking sector which heavily involves the use of Information and Communication Technology (ICT) in offering banking services (Lee, 2009).

1.7.2 Technology Acceptance Model

A model developed by Davis (1989) that deals more specifically with the prediction of the acceptability of an information system. The purpose of this model is to predict the acceptability of an information system or technology and to identify the modifications which must be brought to the system in order to make it acceptable to users. Perceived Usefulness and Perceived Ease of Use are the main factors relevant in understanding computer use behaviour and its adoption.

1.7.3 Perceived Usefulness

Perceived Usefulness is the prospective user’s subjective probability that using a specific application system will enhance his or her job or life performance (Mwiya, Chikumbi, Shikaputo, Edna, & Bernadette, 2017; Davis, 1989).

1.7.4 Perceived Ease of Use

Perceived Ease of Use is the degree to which the prospective user expects the target system to be free of effort (Sago, 2013; Davis, 1989).

1.7.5 Perceived risk

According to Featherman and Pavlou (2003) perceived risk is the potential for loss in the pursuit of a desired outcome of using an e-service.
1.8 Chapter Summary
This chapter provided a background of the study which includes an introduction to the evolution of banking, introduction to internet banking a highlight of the gap in information regarding the adoption of internet banking by diverse organizational employees in Nairobi County. The purpose of the study was stated and narrowed down to the research questions. The importance of the study to the different stakeholders and the scope of the entire study was described.

Chapter two will contain a review of literature pertinent to the study where the research questions will be discussed based on the literature available on the field of electronic banking, globally and locally. Chapter three will outline the research methodology which covered the intended research design, population, research procedures, data analysis methods and presentation, reasons for the choice of the method and the basis for the choice of method. Chapter four is a representation of data analysis, presentation, interpretation and discussions of the findings of the study. Chapter five focussed on the conclusions and recommendations of the study. It further proposed areas for research and contributions to the body of knowledge.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter encompasses the literature review based on the three specific objectives; Perceived Usefulness of internet banking, Perceived Ease of Use of internet banking and perceived risk of using internet banking based on the Technology Acceptance Model (TAM) by Fred Davis (1989). Literature from earlier studies has been discussed in this chapter to justify the specific objectives and how they have affected the adoption of internet banking by diverse organizational employees in Nairobi County, Kenya.

2.2 Perceived Usefulness to Adoption of Internet Banking
According to Davis et al. (1989), Perceived Usefulness is defined as the prospective user’s subjective probability that using a specific application system will increase his or her job performance within an organizational context (Mwiya, Chikumbi, Shikaputo, Edna, & Bernadette, 2017). Igbaria, Guimaraes and Davis (1995) developed an extended TAM model to investigate users’ acceptance of microcomputer technology. The result supported the statement of Davis (1989) whereby Perceived Usefulness is a strong correlate of user acceptance, and should not be ignored by those attempting to design or implement successful systems. The results showed that Perceived Usefulness had significant positive effects on perceived usage and variety of use.

Hong et al. (2002) used an extended TAM to investigate the factors that determine users’ adoption of digital libraries. The results strongly supported the appropriateness of using TAM to understand users’ adoption and found that Perceived Usefulness exerted a stronger influence than Perceived Ease of Use. The same was reiterated by Venkatesh, Morris, Davis, and Davis (2003) who stated that users will most likely accept an application perceived to be easier to use compared to another. Research provides empirical support to show that Perceived Usefulness and Perceived Ease of Use play a critical role in predicting and determining the usage behavior in technology acceptance situations (Venkatesh et al., 2003; Horton, Buck, Waterson, & Clegg, 2001).
Snoj, Korda and Mumel (2004) found that users do not use a system for its own sake but instead use it because of its attributes that drive value, according to the utility provided by the combination of its attributes, less the disutility represented by any sacrifices required to use the system. In this case, in internet banking, Perceived Usefulness is associated with perceived benefits and users will continue using Internet Banking provided they enjoy the benefits based on the positive attributes it holds. Customers will enjoy either direct or indirect benefits by using internet banking as proposed by Lee (2009). Direct benefits refer to immediate and tangible benefits customers would enjoy by using internet banking such as faster transactions and increased financial transparency. Indirect benefits are less tangible and difficult to measure such as allowing customers to perform banking transactions anywhere in the world and enjoy a 24-hour service. Earlier research verified Perceived Usefulness to have great effect on attitude and intentions of technology use (Davis, 1989; Gefen & Straub, 2000).

Empirical studies on TAM have suggested that Perceived Usefulness to have a positive effect on Computer Internet Banking adoption. Eriksson, Kerem, and Nilsson (2005) referred the Perceived Usefulness of Internet Banking as the primary reason as to why Estonian bank customers use the Internet for banking. In their study, it was concluded that the Perceived Ease of Use of Internet Banking does not directly increase the use of it, but that it does lead to greater Perceived Usefulness, which then, in turn, increases that use. Yiu, Grant and Edgar (2007) offered evidence to demonstrate that the Perceived Usefulness and Perceived Ease Of Use of adopting Internet Banking have a direct relationship with actual adoption of Internet Banking.

Past studies on technology adoptions have consistently showed that Perceived Usefulness has a strong influence on users’ intentions to adopt the technology. Jeyaraj, Rottman and Lacity (2006) conducted several studies on technology adoption in the period 1992 – 2003. Their studies showed that out of the 29 studies on technology adoptions, Perceived Usefulness was found to be significant in 26 of the studies. Perceived Usefulness was viewed as an important factor in determining adaptation of innovations by Tan and Teo (2000) thus the more the Perceived Usefulness of using an electronic banking service, the more likely that electronic banking service will be adopted by the user.
2.2.1 Factors Affecting Perceived Usefulness

There are three factors that generally have an influence on Perceived Usefulness. These are personalization, alliance services, and task familiarity.

2.2.1.1 Personalization

With the interactive feature of browsers and their global reach, the Internet is considered an appropriate platform on which to implement one-to-one marketing and customer relationship management (Holland & Backer, 2001; Wind & Rangaswamy, 2001). Dysart (1998) argued that the most successful Internet platform will be one that can offer each visitor a highly personalized interactive experience. The Web site should be designed around an action-driven interactive paradigm, in which every element of the site blends together to enable a visitor to accomplish a task quickly. This means that individual customer information can be collected and the product/service mix can be customized for individual customer needs. Simply put, the Internet marketplace supports personalization in two ways. First, consumer-tracking technology allows the identification of individual buyers. Second, information-rich products lend themselves to cost-effective personalization (Bakos, 1998).

 Explicitly, in the setting of Internet banking, Rubin (1998) pointed out that new Web-based technologies are enabling banks to provide customized content that can educate and cross-sell while strengthening the long-term relationship between banks and customers. Such personalization can offer much convenience to customers and it is generally believed to have direct association with users’ perceptions of the usefulness of the services. For customers, Internet banking represents anytime, anywhere banking. For bankers, dynamic personalization and customization represents anytime, anywhere relationship building. The customer need not tell the bank his or her needs and preferences every time when doing banking tasks. After-sales services would also be facilitated through personalization. Thus, personalization is assumed to have a positive relationship with Perceived Usefulness.

2.2.1.2 Alliance Services

The Internet is also believed to be a global and low-cost platform for implementing interorganizational systems (Applegate, McFarlan, & McKenney, 1997). Through alliances with other organizations, a range of new services transcending organizational boundaries can be offered to users. Given customer needs and the interorganizational integration
attribute of the Internet, the sources of differentiation for banking services become multiple. Moreover, allied financial service products can include cheaper niche products, cross-border selling, selling knowledge, payments, customer relationships, and new markets (Cronin, 1997). It may also reflect the advantage of the Internet as an interorganizational system platform that can offer added values to customers.

Gerrard and Cunningham (2003) suggested that the perception of usefulness on online banking depends on the services banks provided, in terms of needs of customers such as paying bills, applying for a loan, obtaining information on mutual funds, transferring money abroad, and checking banking balances. Pikkarainen, Pikkarainen, Karjaluoto and Pahnila (2004) argued that in the 21st century, customers are more likely to pursue useful technologies that are, for instance, more user-friendly and innovative self-service technologies as these technologies can provide them with greater autonomy in purchasing financial products, obtaining information on financial advices and performing transactions.

With these alliance services, customers can complete a whole task in one stop, in contrast with visiting multiple organizations in the past. Therefore, it is contended that alliance services have a positive impact on Perceived Usefulness. In the internet banking context, it therefore means a bank that offers a collection of bank services on their platform will enhance a customers Perceived Usefulness of the product. Based on this reasoning, it is postulated that alliance services are positively related to Perceived Usefulness.

2.2.1.3 Task Familiarity

In the context of IT adoption, task familiarity represents the degree of non-variability and certainty of activities that a user needs to resolve when using the technology. Internet banking has been viewed as a delivery channel that is compatible with conventional banking systems, whereby users perform common banking transactions in a manner compatible to brick-and-mortar practices (Deitel, Deitel, & Steinbuhler, 2000). When there is a good match of tasks performed through Internet banking and through the existing system, users will spend less time translating task activities between the two systems, thereby enhancing the Perceived Usefulness of Internet banking.

In other words, the more familiar is the task to be performed, the greater is the likelihood that a user will use the system, since little or no extra cognitive learning efforts will be required. This self-efficacy trait, which is reflective of the confidence in one’s ability to
perform a particular task, has accumulated empirical support as an important antecedent of Perceived Usefulness (Agarwal & Karahanna, 2000). Based on this reasoning, it is postulated that task familiarity is positively related to Perceived Usefulness.

2.2.2 Influence of Perceived Usefulness on Attitude

In the study by Chau and Lai (2003), they found that usefulness had a positive and significant influence on attitude toward using internet banking. Based on Davis’ (1989) definition of Perceived Usefulness, the measurement of the usefulness was based on the frequency of usage and the variety of the applications applied. Jahangir and Begum (2008) found in their study that there was a positive and significant relationship between usefulness and attitude toward using internet banking. The studies by Davis (1993) and Yahyapour (2008) also found that usefulness had a positive and significant relationship with attitude of using internet banking. A person’s positive attitude toward internet media would urge the person to optimize the effectiveness or usage of internet (Yasa, Ratnaningrum, & Sukaatmadja, 2014). Chau and Lai (2003) revealed the importance of providing useful services for clients by internet banking. Financial institutions need formulations of strategies which will create positive perceptions of the usefulness of the services of internet banking, which in turn will positively influence users to adopt the technology. The usefulness of internet banking is expected by clients to help carrying out their tasks and works, therefore the usefulness of internet banking influences clients’ attitude towards the system.

2.2.3 Influence of Perceived Usefulness on Behavioural Intention to Use

Extensive evidence exists that proves the significance of effect of Perceived Usefulness on the intention to adopt technologies. Davis, Bagozzi, and Warshaw (1989) addressed the ability to predict users’ computer acceptance by measuring a user’s ability to explain his/her intention in terms of attitude, subjective norm, Perceived Usefulness, Perceived Ease Of Use, and related variables. A total of 107 full-time MBA students provided data for testing TAM model, which was shown to account for 45% and 57% of variance in intention at the two periods, respectively, obtaining Cronbach’s alpha values of between 0.82 and 0.95 for four constructs namely behavioral intention, attitude, Perceived Usefulness and Perceived Ease of Use. The findings indicated that Perceived Usefulness was significantly correlated with both self-reported current usage and self-predicted future usage of a technology.
In addition, Perceived Usefulness had a significantly greater correlation with usage behavior than with Perceived Ease of Use. The results of the study established (1) people’s computer usage could be predicted reasonably well by their intention; (2) Perceived Usefulness was a major determinant of people’s intention to use computers. A study by Guriting and Ndubisi (2006) on evaluating customer perceptions and behavioural intention found that Perceived Usefulness is one of the strong determinants of behavioural intention to adopt online banking. They also identified that there is an indirect effect of computer self-efficacy and prior general computing experience on behavioural intention through Perceived Usefulness and Perceived Ease of Use.

The Perceived Usefulness and behavioural intention to use relationship is based on the idea that, within organizational settings, people form intentions toward behaviours they believe will increase their job performance, over and above whatever positive or negative feelings that may be evoked towards the behavior per se for the main reason that enhanced performance is instrumental to achieving various rewards that are extrinsic to the content of the work itself, such as pay increases and promotions (Davis, Bagozzi, & Warshaw, 1989). Perceived Usefulness is one of the common factors applied in existing online banking literatures. Pikkarainen et al. (2004) in their study of online banking in Finland found that Perceived Usefulness is one of the most significant influence on the intention to use online banking among the consumers. In addition, he also discovered that Perceived Usefulness is one of the important adoption factors for online banking implementation. Celik (2008) conducted a web-based survey to investigate the adoption of online banking among Turkish users. His finding was consistent with prior studies i.e. Perceived Usefulness plays a significant role in determining Turkish users’ intentions do adopt online banking.

2.2.4 Perceived Usefulness and Productivity

According to Norzaidi, Noorly, Wan Seri and Mona (2011), Perceived Usefulness is strongly associated with productivity. They suggest that using computers in the workplace would increase a user’s productivity, improve job performance, enhance job effectiveness and overall usefulness. As indicated in the TAM framework (Davis, 1989) and related earlier works of Theory of Planned Behaviour and Theory of Reasoned Action (Ajzen & Fishbein, 1980), Perceived Usefulness is the primary element for potential users to consider in making a decision whether or not to adopt new technology such as Internet Banking (IB).
The main reason is because users have the belief that the usefulness of a particular system could enhance their job performances. Extensive evidence in sequential studies have confirmed the significant correlation of Perceived Usefulness on customers’ adoption of IB and adoption of IB (Eriksson, Kerem, & Nilsson, 2005; Jahangir & Parvez, 2012).

2.3 Perceived Ease of Use to Adoption of Internet Banking

Perceived Ease of Use refers to the degree to which the prospective user expects the target system to be free of effort (Davis, Bagozzi, & Warshaw, 1989; Sago, 2013). According to Mathieson (1991), Perceived Ease of Use is the consumer’s perception that banking on the internet will involve a minimum of effort. Based on the Theory of Reasoned Action (TRA), TAM (Davis, 1989) was further developed to investigate relationships between use of technology and cognitive/affective factors. TAM proposed that a new system’s Perceived Ease of Use determined a person’s intention to use it. Based on a study conducted on MBA students by Davis, Bagozzi, and Warshaw (1989), it was found that Perceived Ease of Use significantly correlated with current usage and future usage. The results of the study demonstrated that Perceived Ease of Use was a significant determinant of people’s intention to use computers.

According to TAM, if a user perceives a specific technology as useful, she/he will believe in a positive use-performance relationship. Since effort is a finite resource, a user is likely to accept an application when she/he perceives it as easier to use than another. As a consequence, educational technology with a high level of Perceived Usefulness and Perceived Ease of Use is more likely to induce positive perceptions. The relation between Perceived Usefulness and Perceived Ease of Use is that Perceived Usefulness mediates the effect of Perceived Ease of Use on Attitude and intended use (Jahangir & Begum, 2008). In other words, while Perceived Usefulness has a direct impact on attitude and use, Perceived Ease of Use influences attitude and use indirectly through Perceived Usefulness (AlKailani, 2016).

In this regard, banks have to compete in creating and operating a comprehensive interface of user-friendly Internet Banking (IB) environments for easy-to-use innovations to promote the process of users’ adoption. This process becomes routine work for banks to be sustainable in attracting new and retaining existing customers (Eriksson, Kerem, & Nilsson, 2005). The empirical literature has provided ample evidence on the close relationship between Internet Banking adopters and their perceptions of ease of use Internet Banking.
Wang et al. (2003) states Perceived Ease of Use is strongly related to the adoption of online banking.

2.3.1 Factors Affecting Perceived Ease of Use

According to the research model by Chau and Lai (2003), two variables were proposed that have influence on Perceived Ease of Use. These are task familiarity and accessibility.

2.3.1.1 Task Familiarity

As stated earlier, task familiarity represents the degree of non-variability and certainty of activities that a user needs to resolve when using the technology. According to Kim and Umanath (1993), when non-variability and certainty in the task domain are high, the work performed tends to be more structured and predictable, and the information processing requirements tend to be minimal. On the contrary, as task variability and uncertainty increase, the problem becomes more unstructured, and the assessment of events and the specification of appropriate rules and procedures become difficult, thus leading to a perception of difficult-to-perform-the-task.

Internet Banking could be a new technology for some customers. Whether they accepted this new technology or not depended on whether Internet Banking could do the same tasks as traditional banking, for example, if it could provide useful information, or be used or accessed easily (Chen, 2014). If the easier the use of an application is perceived to be by customers, this product/service is more likely to be accepted by them (Cheng, Lam, & Yeung, 2006). The main reason is because they feel more certain by applying existing routines to similar situations without extra cost.

Although internet banking was developed with the intention of providing customers with effortless point-and-click operations, some users might still be frustrated by the unfamiliarity of performing a task in the new Internet environment. Following the foregoing task familiarity argument, we contend that whether or not a user perceives the task (in our case, using the Internet banking services) to be familiar may have a significant influence on Perceived Ease of Use. Consequently, it is postulated that task familiarity is positively related to Perceived Ease of Use (Chau & Lai, 2003).
2.3.1.2 Accessibility

Another factor that may have influence on Perceived Ease of Use is accessibility, as suggested and empirically supported by Karahanna and Straub (1999). In their study, accessibility is a multidimensional construct encompassing both physical terminal access and system usage ability. They argue that the more accessible an information system is, the less effort is needed to use it. In the context of Internet banking, accessibility refers to not only the physical accessibility of Internet connections, but also the global and round-the-clock nature of Internet banking.

To support this statement, Wallis (1997) states that as the Internet becomes more widely accessible households will conduct their financial transactions over the Internet hence the more widespread computer/Internet accessibility is, the greater the possibility of use of Electronic banking adoption. Goh (1995) argued that if the supporting technological infrastructures are easily and readily available, Internet commerce applications such as Internet banking will become more feasible. Tan and Teo (2000) concurred with this argument and postulated that accessibility of Internet banking is a facilitator of adoption due to its capacity of allowing users to perceive the technology more favourably. Based on the foregoing, we gather that accessibility is positively related to Perceived Ease of Use (Chau & Lai, 2003).

2.3.2 Understanding Technology

Mathieson (1991) supported the theory developed by Davis. He states that there is a relationship between the perception of ease of use and the perceived minimum effort required. This means that, if customers perceive internet banking as being easy to use and not technologically complicated, there is a greater likelihood of adoption. This idea is supported by Chong, Ooi, Lin and Tan (2010). Given that users do not have face to-face interaction in an internet environment, user friendliness and the ease of use of the web sites will lessen the threat to use internet banking by the customers. Many of the researchers supported that there is a positive and upward relationship between the Perceived Ease of Use and the probability of adoption of internet banking (Wang et al., 2003; Hernandez & Mazzon, 2006; Gounaris & Koritos, 2008). Jahangir and Begum (2008) identified four drivers of growth in electronic banking which are determined by the Perceived Ease of Use. These entail a combination of drivers based on convenience provided to those with easy
internet access such as the availability of secure, high standard electronic banking functionality and the necessity of banking services.

Extensive research over the past decade provides evidence of the significant effect of Perceived Ease of Use on usage intention, either directly or indirectly (Hernandez & Mazzon, 2007; Guriting & Ndubisi, 2006; Eriksson, 2005; Wang et al., 2003; Venkatesh et al., 2003). Rogers (1962) noted that understanding the technology which consequently leads to adoption of an innovative service/product by customers is known as ease of use. In an empirical study conducted by Chen and Barnes (2007), they found that two technological aspects, Perceived Ease of Use and Perceived Usefulness, significantly affect customer adaptation intentions.

On the contrary, other researches contradicted this result and concluded that the ease of use has no influence on the internet adoption (Pikkarainen et al., 2004; Eriksson et al., 2005). However, their studies were conducted in different environment than Vietnam. In Vietnam, as Hoang, Igel and Laosirihongthong (2006), pointed out, Vietnamese users have little experience in using the internet and therefore the ease of use of the online banking website might influence their adoption decision. Similarly, Chong et al. (2010) stated that Perceived Ease of Use might not have a strong influence in technology acceptance.

Prior experience of technologies, especially prior experience of computers has an influence on Perceived Ease of Use. A consumer's familiarity with technologies in general facilitates his/her appreciation of the potential added value which is inherent in a technology. The prior computer experience is associated with use of Personal Computers, the Internet and e-mail. Karjaluoto et al. (2002) showed that prior experience with computers and technologies and attitudes towards computers influence both attitudes towards online banking and actual behaviours.

2.3.3 Computer Self- Efficacy

Compeau and Higgins (1995) defined computer self-efficacy as a judgment of one’s capability to use a computer. It was noted that self-efficacy judgments could influence an individual’s expectations because the outcomes one expects derive largely from judgments as to how well one can execute the requisite behaviour (Khorrami-Arani, 2001). A survey of Canadian managers and professionals was conducted by Compeau and Higgins (1995) to develop and validate a measure of computer self-efficacy and to assess both its impacts
and antecedents. Computer self-efficacy was found to exert a significant influence on individual’s expectations of the outcomes of using computers, their emotional reactions to computers (affect and anxiety), as well as their actual computer use. In addition, individuals who did not see themselves as competent computer users were less likely to use computers (Oliver & Shapiro, 1993).

An individual's self-efficacy and outcome expectations were found to be positively influenced by the encouragement of others in their work group, as well as others' use of computers. The encouragement of others within the individual's reference group i.e. people to whom an individual looks up to obtain guidance on behavioural expectations, can be expected to influence both self-efficacy and outcome expectations. Encouragement of use represents verbal persuasion (Bandura, 1986). Individuals rely, in part, on the opinions of others in forming judgments about their own abilities. Thus, encouragement from others influences self-efficacy, if the source of encouragement is perceived as credible. Encouragement of use may also exert an influence on outcome expectations. If others in the reference group, particularly those in the individual's work organization, encourage the use of computing technology, the individual's judgments about the likely consequences of the behaviour will be affected. At the very least, the individual will expect that his or her co-workers will be pleased by the behaviour (Bandura, 1986). Thus, self-efficacy represents an important individual trait, which moderates organizational influences such as encouragement and support on an individual's decision to use computers (Compeau & Higgins, 1995).

Encouragement of use is one source of influence on self-efficacy and outcome expectations. The actual behaviour of others with respect to the technology is a further source of information used in establishing self-efficacy and outcome expectations. Learning by observation, or behavior modelling, has been shown to be a powerful means of behavior acquisition (Schunk, 1981). Behavior modelling influences behavior in part through its influence on self-efficacy and also through its influence on outcome expectations by demonstrating the likely consequences of the behavior (Compeau & Higgins, 1995). It can therefore be interpreted that the higher the use of the technology by others in the individual’s reference group, the higher the individual's computer self-efficacy which translates to use of the technology. In a study conducted by Hong et al. (2002), the extended TAM was used to investigate the factors that determine users’ adoption of digital libraries. The results also supported the view that computer self-efficacy and knowledge of search domain (individual
differences) had positive effects on Perceived Ease of Use of digital libraries. Wang et al. (2003) demonstrated that customers with high self-efficacy levels favourably evaluate the usefulness and ease of use of Internet banking. It is argued that low levels of self-efficacy make it difficult for customers to understand and complete tasks using Internet banking, thus hindering their motivations to use the technology. Understanding self-efficacy therefore is important to the successful implementation of new technologies (Compeau & Higgins, 1995).

2.4 Perceived Risk to Adoption of Internet Banking
Consumer behavior studies define perceived risk (PR) in terms of the customer's perception of the uncertainty and potential adverse consequences of buying a product or services. The degrees of risk that customers perceive and their own tolerance of risk tacking are factors that influence their purchase decision (Nasri, 2011). According to Mitchell and Bates (1998), perceived risk is considered an important risk attribute that impacts on the consumer decision-making process when buying a product or consuming some services (Mitchell & Bates, 1998). Introducing a new technology may involve both benefits and risks to the user therefore before deciding to adopt the technology, the individual may want to weigh risks and benefits. Electronic banking services are not an exception to this general rule. A larger perception of risk will generally reduce the perceived benefit of the technology (Horst, Kuttschreuter, & Gutteling, 2007). Previous studies mentioned that perceived risk was a major factor that influences the adoption of electronic banking services because customers perceive the use of electronic banking risky since technology-enabled services pose as invasive, unfamiliar and indefinite (Davidow, 1986; Polatoglu & Ekin, 2001; Tan & Teo, 2000).

According to Featherman and Pavlou (2003) perceived risk is the potential for loss in the pursuit of a desired outcome of using an electronic service. It increases with the higher level of uncertainty or with an increased chance of negative consequences (Lu, Hsu, & Hsu, 2005). Most of the researchers noted that customers' perceived risk was a kind of multi-dimensional construct, and such dimensions may vary according to the product or service type (Featherman & Pavlou, 2003). Consumers perceive greater risks when buying services than tangible goods because of their nature; intangible, non-standardized and regularly sold without guarantees or warrantees. With this in mind, consumers can therefore hardly ever return a service to the service provider since they have already consumed it. In
addition, some services are so technical or highly specialized such that consumers possess neither the knowledge nor the experience to evaluate whether they are satisfied or not, even after they have consumed the service (Zeithaml, 1981).

From previous studies on electronic or internet banking, five dimensions of perceived risk were identified as performance risk, social risk, financial risk, privacy risk and time risk (Featherman & Pavlou, 2003; Kuisma, Laukkanen, & Hiltunen, 2007; Lu et al., 2005). It is therefore important to understand any potential risks that come with the technology and its adoption.

2.4.1 Financial Risk

Financial risk is defined as the potential for monetary loss due to transaction error or bank account misuse (Kuisma, Laukkanen, & Hiltunen, 2007). A general assumption by customers is that reversing a transaction, stopping a payment after discovering an error or a refund may not be possible (Asikhia, 2011). Furthermore, online banking transactions lack the assurance provided in traditional banking setup through formal proceedings and receipts. Hence, consumers usually have difficulties in asking for compensation when transaction errors occur as such, many customers resist using online banking because they fear from such losses (Kuisma, Laukkanen, & Hiltunen, 2007).

2.4.2 Performance Risk

Performance risk refers to losses incurred due to inefficiencies of electronic services. Customers are often worried that a breakdown in the system servers will occur while conducting electronic services, because these situations may result in unexpected losses (Kuisma, Laukkanen, & Hiltunen, 2007). Consumers are exposed to uncertainties such as the availability, the compatibility, and the performance of the complementary electronic banking channels choice of use (Sarin, Sego, & Chanvarasuth, 2003). Littler and Melanthiou (2006) noted that a failure or interruption in the system could reduce customers' disposition to use online banking. Performance risk in electronic banking is higher than in through the conventional or traditional banking channels because a consumers may perceive that electronic banking cannot be used to complete a transaction when needed due to the denial of access to their account (Asikhia, 2011).
2.4.3 Security Risk and Privacy

Privacy risk refers to the potential loss of control over personal information, such as when information about you is used without your knowledge or permission. The extreme case is where a consumer is hoaxed meaning a criminal uses their identity to perform fraudulent transactions (Featherman & Pavlou, 2003). Internet banking is a trust-based system, this means that it is susceptible to theft of customers’ personal identity information which can lead to loss of customers confidence and trust in the system and bank. Internet fraud or deception can negatively affect customers’ opinions on the Internet banking safety and security provided by the banks (Altintas & Gürsakal, 2007). Horst et al. (2007) stated that the greatest challenge in the electronic banking sector will be winning the trust of customers over the issue of privacy and security. Trust and security therefore are important factors supporting a positive view of Internet banking service quality (Altintas & Gürsakal, 2007).

World over, security and privacy of information are important factors customers pay attention to in order to conduct and complete internet transactions. According to Oghenerukevbe (2008), the increasing popularity of internet banking has attracted the attention of legitimate and illegitimate online banking practices. Cyber criminals now focus on stealing user online banking credentials as the username and password combination may be relatively easy to acquire, making it possible to fraudulently access an Internet banking account and commit financial fraud. Funds may also be transferred electronically (Altintas & Gürsakal, 2007).

This perceived security risk has been widely known and recognized as one of the main barriers to the adoption of internet innovation in the financial services sector (Mattila & Mattila, 2005). Similarly, Kaynak and Harcar (2005) observed that lack of adequate security is the most important reason given for not using online banking by sample respondents in their study. They demonstrated that security problems such as hackers and fraud are determining factors in selecting any Internet services. Mattila and Mattila (2005) suggest that commercial banks offering Internet banking as a service must first convince their clients that the internet is secure as a medium.

Chiemeke, Evwiekpaefe, and Chete (2006) investigate the possibility of Internet banking adoption and show that the main factors that inhibit the adoption of Internet banking are security and inadequate operational facilities which include proper telecommunications and power supply. Bauer and Hein (2006) confirmed that perceived risk is the most important
factor that makes customers reluctant to adopt Internet banking. Consumers utilize online services because they offer convenience and save time. However, some researchers have showed that online consumers might refrain from using online services because of their concerns about privacy, including the safeguard of personally sensitive information which may be sold to third parties (Al-Ghaith, Sanzogni, & Sandhu, 2010).

2.4.4 Social Risk

Social risk according to Featherman and Pavlou (2003) refers to the potential loss of status in one's social group as a result of adopting a product or service. It is possible that one's social standing may be enhanced or diminished depending on how electronic banking services are viewed (Al-Smadi, 2012; Dhillipan & Hari, 2017). Asikhia (2011) echoed the same and was of the view that a consumer’s perception on use of electronic banking would reduce their self-image or have a negative effect on their perceived image from other consumers. It may well be that people have unfavourable or favourable perceptions of online banking that in turn affect their views of its adopters; or, alternatively, not adopting online banking may also have negative or positive connotations (Dhillipan & Hari, 2017). According to Yang, Park and Park (2007) found that social risk has a negative impact on attitude for consumers.

2.4.5 Time Risk

Natarajan et al. (2010) defined time risk as the loss of time in implementing, learning how to use and troubleshooting a new electronic service. In the context of internet banking, Asikhia (2011) defined time risk as ‘it takes more time to complete a banking transaction than a non-electronic banking transaction’. Forsythe and Shi (2003) viewed time risk as the loss of time and inconvenience incurred due to difficulty of navigation (finding appropriate services and hyperlinks) and/or submitting order, finding appropriate Web sites, or delays receiving products. Two leading causes of dissatisfying online experiences that may be thought of as a time/convenience risk include a disorganized or confusing website and pages that are too slow to download (Forsythe & Shi, 2003). It may also be related to the length of time involved in waiting the website or learning how to operate online banking website (Dhillipan & Hari, 2017).

Bellman et al. (1999) reported on the importance of time considerations and found it the significant predictor to online buying behavior. Their research found that hurried
consumers with less time were more likely to purchase over the Internet in order to save time. The current research similarly proposes that consumers are very time oriented and concerned about potential risks of wasting time implementing, learning how to use and troubleshooting a new e-service. These time-conscious consumers likely guard against the possible loss of time risk and are less likely to adopt the electronic service that they consider as have high switching, setup and maintenance costs (Featherman & Pavlou, 2003).

2.5 Chapter Summary

The chapter reviewed literature in relation to the factors affecting the adoption of internet banking: Perceived Ease of Use, Perceived Usefulness and perceived risk based on studies conducted by various researchers. Chapter three will outline the research methodology which covers the intended research design, population, research procedures, data analysis methods and presentation, reasons for the choice of the method and the basis for the choice of method.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter presented the research methodology that was used in the study. It described the research design, target population, sampling design and sample. It also presented the data collection methods used and the procedures that were used to collect the data. Instruments validity, reliability and data analysis methods were also covered.

3.2 Research Design
The research design was developed following several steps regarding the researcher’s decisions. A research design is described as a guide of carrying out a research study and shows the procedure of conducting a research study (Balushi, 2015). Descriptive research design was applied to this study to understand the factors that affect adoption of internet banking by diverse organizational employees in Nairobi County, Kenya. According to Balushi (2015), a descriptive research is a collection of information by interviews and use of questionnaires.

The descriptive research aimed at describing phenomena or narrating how various behaviors and events occurred. It was useful in describing the adoption of internet banking as the dependent variable by exploring three different independent variables that include the Perceived Ease of Use, Perceived Ease of Usefulness and Perceived Risk as factors that affect the decision to adopt internet banking. The temporal time perspective of the study was cross-sectional and the unit of analysis was individuals employed in diverse organizations in Nairobi County.

3.3 Population and Sampling Design
3.3.1 Population
According to Sekaran (2003), a population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate. Cooper and Schindler (2014) define the target population as those people, events, or records that contain the desired information for the study that determine whether a sample or census should be selected. This study focused on members of a religious group (Young Catholic Adults) at the researcher’s place of worship aged between 18 to 40 years. The group is comprised of unemployed, self-employed and employed members. The respondents were selected based
on their ability to use or influence the adoption of Internet Banking (IB) in their organizations. Both adopters and non-adopters of internet banking were included in this investigation. The population of the group was 150 registered members.

3.3.2 Sampling Design

3.3.2.1 Sampling Frame

A sampling frame is the list of people or objects from the population that a researcher can find a way to contact and include in the study (Shields, 2018). It is the list of all elements from which the sample is actually drawn. It is a complete and correct list of population members only (Cooper & Schindler, 2011). According to Shapiro (2011), a researcher must define a sampling frame that represents the population of interest, from which a sample is to be drawn. In this study, the sampling frame was clearly identified as young professionals (employed) who are members of Young Catholic Adults group as provided by the Secretary of the group in Ruaraka Parish. These were employees in diverse organizations in Nairobi County, Kenya.

3.3.2.2 Sampling Technique

The study employed the use of purposive sampling method. Oliver (2011) described the purposive sampling method as a form of non-probability sampling in which decisions concerning the individuals to be included in the sample are taken by the researcher, based upon a variety of criteria which may include specialist knowledge of the research issue, or capacity and willingness to participate in the research. In this study, the purposive sampling was best suited as the population elements were easily accessible to the researcher. In addition, they are key in using/influencing the adoption of Internet Banking in their places of work as millennials (born between 1981-1996) who are tech savvy.

3.3.2.3 Sample Size

Sample size refers to the number of units used in calculating estimates of a given population (Kothari, 2004). The sample size for this research was developed using Yamane’s published tables based on a certain criterion. The estimated target population was 150. According to Yamane (1967), based on a confidence level of 95%, level of precision of ±5 percent and degree of variability of .5, the sample size based on the published tables (available in Appendix V) was 110.
3.4 Data Collection Methods
The study used primary data. The primary data collection technique that was employed for the research was the use of questionnaires. A questionnaire is defined as an instrument delivered to and completed by the participant (Cooper & Schindler, 2014). The tool contains an assembly of carefully formulated questions for information gathering. Close-ended questions were used as they contain tick boxes and multiple choices for the respondents to give their opinions (Fisher, 2007). According to Fisher (2007) it is best to use this close-ended approach if you want to quantify the research material and compare the views and experiences of different people. This study used the close-ended questions form of questionnaire for ease of capturing data and different views from different people. Questionnaires were used because large amounts of information from people was required in a short period of time without interfering with the validity and reliability of information to be collected.

Questions in the instrument were structured such that they address various aspects of the study variables. The questionnaire was divided into four sections to obtain information. Section A covered demographic data of the respondents. Section B covered the perceived usefulness of using internet banking, Section C covered perceived ease of use of using internet banking and lastly Section D covered the perceived risk of using internet banking. Respondents were asked to rate their answers using a five-point Likert scale by ticking the appropriate answer from the alternatives being Strongly Disagree, Disagree, Neutral, Agree and Strongly Agree.

3.5 Research Procedures
The research procedures section describes how the researcher gathered the relevant data for this study. The research objectives of this study provided the basis for the research instruments that was used. A pilot test was conducted as recommended by Cooper and Schindler (2014) who explained a pilot test as a tool that is administered to detect weaknesses in the research design and instruments. Improvements were made to ensure consistency, reliability and appropriateness of the questionnaire ascertained before the final version of the data collection instrument was administered to the respondents. The researcher administered a pre-test sample of the questionnaire to the respondents in the pilot study. A pre-test sample should be between 1% and 10% depending on the sample size (Mugenda & Mugenda, 2003). The findings from the pilot study were used to refine
the questionnaire for final administration. A sample of 7 respondents were used in the pilot study.

According to Mugenda and Mugenda (2003), reliability is a measure of the degree to which a measuring instrument yields consistent result or data after repeated trials. Kothari (2004) defined reliability of a test instrument as the measure of consistency with which a test instrument produces the same result when administered to the same group over time intervals. Reliability defines the extent to which a variable or set of variables is consistent in what it is intended to measure. The questionnaire was subjected to a reliability test based on the 7 respondents in the pilot test that was conducted.

Kothari (2004) defined validity as a measure of the degree to which a measuring instrument depicts the true differences among items being measured. It is synonymous with accuracy and correctness. Siddiqi (2010) mentioned three types of validity in his study: content validity, predictive validity and construct validity. Duggirala, Rajendran and Anantharaman (2008) defined the content validity as the assessment of the correspondence between the individual items and concept. This study addressed content validity through the review of literature and adapting instruments used in previous research. The researcher distributed 7 questionnaires to help validate the instrument by pointing out ambiguous and unhelpful questions. The questionnaires were distributed to the respective respondents in July 2019 via e-mail. The researcher did regular follow-ups with the respondents. In addition, physical questionnaires were distributed as conducting the questionnaires via e-mail proved to yield a very low response rate. After the data was collected, the researcher encoded the data and prepared it for analysis via Statistical Packages for Social Sciences (SPSS) version 24.

Privacy and confidentiality of the respondents was be respected. The data collection instrument did not require the respondent to leave any information that could be used to identify them. The researcher informed the respondents that the data collected was for an academic dissertation and would not be used in any other publication. Private and confidential information was not disclosed anyone except the researcher.

3.6 Data Analysis Methods
According to Cooper and Schindler (2011), managers need information and not raw data. Data analysis refers to the process of editing and reducing accumulated data to a manageable size, developing summaries, looking for patterns and applying statistical
techniques (Cooper & Schindler, 2014). According to Mugenda and Mugenda (2003), descriptive statistics involves the use of tables and figures to present data. The inferential statistics include the Chi-Square tests, the determination of central tendencies and deviations and the calculation of correlations among others (Cooper & Schindler, 2014). Primary data collected was entered into Microsoft Excel to ensure cleaning of any inconsistencies. The data file was uploaded to the Statistical Packages for Social Sciences (SPSS) software for descriptive and inferential statistical measures.

3.7 Chapter Summary
This chapter has provided the research methodology for the study. The chapter has identified and described the research design for the study. It has also presented the population and the sampling design that the research will use in the study. The methods of data collection, research procedures and the methods of data analysis to be employed in the study have been identified. The next chapter, Chapter Four, will provide the results and findings of the study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction
This chapter presents the analyzed results and findings of the study on the research questions concerning the data collected from the respondents using SPSS version 24. The chapter begins by presenting background information which is the descriptive statistics on the respondents’ demographic information. This is followed by an analysis on the specific objectives of the study. The second section is on Perceived Usefulness on adoption of internet banking. The third section is on Perceived Ease of Use on adoption of internet banking. The fourth section is on perceived risks on adoption of internet banking. The final section is the summary of the whole chapter.

4.2 Response Rate
The researcher issued a total of 110 questionnaires and a total of 105 were filled and returned, hence a response rate of 95%. This was sufficient for the study as indicated in Table 4.1 below.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filled and returned</td>
<td>105</td>
<td>95</td>
</tr>
<tr>
<td>Unreturned</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3 Demographic Characteristics

4.3.1 Gender of Respondents
An analysis of the respondents according to gender revealed that females were 53% while makes were 47% as shown in Figure 4.1. This indicates a gender balance in respondents who use internet banking.
4.3.2 Age of Respondents

Analysis of the respondent’s age was done and the findings show that majority were aged between 25-29 years representing 44% of the total, this was followed by 30-34 years who represented 21%, followed by 20-24 years who represented 16%, followed by 25-39 years and 40 years and above who tied at 10% each as shown in Figure 4.2.
4.3.3 Level of Education of Respondents
Analysis of the respondent’s level of education was done and the findings show that a majority of 94% had University education while 6% of the respondents had Technical College education as their highest level of education. None had Secondary education as the highest level of education.

![Pie chart showing level of education](image)

**Figure 4.3: Level of Education**

4.3.4 Position at Work of Respondents
Analysis of the respondent’s position at the workplace was done and the findings show that majority were Officers representing 38% of the total, this was followed by Manager who represented 29%, followed by Team Leaders who represented 20%, followed by Executives who represented 9% of the total respondents. Out of the respondents, 4% did not indicate their positions at their workplaces as shown in Figure 4.4.
4.3.5 Years of Work Experience of Respondents

Analysis of the respondent’s number of years with regards to work experience. The findings show that majority of the respondents had between 1-5 years experience representing 47% of the total, this was followed by those with 6-10 years work experience who represented 31%, followed by 11-15 years work experience who represented 12%, followed by 16-20 years work experience who represented 6% and lastly 21 years and above years of work experience at 2% of the total respondents. Out of all respondents, 2% did not indicate their number of years of work experience as shown in Figure 4.5.
4.4 Adoption of Internet Banking
Adoption of internet banking as the dependent variable was studied. It was found that 65% of the respondents intend to use new internet banking features once introduced by their bank, 27% were indifferent while 8% did not intend to use new internet banking features once introduced. Amongst the respondents, 54% agreed that it would be easy for them to request for training to learn how to use internet banking, 29% were not sure while 17% disagreed to this statement. Three-quarters of the respondents disagreed that they worry implementing internet banking will consume a lot of time, 14% were indifferent while 11% of the respondents worried that implementing internet banking will consume a lot of time.

Table 4.2: Adoption Factors

<table>
<thead>
<tr>
<th>Factor</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>I intend to use new internet banking features once introduced by my bank</td>
<td>2.9</td>
<td>4.9</td>
<td>27.2</td>
<td>33.0</td>
<td>32.0</td>
</tr>
<tr>
<td>It would be easy for me to request for training to learn how to use internet banking</td>
<td>5.7</td>
<td>11.4</td>
<td>28.6</td>
<td>34.3</td>
<td>20.0</td>
</tr>
<tr>
<td>I worry implementing internet banking will consume a lot of time</td>
<td>45.2</td>
<td>29.8</td>
<td>14.4</td>
<td>7.7</td>
<td>2.9</td>
</tr>
</tbody>
</table>

4.5 Perceived Usefulness to Adoption of Internet Bank
The first objective sought to evaluate how Perceived Usefulness affects the adoption of internet banking. To realize this objective, respondents were asked to rate their answers using a five-point Likert scale by ticking the appropriate answer from the alternatives in which, 1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly Agree.

4.5.1 Factors Affecting Perceived Usefulness

The study focussed on personalization, alliance services and task familiarity as the factors that affect Perceived Usefulness of adoption of internet banking. An analysis of the three follows below.

4.5.1.1 Personalization

An analysis of personalization of internet banking revealed that a significant majority of the respondents, 84%, prefer a personalized internet banking platform that met their specific banking needs while 9% were of an indifferent opinion, while 7% disagreed. The respondents also agreed significantly, 74%, that a personalized platform would enhance
their relationship with their bank while 16% were of an indifferent opinion and 10% disagreed.

Table 4.3: Factors affecting Perceived Usefulness, Personalization

<table>
<thead>
<tr>
<th>Factor</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>I prefer a personalized internet banking platform that meets my specific banking needs</td>
<td>4.8</td>
<td>1.9</td>
<td>9.5</td>
<td>33.3</td>
<td>50.5</td>
</tr>
<tr>
<td>A personalized platform will enhance my relationship with my bank</td>
<td>5.7</td>
<td>3.8</td>
<td>16.2</td>
<td>32.4</td>
<td>41.9</td>
</tr>
</tbody>
</table>

4.5.1.2 Alliance Services

With regard to alliance services, most respondents, 87%, agreed that using Internet Banking would make it easier for them to carry out their tasks as it has a collection of bank services such as pay cheques, apply for loans, transfer money in one stop while 6% were of an indifferent opinion, while 7% disagreed. A majority of the respondents, 77%, also agreed that Internet banking enables them to access a wide range of products offered by the bank, while 16% were of an indifferent opinion, while 7% disagreed.

Table 4.4: Factors affecting Perceived Usefulness, Alliance Services

<table>
<thead>
<tr>
<th>Factor</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Using Internet Banking would make it easier for me to carry out my tasks as it has a collection of bank services such as pay cheques, apply for loans, transfer money in one stop</td>
<td>4.8</td>
<td>1.9</td>
<td>5.7</td>
<td>35.2</td>
<td>52.4</td>
</tr>
<tr>
<td>Internet banking enables me to access a wide range of products offered by the bank</td>
<td>4.8</td>
<td>1.9</td>
<td>16.3</td>
<td>39.4</td>
<td>37.5</td>
</tr>
</tbody>
</table>

4.5.1.3 Task Familiarity

An analysis of Task Familiarity with regards to Perceived Usefulness of internet banking revealed that a significant number of respondents, 71%, were confident in using internet banking as the tasks offered are similar to those in the conventional bank/branch, while 18% were of an indifferent opinion, while 11% disagreed.
Table 4.5: Factors affecting Perceived Usefulness, Task Familiarity

<table>
<thead>
<tr>
<th>Factor</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am confident in using internet banking as the tasks offered are similar to those in the conventional bank/branch</td>
<td>5.8</td>
<td>4.9</td>
<td>18.4</td>
<td>40.8</td>
<td>30.1</td>
</tr>
</tbody>
</table>

4.5.2 Influence of Perceived Usefulness on Attitude

Following the study with regards to influence of Perceived Usefulness on attitude, 83% of the respondents think it is valuable to use Internet Banking at work, while 10% were of an indifferent opinion, while 7% disagreed. A significant number of respondents, 91% find it necessary for people to know about internet banking in today’s society, while 4% were of an indifferent opinion, while 5% disagreed.

Table 4.6: Influence of Perceived Usefulness on Attitude

<table>
<thead>
<tr>
<th>Factor</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>I think it is valuable to use Internet Banking at work</td>
<td>5.7</td>
<td>1.0</td>
<td>10.5</td>
<td>37.1</td>
<td>45.7</td>
</tr>
<tr>
<td>It is necessary for people to know about internet banking in today’s society</td>
<td>4.8</td>
<td>0.0</td>
<td>3.8</td>
<td>28.6</td>
<td>62.9</td>
</tr>
</tbody>
</table>

4.5.3 Influence of Perceived Usefulness on Behavioural Intention to Use

On influence of Perceived Usefulness on behavioural intention to use internet banking, a significant majority of the respondents, 65% tend to use internet banking to perform financial transactions at their places of work, while 27% were of an indifferent opinion, while 8% do not use internet banking to perform financial transactions at work. Similarly, 74% of the respondents would want to use internet banking at work to increase their efficiency and productivity, while 16% were of an indifferent opinion, while 10% disagreed. Lastly, 70% of the respondents intend to use the internet banking to carry out banking transactions in the next six months, while 21% were of an indifferent opinion, while 9% do not intent to use internet banking to carry out transactions in the next six months.
Table 4.7: Influence of Perceived Usefulness on Behavioural Intention to Use

<table>
<thead>
<tr>
<th>Factor</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>I tend to use internet banking to perform financial transactions at work</td>
<td>6.7</td>
<td>1.9</td>
<td>26.7</td>
<td>24.8</td>
<td>40.0</td>
</tr>
<tr>
<td>I would want to use internet banking at work to increase my efficiency and productivity</td>
<td>5.8</td>
<td>3.8</td>
<td>16.3</td>
<td>28.8</td>
<td>45.2</td>
</tr>
<tr>
<td>I have intention to use the internet banking to carry out banking transactions in the next six months</td>
<td>4.8</td>
<td>3.8</td>
<td>21.2</td>
<td>33.7</td>
<td>36.5</td>
</tr>
</tbody>
</table>

4.5.4 Perceived Usefulness and Productivity

With regards to productivity, the 82% of the respondents believe that using Internet Banking would enable them accomplish their tasks faster, while 11% were of an indifferent opinion, while 7% disagreed. A significant majority, 88% of the respondents agreed that using internet banking takes a shorter time than accessing similar services whilst in a physical bank, while 7% were of an indifferent opinion, while 5% disagreed.

Table 4.8: Perceived Usefulness and Productivity

<table>
<thead>
<tr>
<th>Factor</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Using the Internet Banking would enable me accomplish my tasks faster</td>
<td>4.8</td>
<td>1.9</td>
<td>11.5</td>
<td>31.7</td>
<td>50.0</td>
</tr>
<tr>
<td>Using internet banking takes a shorter time than accessing similar services whilst in a physical bank</td>
<td>4.8</td>
<td>0.0</td>
<td>6.7</td>
<td>23.1</td>
<td>65.4</td>
</tr>
</tbody>
</table>

4.5.5 General Overview

Generally, 82% of the respondents communicated that they can easily keep a record of their finances using online banking, while 10% were of an indifferent opinion, while 8% disagreed. Overall, a significant number of respondents, 89%, find internet banking to be useful, while 5% were of an indifferent opinion, while 6% disagreed.

Table 4.9: Summary of Perceived Usefulness Factors

<table>
<thead>
<tr>
<th>Factor</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>I can easily keep a record of my finances using online banking</td>
<td>5.8</td>
<td>2.9</td>
<td>9.6</td>
<td>32.7</td>
<td>49.0</td>
</tr>
<tr>
<td>In overall, I find internet banking to be useful</td>
<td>4.8</td>
<td>1.0</td>
<td>4.8</td>
<td>26.9</td>
<td>62.5</td>
</tr>
</tbody>
</table>
4.5.6 Correlation between Perceived Usefulness and Adoption of Internet Banking

A Pearson correlation was conducted to investigate the relationship between adoption of internet banking and Perceived Usefulness. The result, 0.356, indicated there exists a weak, positive relationship between adoption of internet banking and Perceived Usefulness. This was an indication that Perceived Usefulness affects adoption of internet banking.

Table 4:10: Correlation between Perceived Usefulness and Adoption of IB

<table>
<thead>
<tr>
<th>Adoption of Internet Banking</th>
<th>Perceived Usefulness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adoption of Internet Banking</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td></td>
<td>N</td>
</tr>
<tr>
<td>Perceived Usefulness</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td></td>
<td>N</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

4.5.7 Regression Analysis between Perceived Usefulness and Adoption of Internet Banking

The researcher conducted a linear regression between Perceived Usefulness and adoption of internet banking. R is the correlation coefficient which shows the relationship between the study factors. From the correlation as per Table 4.10 above, it is eminent that there exists a weak, positive relationship between the study variables as shown by 0.356. R-Squared is a frequently used statistic measure to evaluate the model fit. R² also called the coefficient of determinations, refers to the percent of the variance in the dependent variable described individually or mutually by the independent variables hence approximately 13% of the adoption rate of internet banking could be credited to the collective result of its Perceived Usefulness as per Table 4.11 below. It can therefore be concluded that approximately 13% of the variation in adoption of internet banking is due to the independent variable (Perceived Usefulness), thus the independent variable has an effect on adoption of internet banking.

Table 4:11: Regression Analysis between Perceived Usefulness and Adoption of IB

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.356a</td>
<td>0.127</td>
<td>0.118</td>
<td>0.63002</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Perceived Usefulness
4.5.8 ANOVA Analysis between Perceived Usefulness and Adoption of Internet Banking

The study did an analysis of ANOVA between Perceived Usefulness and adoption of internet banking. The result of Analysis of Variance (ANOVA) for regression coefficient as shown in Table 4.12 revealed (F=14.396, p value = 0.000) calculated at a 5% level of significance. There exists a significant relationship between Perceived Usefulness and adoption of internet banking.

Table 4:12: ANOVA Analysis between Perceived Usefulness and Adoption of IB

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>5.714</td>
<td>1</td>
<td>5.714</td>
<td>14.396</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>39.296</td>
<td>99</td>
<td>0.397</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>45.010</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Adoption of Internet Banking
b. Predictors: (Constant), Perceived Usefulness

4.5.9 Coefficient Analysis between Perceived Usefulness and Adoption of Internet Banking

Based on the regression analysis above, it was established that holding Perceived Usefulness to a constant zero, adoption of internet banking would have a value of 1.956. This regression result indicates that a unit increase in Perceived Usefulness would enhance adoption of internet banking by a factor of 0.275. This analysis was conducted under a 5% significance level. The findings in Table 4.13 below revealed that there is a positive coefficient between Perceived Usefulness and adoption of internet banking (β= 0.356, p<0.000).

Table 4:13: Coefficient Analysis between Perceived Usefulness and Adoption of IB

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.956</td>
<td>0.308</td>
<td>6.353</td>
<td>0.00</td>
</tr>
<tr>
<td>Perceived</td>
<td>0.275</td>
<td>0.073</td>
<td>0.356</td>
<td>3.794</td>
</tr>
<tr>
<td>Usefulness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Adoption of Internet Banking

Based on the formula Y= β + B1X1, where Y is the dependent variable (adoption of internet banking), β is the constant (1.956), B1 (0.275) and X1 (usefulness) then a unit increase in usefulness will affect adoption as below:

\[ Y = 1.956 + 0.275 X_1 \]
4.6 Perceived Ease of Use to Adoption of Internet Bank
The second objective sought to evaluate how Perceived Ease of Use affects the adoption of internet banking. To realize this objective, respondents were asked to rate their answers using a five-point Likert scale by ticking the appropriate answer from the alternatives in which, 1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly Agree.

4.6.1 Factors Affecting Perceived Ease of Use
The study focussed on task familiarity and accessibility as the factors that affect Perceived Ease of Use on adoption of internet banking. An analysis of these factors follows below.

4.6.1.1 Task Familiarity
An analysis of task familiarity with regards to Perceived Ease of Use of internet banking revealed that a significant number of respondents, 91%, will use internet banking if they can perform the same services/tasks they seek from the bank branch, while 4% were of an indifferent opinion, while 5% disagreed. It was observed that a majority of the respondents, 82%, found it easy to remember how to perform tasks using technology, 12% were indifferent on this while 6% disagreed.

Table 4:14: Factors Affecting Perceived Ease of Use, Task Familiarity

<table>
<thead>
<tr>
<th>Factor</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>I will use internet banking if I can perform the same services/tasks I seek from the bank branch</td>
<td>3.8</td>
<td>1.0</td>
<td>3.8</td>
<td>39.4</td>
<td>51.9</td>
</tr>
<tr>
<td>It is easy for me to remember how to perform tasks using technology</td>
<td>1.9</td>
<td>3.8</td>
<td>12.4</td>
<td>36.2</td>
<td>45.7</td>
</tr>
</tbody>
</table>

4.6.1.2 Accessibility
With reference to accessibility of Internet Banking, 77% of the respondents found it easy to access the internet banking platform offered by their bank, while 18% were of an indifferent opinion, while 5% disagreed. Similarly, 83% of the respondents agreed that a 24-hour availability of internet banking increases their use of internet banking while 12% were of an indifferent opinion, while 5% disagreed.

Table 4:15: Factors Affecting Perceived Ease of Use, Accessibility

<table>
<thead>
<tr>
<th>Factor</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is easy to access the internet banking platform</td>
<td>2.9</td>
<td>1.9</td>
<td>18.4</td>
<td>44.7</td>
<td>32.0</td>
</tr>
<tr>
<td>24-hour availability of internet banking increases my use of internet banking</td>
<td>2.9</td>
<td>1.9</td>
<td>12.4</td>
<td>35.2</td>
<td>47.6</td>
</tr>
</tbody>
</table>
4.6.2 Understanding Technology

The ability of the user to understand the technology as a measure of Perceived Ease of Use was measured. It was found that 85% agree that understanding the technology enhanced a user’s ability to use internet banking, while 9% were of an indifferent opinion, while 6% disagreed. A substantial number of respondents, 77%, stated that navigating through the internet banking platform is easy for them, while 16% were of an indifferent opinion, while 7% disagreed.

Table 4.16: Understanding Technology

<table>
<thead>
<tr>
<th>Factor</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understanding the technology enhances my ability to use internet banking</td>
<td>2.9</td>
<td>2.9</td>
<td>9.5</td>
<td>33.3</td>
<td>51.4</td>
</tr>
<tr>
<td>Navigating through the internet banking platform is easy for me</td>
<td>3.8</td>
<td>2.9</td>
<td>16.2</td>
<td>42.9</td>
<td>34.3</td>
</tr>
</tbody>
</table>

4.6.3 Computer Self-Efficacy

A majority of the respondents, 85%, stated that learning to operate the system would be easy for them, while 9% were of an indifferent opinion, while 6% disagreed. A significant majority, 93% of the respondents, stated that they are fluent in the use of a computer, while 4% were of an indifferent opinion, while 3% were not fluent. Almost two-thirds of the respondents, 61%, stated they can figure out almost any software program with a minimum of effort, while 32% were of an indifferent opinion, while 7% disagreed. A significant majority, 72%, stated that they do not need to consult with their colleagues often when using internet banking, while 16% were of an indifferent opinion, while 12% need to consult.

Table 4.17: Computer Self-Efficacy

<table>
<thead>
<tr>
<th>Factor</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning to operate the system would be easy for me</td>
<td>3.8</td>
<td>1.9</td>
<td>9.5</td>
<td>49.5</td>
<td>35.2</td>
</tr>
<tr>
<td>I am fluent in the use of a computer</td>
<td>1.9</td>
<td>1.0</td>
<td>3.8</td>
<td>30.5</td>
<td>62.9</td>
</tr>
<tr>
<td>I can figure out almost any software program with a minimum of effort</td>
<td>3.8</td>
<td>2.9</td>
<td>31.7</td>
<td>35.6</td>
<td>26.0</td>
</tr>
<tr>
<td>I need to consult my colleagues often when using internet banking</td>
<td>35.6</td>
<td>36.5</td>
<td>16.3</td>
<td>7.7</td>
<td>3.8</td>
</tr>
</tbody>
</table>
4.6.4 General Overview

In summary, 64% of the respondents with regards to ease of use of internet banking agree that interacting with internet banking services does not require a lot of mental effort, while 21% were of an indifferent opinion, while 15% use of internet banking requires a lot of effort. A majority represented by 84% find their interaction with the internet banking services clear and understandable, while 11% were of an indifferent opinion, while 5% disagreed. Finally, 84% of the respondents find using internet banking easy, while 13% were of an indifferent opinion and 3% find using internet banking difficult.

Table 4.18: Summary of Perceived Ease of Use

<table>
<thead>
<tr>
<th>Factor</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interacting with internet banking services does not require a lot of mental effort</td>
<td>5.8</td>
<td>9.6</td>
<td>21.2</td>
<td>37.5</td>
<td>26.0</td>
</tr>
<tr>
<td>I find my interaction with the internet banking services clear and understandable</td>
<td>2.9</td>
<td>1.9</td>
<td>11.5</td>
<td>54.8</td>
<td>28.8</td>
</tr>
<tr>
<td>Overall, using Internet Banking is easy</td>
<td>2.9</td>
<td>0.00</td>
<td>13.5</td>
<td>45.2</td>
<td>38.5</td>
</tr>
</tbody>
</table>

4.6.5 Correlation between Perceived Ease of Use and Adoption of Internet Banking

A Pearson correlation was conducted to investigate the relationship between adoption of internet banking and Perceived Ease of Use. The result, 0.545, indicates that there is a positive, strong relationship between adoption of internet banking and Perceived Ease of Use. This was indication that Perceived Ease of Use affects adoption of internet banking.

Table 4.19: Correlation between Perceived Ease of Use and Adoption of IB

<table>
<thead>
<tr>
<th></th>
<th>Adoption of Internet Banking</th>
<th>Perceived Ease of Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adoption of Internet Banking</td>
<td>1</td>
<td>.545**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>102</td>
<td>98</td>
</tr>
<tr>
<td>Perceived Ease of Use</td>
<td>Pearson Correlation</td>
<td>.545**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>98</td>
<td>101</td>
</tr>
</tbody>
</table>

** Correlation is significant

4.6.6 Regression Analysis between Perceived Ease of Use and Adoption of Internet Banking

The researcher conducted a linear regression between Perceived Ease of Use and adoption of internet banking. R is the correlation coefficient which shows the relationship between the study factors. From the correlation as per Table 4.19 above, it was eminent that there exists a strong, positive relationship between the study variables as shown by 0.545.
R-Squared is a frequently used statistic measure to evaluate the model fit. $R^2$ also called the coefficient of determinations, refers to the percent of the variance in the dependent variable described individually or mutually by the independent variables hence approximately 30% of the adoption rate of internet banking could be credited to the collective result of its Perceived Ease of Use as per Table 4.20 below. It can therefore be concluded that approximately 30% of the variation in adoption of internet banking is due to the independent variable (Perceived Ease of Use), thus the independent variable has an effect on adoption of internet banking.

Table 4.20: Regression Analysis between Perceived Ease of Use and Adoption of IB

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.545a</td>
<td>0.297</td>
<td>0.290</td>
<td>0.56491</td>
</tr>
</tbody>
</table>

a Predictors: (Constant), Perceived Ease of Use

4.6.7 ANOVA Analysis between Perceived Ease of Use and Adoption of Internet Banking

The study did an analysis of ANOVA between Perceived Ease of Use and adoption of internet banking. The result of Analysis of Variance (ANOVA) for regression coefficient as shown in Table 4.21 revealed ($F=40.527$, p value = 0.000). This means there exist a significant relationship between Perceived Ease of Use and adoption of internet banking.

Table 4.21: ANOVA Analysis between Perceived Ease of Use and Adoption of IB

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>1</td>
<td>12.933</td>
<td>40.527</td>
<td>.000b</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>96</td>
<td>0.319</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>97</td>
<td>43.569</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Adoption of Internet Banking
b. Predictors: (Constant), Perceived Ease of Use

4.6.8 Coefficient Analysis between Perceived Ease of Use and Adoption of Internet Banking

Based on the regression analysis above, it was established that holding Perceived Ease of Use to a constant zero, adoption of internet banking would have a value of 0.815. This regression results indicate that a unit increase in Perceived Ease of Use would enhance adoption of internet banking by a factor of 0.571. This analysis was conducted under a 5%
The findings in Table 4.22 revealed that there is a positive coefficient between Perceived Ease of Use and adoption of internet banking ($\beta= 0.545$, $p<0.000$).

Table 4.22: Coefficient Analysis between Perceived Ease of Use and Adoption of IB

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>0.815</td>
<td>0.361</td>
<td>2.260</td>
<td>0</td>
</tr>
<tr>
<td>Perceived</td>
<td>0.571</td>
<td>0.090</td>
<td>0.545</td>
<td>6.366</td>
</tr>
<tr>
<td>Ease of Use</td>
<td>0.545</td>
<td>0.090</td>
<td>6.366</td>
<td>0</td>
</tr>
</tbody>
</table>

Based on the formula $Y= \beta + B_1 X_1$, where $Y$ is the dependent variable (adoption of internet banking), $\beta$ is the constant (0.815), $B_1$ (0.571) and $X_1$ (ease of use) then a unit increase in ease of use will affect adoption as below:

$$Y = 0.815 + 0.571 X_1$$

4.7 Perceived Risk to Adoption of Internet Bank

The last objective sought to evaluate how perceived risk affects the adoption of internet banking. To realize this objective, respondents were asked to rate their answers using a 5-point Likert scale by ticking the appropriate answer from the alternatives in which, 1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly Agree.

4.7.1 Financial Risk

A majority of the respondents, 72%, worry about being swindled through Internet Banking, while 14% were of an indifferent opinion, while 14% did not worry about being swindled via IB. Slightly above two-thirds of the respondents, 69%, worry about high risks during money transfers via Internet Banking, while 11% were of an indifferent opinion, while 20% disagreed. Lastly on financial risk, 60% of the respondents worry the Bank will not compensate them in case transaction errors occur, while 20% were of an indifferent opinion, while 20% were of the opinion that their bank would compensate them in case of a transaction error.
Table 4.23: Financial Risk

<table>
<thead>
<tr>
<th>Factor</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>I worry about being swindled through Internet Banking</td>
<td>4.8</td>
<td>9.5</td>
<td>14.3</td>
<td>38.1</td>
<td>33.3</td>
</tr>
<tr>
<td>I worry about high risks during money transfers via Internet Banking</td>
<td>2.9</td>
<td>17.1</td>
<td>11.4</td>
<td>36.2</td>
<td>32.4</td>
</tr>
<tr>
<td>I worry the Bank will not compensate me incase transaction errors occur</td>
<td>8.6</td>
<td>11.4</td>
<td>20.0</td>
<td>29.5</td>
<td>30.5</td>
</tr>
</tbody>
</table>

4.7.2 Performance Risk

The researcher looked into performance risk as a factor of perceived risk on internet banking. 39% of the respondents were of the opinion that their IB provider will deliver the service, 27% were indifferent while 34% agreed that they worry that the Internet Banking provider may not deliver the service. Half of the respondents, 51%, worry about non-access to the internet banking website due to poor maintenance, 27% were indifferent while 22% did not agree. Half of the respondents, 51%, agreed that they worry about non-access to the internet banking website due to low internet connection speed, 19% were indifferent while 30% did not. Lastly on measuring performance risk, 55% of the respondents worry about transactions being left incomplete, 20% were indifferent while 25% did not have such a concern.

Table 4.24: Performance Risk

<table>
<thead>
<tr>
<th>Factor</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>I worry that the Internet Banking provider may not deliver the service</td>
<td>12.5</td>
<td>26.9</td>
<td>26.9</td>
<td>22.1</td>
<td>11.5</td>
</tr>
<tr>
<td>I worry about non-access to the internet banking website due to poor maintenance</td>
<td>7.6</td>
<td>14.3</td>
<td>26.7</td>
<td>31.4</td>
<td>20.0</td>
</tr>
<tr>
<td>I worry about non-access to the internet banking website due to low internet connection speed</td>
<td>8.6</td>
<td>21.0</td>
<td>18.1</td>
<td>31.4</td>
<td>21.0</td>
</tr>
<tr>
<td>I worry about transactions left incomplete</td>
<td>10.5</td>
<td>14.3</td>
<td>20.0</td>
<td>26.7</td>
<td>28.6</td>
</tr>
</tbody>
</table>

4.7.3 Security Risk and Privacy

The researcher looked into security risk and privacy as a factor of perceived risk on internet banking. 40% of the respondents disagreed that they were suspicious about reliability of the bank chosen for Internet banking transactions, 23% were indifferent while 37% agreed that they were suspicious about reliability of the bank chosen for Internet banking transactions. Slightly above half of the respondents, 53%, were suspicious that someone
else may access their bank account, 16% were indifferent while 31% were not suspicious. About 59% of the respondents were worried that somebody can access their account if they use a computer not belonging to them, 16% were indifferent while 25% of the respondents disagreed. A slight majority of 56% of the respondents were worried that they may not be able to cancel incorrectly entered transactions, 20% were indifferent while 24% did not have this as a concern.

Table 4.25: Security Risk and Privacy

<table>
<thead>
<tr>
<th>Factor</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am suspicious about reliability of the bank chosen for Internet</td>
<td>9.5</td>
<td>30.5</td>
<td>22.9</td>
<td>20.0</td>
<td>17.1</td>
</tr>
<tr>
<td>banking transactions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am suspicious that someone else may access my bank account</td>
<td>5.7</td>
<td>24.8</td>
<td>16.2</td>
<td>24.8</td>
<td>28.6</td>
</tr>
<tr>
<td>I am worried that somebody can access my account if I use a computer</td>
<td>4.8</td>
<td>20.0</td>
<td>16.2</td>
<td>22.9</td>
<td>36.2</td>
</tr>
<tr>
<td>not belonging to me</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am worried that I may not be able to cancel incorrectly entered</td>
<td>8.6</td>
<td>15.2</td>
<td>20.0</td>
<td>34.3</td>
<td>21.9</td>
</tr>
<tr>
<td>transactions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.7.4 Social Risk

The social risk factor of perceived risk looked into 2 main aspects. 63% of the respondents disagreed that they worry about losing my friends and colleagues support in case of any failure while using Internet banking, 19% were indifferent while 17% agreed that they have this as a concern. Slightly above three-quarters of the respondents, 77%, disagreed similarly that they are afraid to ask for help from bank's staff in case of any failure or fault in Internet Banking transactions, 11% were indifferent while 12% agreed they are afraid to seek from help from bank staff.

Table 4.26: Social Risk

<table>
<thead>
<tr>
<th>Factor</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>I worry about losing my friends and colleagues support in case of any</td>
<td>24.3</td>
<td>38.8</td>
<td>19.4</td>
<td>8.7</td>
<td>8.7</td>
</tr>
<tr>
<td>failure while using Internet banking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am afraid to ask for help from bank's staff in case of any failure</td>
<td>44.2</td>
<td>32.7</td>
<td>11.5</td>
<td>8.7</td>
<td>2.9</td>
</tr>
<tr>
<td>or fault in Internet Banking transactions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.7.5 Time Risk

The researcher looked into time risk as a factor of perceived risk on internet banking. 70% of the respondents disagreed that they worry about spending more time to complete a transaction via internet banking, 11% were indifferent while 19% agreed that this was a
concern. A significant majority, 74% of the respondents disagreed that they worry about spending more time learning how to use internet banking, 17% were indifferent while 9% agreed that this was a concern.

Table 4.27: Time Risk

<table>
<thead>
<tr>
<th>Factor</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>I worry about spending more time to complete a transaction via internet banking</td>
<td>36.5</td>
<td>33.7</td>
<td>10.6</td>
<td>10.6</td>
<td>8.7</td>
</tr>
<tr>
<td>I worry about spending more time learning how to use internet banking</td>
<td>38.5</td>
<td>35.6</td>
<td>17.3</td>
<td>4.8</td>
<td>3.8</td>
</tr>
</tbody>
</table>

4.7.6 Correlation between Perceived Risk and Adoption of Internet Banking
A Pearson correlation was conducted to investigate the relationship between adoption of internet banking and perceived risk. The result, 0.155, indicated that there is no relationship between adoption of internet banking and perceived risk. This was an indication that perceived risk does not affect adoption of internet banking based on the study.

Table 4.28: Correlation between Perceived Risk and Adoption of IB

<table>
<thead>
<tr>
<th>Adoption of Internet Banking</th>
<th>Perceived Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adoption of Internet</td>
<td>1</td>
</tr>
<tr>
<td>Perceived Risk</td>
<td>0.125</td>
</tr>
<tr>
<td>N</td>
<td>102</td>
</tr>
</tbody>
</table>

4.8 Chapter Summary
This chapter presented the results established from the data analysis conducted on the study. This included results relating to the demographic data of the respondents and the three specific research objectives of the study aimed at establishing the factors that affect the adoption of internet banking. The first section analysed demographic data. The subsequent sections analysed the three objectives which were to find out the relationship between Perceived Usefulness to adoption of internet banking, to establish the relationship between Perceived Ease Of Use to adoption of internet banking and finally to investigate the relationship between perceived risk to adoption of internet banking based on descriptive analysis, correlation, regression and ANOVA analysis. The next chapter will discuss the findings. Relevant conclusions and recommendations will be made with regard to the factors that affect the adoption of internet banking.
CHAPTER FIVE

5.0 DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
In this chapter discussion, conclusions and recommendations were elaborated. The summary of the whole study is presented first, followed by discussion on the relationship between Perceived Usefulness to adoption of internet banking, the relationship between Perceived Ease of Use to adoption of internet banking and finally the relationship between perceived risk to adoption of internet banking.

5.2 Summary
The purpose of this study was to identify the factors that affect the adoption of Internet Banking by diverse organizational employees in Nairobi County. The study was guided by the following specific objectives: To find out the relationship between Perceived Usefulness to adoption of internet banking, to establish the relationship between Perceived Ease of Use to adoption of internet banking and lastly to investigate the relationship between perceived risk to adoption of internet banking.

This study adopted a descriptive research design. It was conducted amongst young professionals based on a religious group who are employed in diverse organizations in Nairobi County. From the 110 questionnaires issued, the researcher managed to receive back 105 questionnaires responded resulting into a response rate of 95%. The study used closed-ended questions in the questionnaire as the data collection tool to gather primary data. The researcher conducted a pilot test based on 7 individuals so as to improve the reliability of the tool. The collected data was cleaned for data anomalies. The clean data was analysed using Statistical Package for Social Sciences (SPSS) version 24. Quantitative analysis was done by use of descriptive statistics and inferential statistics through a linear regression model to study the relationship between the dependent and independent variables.

This study found that there is a relationship between Perceived Usefulness, Perceived Ease of Use and adoption of Internet Banking, however, there was no relationship between Perceived Risk and adoption of Internet Banking. With regards to adoption of internet banking, it was observed that more than two-thirds of the respondents intend to use new internet banking features once introduced by their banks, a significant representation of an
intent to adopt internet banking. Similarly, more than half of the respondents would take
initiative to request for training to understand how to use internet banking, another indicator
of their intention to adopt the technology. Lastly, only a quarter of the respondents have
the perception that implementing internet banking is a time-consuming affair, which a
significant majority disagree with. Such a statistic is a key indicator in the willingness of
people to adopt internet banking with the fast but steady advancement of technology in the
financial sector.

The respondents agree that having a personalized internet banking platform would increase
their relationship with their bank and adoption of the same, an integration of financial
services (alliance services) on one platform would enhance adoption and task familiarity
was key in adoption of the technology. Perceived Usefulness generally has a positive
influence on the kind of attitude an adopter has towards internet banking, it also affects
their behavioural intention to use significantly and the perception of increased productivity
on use of internet banking with regard to saving on time and efficiency.

Regarding Perceived Ease of Use, most respondents were of the opinion that 24-hour
accessibility of the platform and their ability to understand the technology behind internet
banking, task familiarity and computer self-efficacy significantly contributed towards their
adoption of the technology. On Perceived risk, the financial risk aspect was a clear indicator
that could hinder adoption of internet banking as a majority of the respondents raised
concern. Slightly above half of the respondents expressed worry on security and privacy
offered via internet banking especially due to vices such as identity theft and fraud.
Majority of the respondents independently made decisions to adopt and use internet
banking without considering loss of status in their social circles.

5.3 Discussion

5.3.1 Relationship between Perceived Usefulness to Adoption of Internet Banking

Personalization is postulated to have a positive effect on Perceived Usefulness from the
study. It was observed that a weighty majority of the respondents in the study preferred a
personalized internet banking platform that met their specific banking needs. In previous
studies, Dysart (1998) argued that the most successful Internet platform will be one that
can offer each visitor a highly personalized interactive experience. Likewise, it was
observed that about three-quarters of the respondents believed that a personalized platform
would enhance their relationship with their bank. Rubin (1998) predicted that new Web-
based technologies would enable banks to provide customized content that can educate and cross-sell while strengthening the long-term relationship between banks and customers. Such personalization can offer much convenience to customers and it is generally believed to have direct association with users’ perceptions of the usefulness of the services.

Alliance services have a positive impact on Perceived Usefulness as evidenced from the results in which majority of the respondents approved of using Internet Banking would make it easier for them to carry out their tasks as it has a collection of bank services such as pay cheques, apply for loans, transfer money in one stop. According to Gerrard and Cunningham (2003) the perception of usefulness on online banking depends on the services banks provided, in terms of needs of customers such as paying bills, applying for a loan, obtaining information on mutual funds, transferring money abroad, and checking banking balances. The study found that majority agreed that Internet banking enables them to access a wide range of products offered by the bank which is what Pikkarainen et al. (2004) stated in their study.

It was confirmed that task familiarity is a significant factor that affects Perceived Usefulness. Respondents were more confident in using internet based on the fact that the tasks offered were similar to those in the conventional bank. Deitel, Deitel and Steinbuhler (2000) and Agarwal and Karahanna (2000) in prior texts stated that the more familiar the task to be performed is, there is a greater likelihood that a user will use the system, since little or no extra cognitive learning efforts will be required. This self-efficacy trait, which is reflective of the confidence in one’s ability to perform a particular task.

Perceived Usefulness has an influence on attitude following the study as a great number of respondents agreed that usage of internet banking at work is valuable and the need for people to know about internet banking in today’s society. Prior studies by Chau and Lai (2003) and Jahangir and Begum (2008) found that usefulness had a positive and significant influence on attitude toward using internet banking. Therefore, a customer’s perception of the usefulness of internet banking will affect their attitude towards the technology and ultimately adoption.

It was established that Perceived Usefulness has influence on behavioural intention to use as the respondents stated they would want to use internet banking at work to increase their efficiency and productivity. This validates what Davis, Bagozzi and Warshaw (1989) stated that within organizational settings, people form intentions toward behaviours they believe
will increase their job performance, over and above whatever positive or negative feelings may be evoked toward the behavior per se because enhanced performance is instrumental to achieving various rewards that are extrinsic to the content of the work itself, such as pay increases and promotions.

Two thirds of the respondents from the study intend to use internet banking to carry out banking transactions in the next six months. This finding echoes the findings following the MBA study on 107 students that Perceived Usefulness was significantly correlated with both self-reported current usage and self-predicted future usage of a technology.

A significant majority of the respondents drew great usefulness in internet banking hence the positive response towards behavioural intention to use internet banking. Similarly, Pikkarainen et al. (2004) in their study of online banking in Finland and Celik (2008) in the study in Turkey found that Perceived Usefulness is one of the most significant influence on the intention to use online banking among the consumers. In addition, he also discovered that Perceived Usefulness is one of the important adoption factors for online banking implementation.

It was agreed that using the Internet Banking would enable me accomplish my tasks faster and takes a shorter time than accessing similar services whilst in a physical bank. This resonates with Davis’ (1989) definition of Perceived Usefulness. The results also echo Norzaidi, Noorly, Wan Seri and Mona (2011) who earlier noted that that using computers in the workplace would increase user’s productivity, improve job performance, and enhance job effectiveness and usefulness.

5.3.2 Relationship between Perceived Ease of Use to Adoption of Internet Banking

Findings from the confirm that task familiarity is a key factor that affects Perceived Ease of Use and adoption of technology as the task performed is replicated from the Branch to the Internet Banking platform. This makes it easier for the end user to interact and use the technology effectively. Chau and Lai (2003) postulated that task familiarity is positively related to Perceived Ease of Use.

Based on the study, it was found that accessibility of the internet banking platform was important to the user and reflected on their perception of ease of use. The respondents perceived the technology more favourably due to its 24-hour accessibility. Tan and Teo (2000) concurred with this argument and hypothesized that accessibility of Internet
banking is a facilitator of adoption due to its capacity of allowing users to perceive the technology more favourably. It can be concluded that accessibility is positively related to Perceived Ease of Use as was stated by Chau and Lai (2003).

Findings indicate that it is important to understand the technology in question for a user to perceive its ease of use and eventually adoption of the technology. The less effort it takes to navigate through the technology, the greater the chance of adoption. This was previously endorsed by Gounaris and Koritos (2008), Chong, Ooi, Lin and Tan (2010) among other researchers who supported that there is a positive and upward relationship between the Perceived Ease of Use and the probability of adoption of internet banking.

Computer self-efficacy sought to understand the end user’s judgement of their capability to use a computer. From the findings, it was evident that the respondents were aware of their ability and understanding of technology. Based on this, a significant number expressed ease to willingness to learn how to operate the system. Similarly, those who believed they had a better understanding of internet banking found it easy to use and did not need to consult or seek assistance from their colleagues. This upholds Wang et al. (2003) who established that customers with high self-efficacy levels favourably evaluate the usefulness and ease of use of Internet banking, however those with low levels of self-efficacy find it difficult to understand and complete tasks using Internet banking, thus hindering their motivations to use the technology. Hence there is a relationship between computer self-efficacy and adoption of internet banking.

5.3.3 Relationship between Perceived Risk to Adoption of Internet Banking

The final objective of the study was to investigate the relationship between perceived risk to adoption of internet banking. The study focused on the following types of risk; financial risk, performance risk, security risk and privacy, social risk and time risk factors. With regards to financial risk, the findings indicate that a significant majority of the respondents still worry about financial losses that may occur while transacting via internet banking. Concern on compensation in case of financial loss is a high as it was implied people are not aware of mechanisms to follow. Kuismia et al. (2007) raised this too and stated it to be a cause of non-adoption of online banking.
Performance risk was analysed and it was revealed that generally slightly above half of the respondents expressed unease on reliability of the internet banking platforms and technology due to inefficiencies such as poor maintenance of the platform, inaccessibility of the platforms due to low internet connections speeds and/or transactions being left incomplete. This could impact the perception and adoption of internet banking as echoed by Littler and Melanthiou (2006). Transactions being left incomplete additionally could have implications of loss of business and therefore render the intention to adopt internet banking negative. Kuisma et al. (2007) found that customers were often worried that a breakdown in the system will occur while conducting electronic services, because these situations may result in unexpected losses.

Security risk and privacy generally was found to be a concern as it affected financial transactions. Slightly above half of the respondents raised concern over potential loss of control over personal information being accesses or used without their knowledge or permission while using internet banking, echoed by Al-Ghaith, Sanzogni, and Sandhu (2010). This has a direct impact on crimes such as identity theft, cybercrimes and fraud conducted via platforms such as internet banking as stated by Oghenerukevbe (2008). This too resonates with a study conducted by Kaynak and Harcar (2005) who observed that lack of adequate security is the most important reason given for not using online banking by sample respondents in their study.

The social risk aspect was studied as well. Based on the findings, it was revealed an individual’s social status did not affect their use/perception of internet banking. In fact, most respondents were more open to seek assistance where need be while interacting with the platform. This contradicted what Asikhia (2011) who stated that a consumer’s perception on use of electronic banking would reduce the self-image of them, or have a negative effect on their perceived image from other consumers.

Lastly, time risk as a facet of perceived risk was studied. The overall impression from the respondents was that loss of time is not a factor that would hinder them from adopting internet banking based on the length of time a transaction takes to complete and how long it takes them to learn how to use internet banking. This was contrary to what Bellman et al. (1999) reported on the importance of time considerations and found it the significant predictor to online buying behavior. In summary, the respondents were not very time
oriented and concerned about potential risks of wasting time implementing, learning how to use and troubleshooting issues experienced through internet banking.

5.4 Conclusion

5.4.1 Relationship between Perceived Usefulness to Adoption of Internet Banking

Perceived Usefulness has a positive relationship with the adoption of internet banking. Customers value a product more when their personal needs are met to their expectation. In addition, familiarity of services replicated via internet banking platforms improved the perception of usefulness to the customer which translates to adoption of internet banking. Lastly, drawing more productivity by use of internet banking with regards to efficiency and saving on time is a significant factor to consider when adopting internet banking based.

5.4.2 Relationship between Perceived Ease of Use to Adoption of Internet Banking

Perceived Ease of Use has a positive and strong relationship with the adoption of internet banking. The end user’s understanding of a technology and their computer self-efficacy significantly influence their intention to adopt internet banking. The more a user understands the technology and how it operates, the easier it will seem to use and adopt. Their individual belief in their ability to use a technology and translate it to a reality also speaks to an easier adoption process.

5.4.3 Relationship between Perceived Risk to Adoption of Internet Banking

However much there was no relationship found based on this study between perceived risk and adoption of internet banking, it was evident that financial risk, performance risk and security risk and privacy were significant aspects of risk that consumers would raise when interacting with a platform that offers financial services due to potential loss of funds. An area that financial institutions need to focus on while pushing for adoption of technology based financial services and/or products.

5.5 Recommendation

5.5.1 Recommendations for Improvement

5.5.1.1 Relationship between Perceived Usefulness to Adoption of Internet Banking

Financial services institutions such as banks, microfinances and saccos need to raise more awareness on value of adopting internet banking. It is a robust technology can provide a
myriad of services and solutions for customers 24/7 world over. Therefore, businesses and organizations cannot afford to overlook key values such as a high level of productivity and efficiency that are drawn from use of technology in this era. They must embrace the changes to remain competitive.

5.5.1.2 Relationship between Perceived Ease of Use to Adoption of Internet Banking

Continuous improvement of internet banking platforms with regards to developing platforms that mirror transactions conducted via the physical branch will enhance adoption. Similarly, constant education and sensitization on simplicity and ease of use of internet banking will translate to adoption in the long run. 24-hour access and availability of systems is paramount; therefore, this needs to be guaranteed by service providers to their consumers.

5.5.1.3 Relationship between Perceived Risk to Adoption of Internet Banking

Financial services institutions especially banks need to raise more awareness on the risks customers are exposed to while consuming services via internet banking platforms. In addition, they need to educate end users on the preventative measures that have been taken to ensure risks such as loss of funds have been mitigated to enhance trust, adoption and utilization of internet banking.

5.5.2 Recommendations for Further Studies

The study sought to establish the factors affecting the adoption of internet banking Nairobi county using the Technology Acceptance Model. The above study only focused on young professionals based on a religious group who are employed in diverse organizations in Nairobi County. Further studies can be done on the same topic in other counties for comparison.
REFERENCES


Chang, Y. (2003). Dynamics of Banking Technology Adoption: An Application to Internet Banking, Department of Economics. Coventry, United Kingdom.


Tan, M., & Teo, T. S. (2000). Factors Influencing the Adoption of Internet Banking. *Journal of the Association for Information Systems, 1*(5), 1-44.


Appendices

Appendix I: Introductory Letter
Sandra Musila
United States International University-Africa
P.O. Box 14634-00800
Nairobi, Kenya.
kmusila@gmail.com

Dear Sir/Madam,

Re: Request for participation in a Research Project

I am a graduate student at the United States International University Africa pursuing a Masters degree in Business Administration, with a bias on Strategic Management. As partial fulfilment of my project, I am conducting a research assessment on the factors affecting the adoption of internet banking.

Given your unique position and experience, you have been selected as one of the respondents. Your role in this study will only involve completing a questionnaire. The questions asked will relate to your experience and opinions regarding internet banking at your place of work. It is important that you understand that there is no correct or wrong answer. This research is aimed at allowing you to provide details about what you honestly think.

Please note that any information you give will be treated with confidentiality and at no instance will it be used for any other purpose other than for this project. Your assistance will be highly appreciated. I look forward to your prompt response.

Your cooperation will be highly appreciated.

Yours Faithfully,

Sandra Musila (Researcher)
9 July 2019

To whom it may concern

RESEARCH PROJECT BY - SANDRA KASIVA MUSILA ID: 642945

The bearer of this letter is a student at the United States international University-Africa pursuing a Master of Business Administration-Strategic Management.

As part of the program, she is required to undertake a research project on “Factors affecting the Adoption of Internet Banking By Diverse Organizational Employees In Nairobi County. This requires her to collect data and information from various relevant institutions.

Kindly assist by enabling her access data, information and contacts with respondents who can complete his questionnaires. I assure you that the information provided will be treated with the utmost confidentiality.

Should you have any queries regarding the student research please feel free to contact me on my email: tumeric@usu.ac.ke or phone: 234-222-14519

Yours sincerely,

[Signature]

Dr. Teresia Linge
Associate Dean, Chandaria School of Business

p.o.box 14634-0080 Nairobi, Kenya  |  tel:254-730-116-000  |  info@usu.ac.ke
www.usu.ac.ke
Appendix III: Research Permit

This is to certify that Ms. Sandra Murula of United States International University Africa, has been licensed to conduct research in Nairobi on the topic: FACTORS AFFECTING THE ADOPTION OF INTERNET BANKING BY DIVERSE ORGANIZATIONAL EMPLOYEES IN NAIROBI COUNTY for the period ending 25th July 2020.

Licence No: NACOSTI/P/19/116

Applicant Identification Number: 187821

Director General
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

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THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013

The Grant of Research Licenses is Guided by the Science, Technology and Innovation (Research Licensing) Regulations, 2014

CONDITIONS

1. The License is valid for the proposed research, location and specified period
2. The License may not be transferable
3. The Licensee shall inform the relevant County Governor before commencement of the research
4. Excavation, mining and collection of specimens are subject to further necessary clearance from relevant Government Agencies
5. The License does not give authority to transfer research materials
6. NACOSTI may monitor and evaluate the licensed research project
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E-mail: dg@nacostii.go.ke / registry@nacostii.go.ke
Website: www.nacostii.go.ke
Appendix IV: Questionnaire
This study examines the adoption of internet banking by examining diverse organizational employees holding accounts in commercial banks in Nairobi County, Kenya. The findings from this study will provide the stakeholders in the banking industry with a deeper understanding of internet banking as an alternative channel offering to their customers as well as assist in adoption of the technology.

PART A: DEMOGRAPHICS DATA

1. What is your gender? Female □ Male □

2. What is your age?
   - 20-24 years □ 25-29 years □ 30-34 years □ 35-39 years □ 40 years + □

3. What is your highest level of education?
   - Secondary □ Technical □ University □

4. What is your current level/position at your work place?
   - Officer □ Team Leader □ Manager □ Executive □

5. How many years of work experience do you have?
   - 1 - 5 years □ 6 – 10 years □ 11 – 15 years □ 16 – 20 years □ 21 years and above □

PART B: PERCEIVED USEFULNESS OF USING INTERNET BANKING

Using a 5-point measurement scale, please rate the extent to which the following factors determine the Perceived Usefulness corresponding to your personal opinion for each statement regarding adoption of internet banking at your organization.

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
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<tbody>
<tr>
<td>1. I prefer a personalized internet banking platform</td>
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</table>

75
1. A platform that meets my specific banking needs
2. A personalized platform will enhance my relationship with my bank
3. Using Internet Banking would make it easier for me to carry out my tasks as it has a collection of bank services such as pay cheques, apply for loans, transfer money in one stop
4. Internet banking enables me to access a wide range of products offered by the bank
5. I am confident in using internet banking as the tasks offered are similar to those in the conventional bank/branch
6. I think it is valuable to use Internet Banking at work
7. It is necessary for people to know about internet banking in today’s society
8. I tend to use internet banking to perform financial transactions at work
9. I would want to use internet banking at work to increase
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<table>
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<tr>
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<tbody>
<tr>
<td>10. I intend to use new internet banking features once introduced by my bank</td>
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<tr>
<td>11. I have intention to use the internet banking to carry out banking transactions in the next six months</td>
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<tr>
<td>12. Using the Internet Banking would enable me accomplish my tasks faster</td>
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<td>13. Using internet banking takes a shorter time than accessing similar services whilst in a physical bank</td>
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<td>14. I can easily keep a record of my finances using online banking</td>
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<td>15. In overall, I find internet banking to be useful</td>
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</table>

**PART C: PERCEIVED EASE OF USE OF USING INTERNET BANKING**

Using a 5-point measurement scale, please rate the extent to which the following factors determine the Perceived Ease of Use corresponding to your personal opinion for each statement regarding adoption of internet banking at your organization.

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<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
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<tbody>
<tr>
<td>1. I will use internet banking if I can perform the same</td>
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<td>1.</td>
<td>services/tasks I seek from the bank branch</td>
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<td>2.</td>
<td>It is easy for me to remember how to perform tasks using technology</td>
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<td>3.</td>
<td>It is easy to access the internet banking platform</td>
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<td>4.</td>
<td>24-hour availability of internet banking increase my use of internet banking</td>
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<td>5.</td>
<td>Understanding the technology enhances my ability to use internet banking</td>
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<td>6.</td>
<td>Navigating through the internet banking platform is easy for me</td>
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<td>7.</td>
<td>It would be easy for me to request for training to learn how to use internet banking</td>
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<td>8.</td>
<td>Learning to operate the system would be easy for me</td>
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<td>9.</td>
<td>I am fluent in the use of a computer</td>
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<td>10.</td>
<td>I can figure out almost any software program with a minimum of effort</td>
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<td>11.</td>
<td>I need to consult my colleagues often when using internet banking</td>
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<td>12.</td>
<td>Interacting with internet banking services does not require a lot of mental effort</td>
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</table>
13. I find my interaction with the internet banking services clear and understandable

14. Overall, using Internet Banking is easy

**PART D: PERCEIVED RISK OF USING INTERNET BANKING**

Using a 5-point measurement scale, please rate the extent to which the following factors determine the perceived risk corresponding to your personal opinion for each statement regarding adoption of internet banking at your organization.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
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<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
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<tbody>
<tr>
<td>1. I worry about being swindled through Internet Banking</td>
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<td>2. I worry about high risks during money transfers via Internet Banking</td>
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<td>3. I worry the Bank will not compensate me in case transaction errors occur</td>
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<td>4. I worry that the Internet Banking provider may not deliver the service</td>
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<td>5. I worry about non-access to the internet banking website due to poor maintenance</td>
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<td>6. I worry about non-access to the internet banking website</td>
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<td>due to low internet connection speed</td>
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<td>7. I worry about transactions left incomplete</td>
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<td>8. I am suspicious about reliability of the bank chosen for Internet banking transactions</td>
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<td>9. I am suspicious that someone else may access my bank account</td>
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<td>10. I am worried that somebody can access my account if I use a computer not belonging to me</td>
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<td>11. I am worried that I may not be able to cancel incorrectly entered transactions</td>
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<td>12. I worry about losing my friends and colleagues support in case of any failure while using Internet banking</td>
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<td>13. I am afraid to ask for help from bank's staff in case of any failure or fault in Internet Banking transactions</td>
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<td>14. I worry about spending more time to complete a transaction via internet banking</td>
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<td>15. I worry about spending more time learning how to use internet banking</td>
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<td>16. I worry implementing internet banking will consume a lot of time</td>
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Appendix V: Yamane’s published table

Things to note on the published tables below; first, these sample sizes reflect the number of obtained responses and not necessarily the number of surveys mailed or interviews planned. Second, the sample sizes in the table below presume that the attributes being measured are distributed normally or nearly so. If this assumption cannot be met, then the entire population may need to be surveyed.

<table>
<thead>
<tr>
<th>Size of Population</th>
<th>Sample Size (n) for Precision (e) of:</th>
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<td>100</td>
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<td>96</td>
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<td>450</td>
<td>212</td>
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