Internet Banking Service Adoption: Private Bank Versus Governmental Bank

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Abstract: The goal of this study is to develop and enhance an understanding of Iranian customers' adoption of Internet banking services. Enhancement of Internet banking service adoption is an important strategy in today's increasingly competitive banking industry. Bank management must identify and improve upon factors that can limit customer adoption. Through a questionnaire, demographic, attitudinal and behavioral characteristics of Internet banking service customers of Saman and Mellat banks from private and governmental sectors are captured. The results illustrate that expectations about service quality are high. The majority of the customers are very willing to use Internet banking services. The security concerns and lack of adequate technological knowledge stand out as being two main obstacles to the adoption of Internet banking. There was also evidence that customers' age groups and level of education more contributed to explain the respondent's propensity to use Internet banking services. Saman bank was perceived as having a significantly better service portfolio, specifically in regard to making customers aware of its services and offering its attractive incentives in comparison to Mellat bank. The service quality dimensions were found to better meet the overall expectation of customers who patronized Saman bank. Since the majority of the Iranian banks are under the governmental authority; thus, privatization could be useful in enrichment of the Iranian banks' performance.

Key words: Virtual banking, service quality, behavior, security, retail banking

INTRODUCTION

A strong banking industry is important in every country and can have a significant effect in supporting development through efficient financial services. Over the last two decades, service sectors have witnessed a rapid shift under the pressure of international competition worldwide (Liao and Cheung, 2002). The new technology offers institutions including banks some efficient delivery channels through which customer banking requirement can be delivered more conveniently and economically (Brodie et al., 2007; Wong et al., 2008). One of the delivery channels introduced for financial services is Internet Banking (IB) or online banking. Internet banking is a useful tool in the banking system that is more convenient than traditional branch banking (Pikkartainen et al., 2004).

Daniel (1999) described electronic banking as the provision of banking services to customers through Internet technology. Other authors such as Karjaluoto et al. (2002) indicated that banks have the choice to offer their banking services through various electronic distribution channel technologies such as Internet technology, video banking technology, telephone banking technology and WAP technology. Karjaluoto et al. (2002) also indicated that Internet technology is the main electronic distribution channel in the banking industry. Wang et al. (2003) claimed that in the 1990s e-banking was under-utilized as business organizations used it only to market their products and services. The advent of new channels has contributed the emergence of new forms of financial businesses such as virtual banks (Serban et al., 2004). In this line, several scholars have explored the advantages of financial distribution channels. For instance, in Jayawardena and Foley (2000) report, cost savings, increased customer base, mass customizations, marketing and communication, innovation are listed.

Prior studies suggest that customers' adoption of electronic banking service may be a function of a number of factors. For instance, Liao and Cheung (2002) argued that individual expectations encompassing accuracy, security, transaction speed, user-friendliness, user involvement and convenience were the most significant
quality attributes. Mattila et al. (2003) stated that household income and education level had a significant impact on the adoption of online banking services among customers in Finland. At recent years e-banking has experienced explosive growth and has transformed traditional practices in banking dramatically (Gonzalez et al., 2008). At present time, more of daily life activities are moved online in Iran and for this, electronic banking services can be an important example of this trend (Economic Focus, 2007). In Iran IB is still new and in infancy stage and customers are less familiar and often more skeptical about online banking transaction due to lack of security.

A strong banking industry is important in every country and can have a significant effect in supporting economic development through efficient financial services. Presently, in Iran, an important function of e-commerce is the handling of payment over the Internet. Implementation of a payment system for e-commerce is still evolving in Iran. Making a comparison between a private sector bank and a government bank is important, as it will establish if customers of different types of the bank do or do not have the same service quality expectations in relation to an excellent bank. This issue is of interest because, if no significant differences are found, this would imply that consumer expectations of efficient banks do not differ irrespective of the type of bank customers patronize. Furthermore, the study will establish if the service quality perceptions that customers have in regard to bank service quality are the same or different for customers of the two types of the bank. This comparison is important, as it may provide suggestions about how different types of the bank can improve their service quality. Internet banking adoption pace in Iran is relatively low and very little research has been carried out to understand the key adoption determinants. The literature review also indicates the lack of information relevant to comparison between governmental and private sectors banking services in Iran. To address this gap this study was undertaken. The result could help policy makers and bank managers to make informed decisions, thereby providing better services to their customers and formulate more efficacious strategies to lure customers to IB services.

Mellat Bank belonging to the governmental sector is studied in this research because of its popularity with the customers. Mellat Bank has been established in December 1979 with a paid of capital of Rs 33.5 bn. Currently, the bank is one of the largest commercial banks in the Islamic Republic of Iran, ranking among the top 1000 banks of the world and one of the main governmental banks that have focused on electronic banking services, especially Internet banking (Economic Focus, 2006, 2007).

If Iranian customers are unwilling in accepting of IB services, it may be because they are not aware about such services being available and the benefit it offers. This concept leads us to different variables to be examined. The critical question is: What are the main effective factors that influence the acceptance of retail IB services by Iranian customers? To find an answer to this question, the past researches specifically paramount work of Lee et al. (2005) enabled us to extract the variables as well as personal and behavioral characteristics, which have influence on adoption of IB services. Each of the identified measures will be stated in a set of variables to determine adopters' belief in adoption of the characteristic in question.

An overview of past literature has enabled the authors to create intuitively several appropriate dimensions. It has been documented that, characteristics of bank's service provision can have a significant impact on the behavioral intentions of customers. Several items representing such characteristics were included in the questionnaire. The expected relationship with regard to demographic, personal, behavioral and attitudinal characteristics can be outlined in the following variables. The variables were measured based on the individuals' own self-assessment of how and why they perceive online based financial services and their willingness to use those products. The variables are as followed:

- Variables encompassed in demographic characteristics are; age, gender, marital status, educational level, occupation and household income
- Variables related to personal characteristics are; access to Internet, aim of Internet usage, delivery channel preference and lack of awareness from benefits, lack of technological skill, concern upon security, loyalty, satisfaction and trust
- Variables related to Internet banking usefulness are; transferring money within the same bank branches, transferring money to other banks, foreign exchanging and buying/selling stock, utility payments and getting information inquiry
The main variables related to Internet banking characteristics are: convenient, less cost, security and privacy, ease of use, transaction speed, no need for carrying cash, suitable for any type of transaction, satisfy all the banking and financial services and recommending to others

**Hypothesis:** All variables related to Internet banking usefulness, Internet banking characteristics and demographic characteristics influencing Internet banking services' adoption are studied in this research. Internet banking provides two major advantages: convenience (Meuter et al., 2000) and quick service (Karjalainen et al., 2002), compared to traditional retail banking services. It is hypothesized that customers who perceive convenience and quick service as important attributes of Internet banking, are more likely to adopt or have intentions to adopt the new services such as Internet banking services. Many consumers are concerned with the risk associated with online transactions. The perceived lack of security on public networks is definitely a stumbling block (Jun et al., 2004). Security is defined as the protection of data against accidental or intentional disclosure to unauthorized persons, or unauthorized modifications or destruction. Security is the life of electronic commerce and it has become the most important issue for its growth (Ratnasingham, 1998). Obviously, Internet banking will not be adopted unless it is considered safe and secure by the customers.

Trust is one of the substantial dimensions of the e-service quality and the trustworthiness has significant and positive impacts on the online buyers’ perceived service quality (Parasuraman, 2002). Trust plays an important role in many social and economic interactions involving uncertainty and dependency. Trust is a critical factor influencing the successful of e-banking because uncertainties find in transactions over the Internet. Research done by Zhang and Tang (2006) defined that trust is a crucial dimension of the perceived e-service quality. The consumers’ trusting beliefs affect their attitudes to the retailer and their risk perception. According to Chellappa (2000), consumer trust in e-commerce and e-banking was influenced by a consumer’s perception of risk to the privacy and the security. Chellappa (2000) argued that different classes of people have different expectations of privacy and its definition may depend on the nature and type of situation. A lot of research found that privacy is one of the factors that online consumers concerned for. They are not buying on the internet because they are afraid their personal information will be misused (Desai et al., 2003). Privacy is customers’ right and it can influence customers’ perceptions of security when the customers know this right and it will be introduced to them during online transactions. Demographic characteristics such as age, marital status, educational level and etc are also established in this research work. According to this study the following hypotheses will be tested:

**MATERIALS AND METHODS**

**Measurement instrument and validation:** The measurement instrument used was a questionnaire which consisted of two sections. The first section focused on demographic information such as age, gender and etc. The second section had three parts. Part one seeks to capture respondents’ personal information in using Internet and online banking services. Part two asks the respondents’ attitudes around the usefulness of Internet banking services and part three focuses on the respondents’ satisfaction and loyalty level on the IB services. All attributes were positively worded. Expectation and perception statements were put together within the survey form. This meant that as soon as respondents had rated their expectation of each attribute, they immediately rated their perception of the same attribute. Respondents were also asked to rate their overall satisfaction with their bank on the measurement scale.

To measure out the perceptions of all characteristics for both IB users and non-users, we employed the scale developed by Moore and Benbasat (1991), anchored on a seven-point Likert scale ranging from strongly disagree (1) to strongly agree (7). The questionnaires were first pre-tested among 35 customers to comment on the relevance and wording of the questionnaire’s items, length of a survey and time taken to complete the questions. It was also reviewed carefully by three experts with extensive experience.

The suggestions and recommendations of these professionals for clarity, validity and consistency of the questions were incorporated into the survey instrument. On the bases of the expertise recommendations, some of the items were dropped. The questionnaire layout was modified and the wording of some of the questions was changed to improve the quality. Finally, another test was carried out in one branch of the bank among 30 customers. Upon the collection of the data, the Cronbach’s alpha value was calculated for these questionnaires and it was equal to 0.78 and 0.85 for Saman and Mellat banks, respectively (over the recommended level of 0.70).
• **Convenience: H1**: The factor of convenience is significantly influencing the Internet banking service quality and adoption

• **Security: H2**: There is a positive direct relationship between security and Internet banking service quality and adoption

• **Trust: H3**: The factor of trust is significantly influencing the Internet banking service quality and adoption

• **Privacy: H4**: The factor of privacy is significantly influencing the Internet banking service quality and adoption

• **Speed of transaction: H5**: There is a positive direct relationship between speed of transaction and Internet banking service quality and adoption

• **Demographic characteristics: H6**: A demographic characteristic can significantly influence the Internet banking service quality and adoption

**Sampling and data collection**: Data collection was carried out from 15th of September to 15th of November 2006, in four different branches of Saman bank and Mellat bank in central region of Tehran, separately. The population of interest is defined as two groups of Saman bank's and Mellat bank's retail customers. Group one are those customers that have already adopted IB services (users) and group two are those who haven't adopted IB services (non-users).

The method of sampling was random sampling. Sampling was conducted with the help of a local assistant at different times on different days and the distribution of survey forms was controlled based on estimated age and bank patronized. Data collection was highly demanding task indeed. In each bank, total 500 questionnaires were personally presented to respondents who maintained a banking relationship with the bank. If the respondents indicated that they had such a banking relationship and they said they were prepared to respond to the Internet banking service survey, they were asked to complete the form there.

Upon collection of the questionnaires, responses were screened for error, incomplete and missing items. In the case of Saman's bank 331 useable questionnaires were obtained. These 331 respondents were later split to users and non users of IB services. This was done to know the reason why all the non users have not been using it and to know the problems that users were facing. For Mellat bank after the selection process was carried out 31 considered as unusable and totally 469 useable questionnaires were collected. The rest of procedure was identical to those of Saman's bank.

**Data analysis techniques**: To identify the most appropriate variables for analyses, data reduction was achieved using Factor analysis technique. Predicting the category of the outcome for individual cases is achieved using logistic regression analysis. T-test, Chi-square test and Analysis of Variance (ANOVA) were employed whenever required (Norusis, 2008). Development of the adoption characteristics: Factor analysis with varimax rotation was employed to establish the dimension's appropriateness to model the adoption of IB services. Dimensions with at least 1 eigenvalue is retained and different numbers of factors are emerged. Since the criterion variables consisted with two categories, for classification of variables, binomial logistic regression model was employed. Through logistic regression one could predict the category of the outcome for individual cases using the most parsimonious model.

**RESULTS AND DISCUSSION**

The following attributes are concerned with demographic information. They are listed in Table 1, along with respondents' responses. The percentage value and significance level for each attribute are also listed. These are useful measures for depicting of the tendency, towards the top or bottom of the scale. For instance; in the case of Saman bank for a user group a percentage value of 26.4 for the age attribute means that there were more respondents from the middle age than the older and younger age groups. It can also be deduced from the table that in the user group approximately 75% of respondents was male and 25% female. For Mellat bank, concerning respondents' occupational background, 59.78% of users were government's employees. Likewise, approximately 60% of the respondents were well educated. For more clarity, frequency, percentage and significance difference values of respondents on straightforward factual information is presented in Table 1.

For Saman bank the five research variables information inquiry, transferring money within the same bank branches, transferring money to other Banks, foreign exchanging and buying/selling stock and utility payment were related to IB services' usefulness. The data were subjected to the principal component analysis (correlation matrix approach) using orthogonal rotation, specifically varimax rotation. Furthermore, the KMO and Bartlett’s sphericity were used to test the sample appropriateness. The variables, which have loadings of more than 0.5 and dimensions with eigenvalue of 1 or above were retained. The results show that only 1 factor is extracted from the
analysis along with the percentage of variance attributed to the factor (52.12%). Since only one component is extracted the solution cannot be rotated. From the user respondents’ point of view, the five attributes can be viewed as only one and can mean that IB services has great influence on making the financial and banking transactions quick with more compatibility and convenience.

For ten attributes related to IB service characteristics in Saman bank, only two factors were emerged. Prior to rotation, factor 1 account for considerably more variance than the other (44.00% in comparison to be 11.37%). However after extraction, it accounts for only 31.248% of variance in comparison to 24.123%, respectively. The rotated factor matrix of Table 2, component 1 has high coefficients for security and privacy, convenient and quick transaction. Therefore this component may be labelled as, available, secure and economic financial and banking transactions. Component 2 is highly related with satisfaction, ease of use of others and recommendation. Thus, one could summarize the data by stating that customers appear to seek two major kinds of benefits from satisfaction of IB services: First: secure and easy usage of financial and banking transactions and Second; ease of use and comprehensive banking transactions.

In a further analysis of data, logistic regression analysis was implemented. Table 3 exhibits the result of the logistic regression model. Based on β values it appears that four variables have a negative impact. While, customers who perceived security, cost, quick transaction and convenience in IB have higher odds to actually adopt IB in Saman’s bank.

For Mellat bank the first five attributes are concerned with the respondent’s agreement or disagreement with a
number of statements concerned with behavior and attitudes. To identify the major respondents among IB users, the data of relevant attributes were to factor analysis identical to those described earlier. The variables were as followed: information inquiry, transferring money within the same bank branches, transferring money to other Banks, foreign exchanging and buying/selling stock and utility payment. The results show that only 1 factor is extracted from the analysis along with the percentage of variance attributed to the factor (61.806%). Since, only one component is extracted the solution cannot be rotated. From the user respondents’ point of view, the five attributes can be viewed as only one and can mean that IB services has great influence on making the financial and banking transactions quick with more compatibility and convenience.

For ten attributes related to IB service characteristics in Mellat bank, two factors emerged. Before rotation, factor 1 account for considerably more variance than the other (42.56% in comparison to be 13.24%). However, after extraction, it accounts for only 34.91% of variance in comparison to 20.89%, respectively. In the rotated factor matrix of Table 4, component 1 has high coefficients for security and privacy, ease of use, quick transaction, suitable for any banking and financial transactions, satisfying all banking and financial needs, easy usage of others and recommending to others. Thus, component 1 could be labeled as, availability and easy usage of financial and banking transactions. Component 2 is highly related with convenience, low/no cost and no need for carrying cash. Therefore, this component may be labelled as, flexibility of banking transactions. It could be concluded that customers appear to seek two major types of benefits from satisfaction of IB services: First; availability and easy usage of financial and banking transactions and Second; flexibility of banking transactions. In further data analysis, logistic regression analysis was employed.

In subsequent logistic regression analysis, all variables were entered into the general model and subsequently a backward stepwise method was carried

### Table 3: Variables in the equation of logistic regression model in Saman bank

<table>
<thead>
<tr>
<th>Variables</th>
<th>β</th>
<th>Sig</th>
<th>Exp(β)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenient</td>
<td>0.393</td>
<td>1.022</td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>0.395</td>
<td>1.115</td>
<td></td>
</tr>
<tr>
<td>Security and privacy</td>
<td>0.275</td>
<td>1.104</td>
<td></td>
</tr>
<tr>
<td>Ease of use</td>
<td>-0.217</td>
<td>0.174</td>
<td></td>
</tr>
<tr>
<td>Quick transaction</td>
<td>0.342</td>
<td>1.145</td>
<td></td>
</tr>
<tr>
<td>No need for carrying cash</td>
<td>0.617</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suitable for any banking and transaction</td>
<td>-0.186</td>
<td>0.152</td>
<td></td>
</tr>
<tr>
<td>Satisfy all banking and financial needs</td>
<td>-0.077</td>
<td>0.468</td>
<td></td>
</tr>
<tr>
<td>Easy usage of others</td>
<td>-0.038</td>
<td>0.868</td>
<td></td>
</tr>
<tr>
<td>Recommending to others</td>
<td>0.254</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table 4: Rotated component matrix in Factor analysis of IB service characteristics in Mellat bank

<table>
<thead>
<tr>
<th>Component</th>
<th>Variables</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenient</td>
<td></td>
<td>0.711</td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td>0.722</td>
<td></td>
</tr>
<tr>
<td>Security and privacy</td>
<td>0.730</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ease of use</td>
<td>0.703</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quick transaction</td>
<td>0.744</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No need for carrying cash</td>
<td>0.604</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suitable for any banking and transaction</td>
<td>0.730</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfy all banking and financial needs</td>
<td>0.755</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Easy usage of others</td>
<td>0.765</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recommending to others</td>
<td>0.686</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table 5: Variables in the equation of logistic regression model in Mellat bank

<table>
<thead>
<tr>
<th>Variables</th>
<th>β</th>
<th>Sig</th>
<th>Exp(β)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenient</td>
<td>0.012*</td>
<td></td>
<td>1.233</td>
</tr>
<tr>
<td>Cost</td>
<td>-0.005</td>
<td>0.531*</td>
<td>1.233</td>
</tr>
<tr>
<td>Security and privacy</td>
<td>0.217*</td>
<td></td>
<td>1.184</td>
</tr>
<tr>
<td>Ease of use</td>
<td>0.300*</td>
<td></td>
<td>1.185</td>
</tr>
<tr>
<td>Quick transaction</td>
<td>-0.228</td>
<td>0.091*</td>
<td>1.555</td>
</tr>
<tr>
<td>No need for carrying cash</td>
<td>0.016*</td>
<td></td>
<td>1.055</td>
</tr>
<tr>
<td>Suitable for any banking and transaction</td>
<td>0.648*</td>
<td></td>
<td>1.945</td>
</tr>
<tr>
<td>Satisfy all banking and financial needs</td>
<td>-0.229</td>
<td>0.026*</td>
<td>1.292</td>
</tr>
<tr>
<td>Easy usage of others</td>
<td>-0.033</td>
<td>0.772*</td>
<td></td>
</tr>
<tr>
<td>Recommending to others</td>
<td>-0.061</td>
<td>0.642*</td>
<td></td>
</tr>
</tbody>
</table>

### Table 6: Variables in the equation of logistic regression model in Mellat bank

out. Table 5 exhibits the result of the logistic regression model. Based on β values it appears that five variables have a negative impact. While, customers who perceived more convenient, security, ease of use and no need carrying cash in IB have higher odds to actually adopt IB. The significant factors were convenient, no need for cash, suitable for any banking and transaction. Therefore, it could be concluded that these variables are more important factors in the adoption process of IB services rather than other IB characteristics in Mellat bank.

For comparison of effective factors in adoption of Internet banking in Saman and Mellat banks’ customers Table 6 was developed. Based on the data, almost in all cases the mean values for Saman bank are more than correspondence values in Mellat bank. Therefore, the superiority of Saman bank’s service quality in comparison to Mellat bank’s services could be concluded.

The empirical findings of the current study show that demographic characteristics have effective impacts on adoption of IB services. In terms of personal and social characteristics, this study contributes to this purpose, by identifying the Iranian customer’s attitude toward IB services. Among demographic characteristics, more significant influence is found for gender, educational level and monthly income.

A profile of sampled respondents is presented in Table 1. Age (Panel A) was distributed normally, without significant skewness with 31 to 35 years of age capturing about 26% of the sample. Gender (Panel B) somewhat
more than two-third the sample was males. This finding is in agreement with the results of (Uzoka et al., 2007) who argue that gender could affect the intention to adopt e-commerce including online banking. This is not surprising given the fact that in a Muslim country like Islamic Republic of Iran, it is the men who perform banking who is expected to carry out more dealings with the banks. Besides, higher use of IB has been evident to those who have a higher educational level (Panel D). Thus the bank can embark upon a strategy of targeting these customer segments in order to meet their expectations and ultimately satisfy them. Panel E illustrates the occupation of respondents. In this context, outcomes without conclusive pattern appeared. Income was distributed normally with modal category of earning Rs 4,000,000 to 6,000,000 (Panel F). This category of earning is belonging to middle-class income. Regarding the large number of customers belonging to this class of monthly income, bank managers should focus their promotion activities aimed at such customers. Both Mellat bank and Saman bank seem to have highly similar services. Regarding the five usefulness variables of IB, the superiority of Saman’s bank services to Mellat bank is obvious. A similar trend is observed in the case of satisfaction variables. In all these aspects, it showed that Saman bank uses a more personal approach than Mellat bank.

It is well documented that; providing good quality services and convincing the customers about easy and safe payment and protecting from theft, will lure mass adopters after a while. The majority of Iranian customers are willing to use IB. Hence, this is an important issue for Iranian banks to have good online banking services. The findings revealed that, negative perceptions such as risk of safety and risk of error have significant detrimental impacts on adoption. Therefore, bank managers should focus their promotional activities, aimed to counteract such negative perceptions. In comparative terms lack of trust to financial service security was not rated differentially. Gefen and Straub (2003) argued that trust is a crucial factor in many transaction relationships. Generally, customers do not trust e-banking for some reasons, especially due to lack of the security of the system (Rochanakitumnuai and Speece, 2003).

The results of current study revealed that all the customers are very concerned about security in transaction processes. This result is in common with the results, which have been reported earlier by other scholars (Black et al., 2001; Lee and Turban, 2001; Polatoglu and Ekin, 2001; Alam et al., 2007). Thus, for bank manager implementation of high level of security, which supports the bank’s computer system from third-party, is imperative. Since there are a great number of Iranians, who have no IB account at present, the potential for IB in Iran is very high. In order to lure non-users to a user group, this study identifies a number of strategies which bank managers could follow. This study is the first attempt in comparison between private and governmental sector bank performance in Iran and the result could be served as baseline data for further research. With respect to the fact that the majority of Iranian banks are under the governmental authority, privatizations could be useful for enrichment of the Iranian banks’ performance if it is accompanied by appropriate competition and required regulations.

CONCLUSIONS

Both Mellat bank and Saman bank have highly similar services. With notice to all usefulness, retention and satisfaction variables, the superiority of Saman bank’s
services in comparison to Mellat bank's services is obvious. The majority of the customers are very interested and willing to use high quality of IB services. This is an important issue for Iranian banks to have high quality online banking. Out of many factors that have been tested to be influencing the adoption of IB in Iran, four factors have been identified as more significant factors.

The analysis shows that security concerns and lack of trust stand out as two main obstacles for adoption of IB services by Iranian customers. It is worthwhile to note that security issue is the most important factor that prevents the growth of IB. Iranian risk averse, so the security issue is a very important factor for them in Internet banking transaction. Among demographic characteristic gender and the type of occupation are two important factors in adoption. In this context, the higher rate of IB user is government employees. Regarding the large number of governmental organizations in Iran, if banks focus more appropriate attention through providing special offers attractive incentives for this segment, it could be successful in the enhancement of the acceptance rate of IB services.

This measure could help in rapid lure of customers to IB, resulting in considerable saving in operating costs for banks. Overall, based on the results from customers' point of view it could be concluded that Sarmar's bank would be preferable because it provides more convenient and efficient services with higher quality. Financial sector is the spinal cord of sovereign economy of any country and Iran is no exception. Government objectives such as promoting bank customer satisfaction and speeding up capital market development can be attained if governmental banks are privatized.

Since the sample size is limited; the findings can be taken only as indicative results and the findings have to be compared and confirmed with a research with much bigger sample size to obtain better accuracy. Budgetary and time constraints forced the elimination of further sampling and testing. Some of the respondents were unwilling to collaborate and rejected the questionnaire.

This study focused on the use of IB service, it is suggested that future research explores mobile banking among the Iranian banks' customers.

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