

Proceeding Paper

# Individuals' Acceptance and Behavior towards Online Banking in Kuwait<sup>†</sup>

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**Abstract:** This research aims to determine key drivers for intention to use digital banking services, i.e., e-banking, m-banking in Kuwait. Data was collected from 202 bank customers using a questionnaire. All items were measured by a 5-point Likert scale. Factor analysis was used, identified the following variables: 1. Perceived usefulness, 2. Perceived ease of use, 3. Perceived risk, 4. Subjective norm, 5. Perceived behavioral control, 6. Trust, 7. Word-of-Mouth, 8. Attitude, and 9. Intention. Average scores concluded that respondents gave highest value for usefulness of digital banking services. Generally, respondents worry about their privacy, especially providing personal information, and fear of phishing.

**Keywords:** digital transformation 4.0; online and mobile banking; theory of reasoned action (TRA); theory of planned behavior (TPB); technology acceptance model (TAM)

## 1. Objectives

Online banking is the use of the Internet on supported devices such as computers, tablet devices, and smartphones to remotely access banking services and carry out various transactions. The focus of this research was in understanding customers' behaviors and perspectives on online banking regardless of the platforms used. The frameworks and concepts applied to study consumers' behaviors and attitudes to innovation and changes have been drawn from multiple sources [1–7].

## 2. Methodology

The research used both primary and secondary data, and the focus was largely on primary data collection and analyses. The secondary data were used to write the literature review and develop the conceptual framework. This research followed the deductive approach. The objective was to study the phenomenon (attitude and intention towards adopting and using online banking in Kuwait) using existing theories, and the final aim was to understand this phenomenon based on a large population (banking customers in Kuwait). Quantitative data analysis was carried out by implementing various variables related to the main research question and linked to the dependent variables affecting the adoption of this service by the Kuwaiti population studied. The sample was collected from five major Banks in Kuwait by administering surveys in branches and contacting bank customers by email [8–13].

## 3. Results

The findings show that banks need to make online banking easy to use. Customers are attracted to platforms that do not require special skills or much time to learn and use. Individuals' perceived ease of using online banking was a more substantial factor impacting attitude compared to perceived usefulness, followed by the impact of the perceived usefulness on individuals' intention to use online banking. The most substantial effect



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on intention was the subjective norm, which indicates the impact of people close to the individual, thus influencing their intention towards using online banking. Surprisingly, word-of-mouth, which was expected to be a reliable tool in community-based settings and marketing, turned out to not be very significant.

#### 4. Implications

In the strong community-based culture that Kuwait has, people seek the opinion and advice of various members of their social circle. If online banking is not perceived as a reliable tool for carrying out financial transactions, then its usage and any issues that may arise from it can create a negative impact on the social circle of the people using it. Such situations can create a barrier to adopting and using online banking. Banks in Kuwait need to practice various measures in promoting online banking and ensuring that their customers are satisfied with online banking so that they will speak positively about the impact of online banking on their banking needs [14–19].

#### 5. Originality Value

This research sheds light on the importance that digital transformation brings to E-business models in the financial sector, looks at current trends and what can be adopted within the Kuwaiti –Business-to-Customer model, what the adoption of new technologies by banks in Kuwait indicates, and how the focus on innovation leads to better services for their customers. The adoption rate of mobile smart devices and the Internet by individuals and the technological focus of banks can produce better financial outcomes. The findings of this research contribute to the directions that the banks need to proceed in to ensure that the right results are achieved. With strong penetration and adoption rates of ICT in Kuwait by individuals and businesses, the recommendations of this research can add to the opportunity for both banks and their customers to have better financial services.

#### 6. Contribution

The following objectives were addressed and analyzed throughout this study:

- Explore how the variables of the TAM and TPB have influenced the intention of Kuwaiti customers to shift towards online/mobile banking in recent years.
- Define the elements of trust and analyze the effect of trust on the intention to use online banking.
- Define the five dimensions of perceived risk and assess their influence on the attitude of customers and their intention to use online banking.
- Determine the importance of word of mouth on the user's intention to use online banking.
- Estimate which of these factors is more influential on the user's intention to use online banking.

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