

## Research Paper



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# The Adoption of Online Banking in Malaysia: An Empirical Analysis

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**Abstract:** Although millions of dollars have been spent in developing online banking infrastructures, findings revealed that consumers have yet to adopt the systems in spite of their availability and convenience. As such, the paper aims to investigate the factors that affect the adoption of online banking in Malaysia. Using a self-administered questionnaire, 231 online banking services users were tested. The finding of the study indicated that social influences, perceived usefulness, trust, perceived ease of use were positively associated with the intention to adopt online banking. Interestingly, social influences are found to be the most influential factors, contradicting with many past studies. However perceived financial cost and perceived security risk were found insignificant in this study. The results provide valuable information for both bankers and policy makers especially when formulating online banking marketing strategies.

**Keywords:** Online banking, Technology Acceptance Model (TAM), Malaysia

## INTRODUCTION

The advancement of technology especially the internet has changed the way how organizations conduct their business. Nowhere has the revolution of internet been more apparent than in the banking and financial services industry. Gone were the days, when traditional banks were the only mean to conduct banking transactions. Today, through online banking, customers could conduct a wide range of banking services electronically, anytime and anywhere (Sonja and Rita,

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