



**THE QUALITY OF INTERNET BANKING:
EVIDENCE FROM THE PERCEPTION OF THE
USERS RESIDING AT TAWAU, SABAH**

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ABSTRACT

This paper studies the quality of internet banking website. The element of reliability, functionality and usability is measure the internet banking website quality. It is speculated it has an effect to user's loyalty. To test this notion the study are using the evidence from the perception of the user's residing at Tawau, Sabah. Result showed that reliability, functionality and usability is an important element that user's consider when using internet banking website and it is appear to have a positive relationship with the user's loyalty.

CHAPTER ONE

INTRODUCTION

1.1 Background of Studies

The choice by the Malaysian Central Bank, otherwise known as Bank Negara Malaysia (BNM), to merge the Malaysian banking sector was made in line with the future financial liberalization and the consequent anticipated increase in actual and potential competition from foreign banks. The aim of the consolidation process is to strengthen the financial sector and to enable them to face foreign competition in the not too distant future. This has resulted in ten core-banking groups, which commenced operation as merged entities as of December 2000. Prior to this merging exercise there were 23 banking groups in the country.

Currently, in a world, which is becoming increasingly open as a result of the Internet and the World Wide Web (WWW), Internet banking has been gaining ground around the globe. This offers banking institutions a new frontier of opportunities and challenges further augmenting competition in the global banking market. Thus, in order to get a share of the opportunities and to face the new challenges, the Malaysian government provided the legal framework for domestic banks to offer Internet banking services. Internet banking services have been operational in Malaysia since 2001. Presently, only banking institutions licensed under the Banking and Financial Institution