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**INTERNET BANKING : CUSTOMERS' AWARENESS
AND PERCEPTION WITH REFERENCE TO PUBLIC
BANK BERHAD, KUCHING BRANCH**

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TABLE OF CONTENTS

TITLE PAGE	PAGE
ACKNOWLEDGEMENT	i
TABLE OF CONTENTS	ii
LIST OF TABLES	iv
EXECUTIVE SUMMARY	v
CHAPTERS	
1. INTRODUCTION	
1.1. Background of the Study	1
1.2. Overview	2
1.2.1. Features	3
1.2.2. Rules	4
1.2.3. Eligibility	5
1.2.4. Type of Transaction Available	5
1.2.5. Registration	7
1.3. Objectives of the Study	8
1.4. Problem Statement	9
1.5. Research Questions	13
1.6. Limitations or Constraints	14
1.7. Scope of the Study	15
1.8. Significant up the Study	16
2. LITERATURE REVIEW	17
3. RESEARCH METHODOLOGY	25
3.1. Methodology	25
3.1.1. Secondary data	25
3.1.2. Primary data	25
3.2. Survey Instruments	25
3.2.1. Questionnaires	25
3.2.2. Personal Interviews	26

EXECUTIVE SUMMARY

Internet Banking or Online Banking is basically doing banking transaction through the use of computers. The advancement in technology has made banking services available via the Internet. In Malaysia, with the emergence of the so-called 'borderless world' as a result of development and advancement in electronic technology, has made the process of 'globalisation' greatly influenced the way society does banking transactions. Relatively new in the local banking industry, Internet Banking is gaining popularity and wider acceptance, especially among the educated younger generation, made possible by increasing literacy in information technology and knowledge.

In tandem with this technological innovation, Public Bank Berhad has introduced its Internet Banking, known as PbeBank.com. service on 28 June 2001, to provide an alternative delivery channel in banking services to customers of both Public Bank and Public finance. Various services can be performed via the PbeBank.com. website. However, are the customers, especially the existing customers of Public Bank Berhad, Kuching Branch, ready to embrace this new banking tool.

Therefore, the purpose of this Project Paper is to study on their awareness and perceptions with regard to Internet Banking. Due to various constraints and limitations, the study is confined only to customers located at Wisma Saberka, Kuching, as well as walk-in customers at the bank premises. Coincidentally, the bank branch is located in the same building.

Literature review is covered under Chapter Two, which are obtained from various books, articles and research studies made by authors, writers and researchers. Chapter Three touches on the research methodology used to conduct this Project Paper.

INTRODUCTION

1.1. Background of the study

This project paper is undertaken as a requirement for the completion of the Bachelor in Business Administration (Marketing) (Hons.) for the Course MKT 650 (Project Paper). This program is conducted by University Teknologi MARA Cawangan Sarawak (UiTMCS), Kota Samarahan.

Online banking services are provided by the various financial institutions in Malaysia. Being relatively new to the customers, various efforts were undertaken by the banks to introduce them to their existing as well as potential customers. Progress were made but at a slow pace. The general population acknowledge the increasing role of information technology that has emerged to be the main factor behind the borderless world. The new generation may absorb this emergence faster than the older generation. The majority of them would still prefer to go to the bank branches to do banking transactions instead of using computers at homes. Thus this project paper would try to discover the reasons behind this factor and try to find ways to increase the acceptance of online banking. The paper would examine the customers' awareness and perceptions on internet banking and devise strategies to market online banking through the use of computers.

In the financial industry in the country, most online banking products are homogeneous among competing financial institutions. Thus as the banking industry becomes increasingly competitive, it has become critical that Public Bank must get more existing and potential customers to accept its products, one of which is the new online banking services.

LITERATURE REVIEW

Banking in Malaysia is more than 100 years old. The first commercial bank to be established in the country was a branch of the Chartered Mercantile Bank of India, London and China in Penang in 1859. This came about as a result of the rapid expansion of the economy and foreign trade in the country, especially with the discovery of tin ores resources in the Larut district of Perak in 1848 in the Kinta Valley in 1880 and the large scale exploitation of the tin and rubber industries especially in Perak and Selangor. Another foreign bank followed suit with a branch in Penang in 1875 and subsequently with branches in Taiping and Kuala Lumpur in 1888. The country's economy thrived and this encouraged foreign banks to set up branches in places such as Klang, Seremban, Kota Baru, Malacca and Ipoh. Local entrepreneurs joined up to establish the first domestic bank, namely Kwong Yik (Selangor) Banking Corp Ltd in 1913. Banks from Singapore also jumped onto the bandwagon to establish branches. With independence in 1957, came better and systematic economic planning in the country. The expansion of banking and financial infrastructure led to the setting up of Bank Negara Malaysia in 1959 to supervise the activities of commercial banks under the Banking Ordinance 1958. Since then the evolution of the banking and financial system in the country has been profound. By 1991, there were 38 commercial banks (22 local banks and 16 foreign banks) 12 merchant banks, 46 licensed financial companies, representatives offices of foreign commercial and merchant, 7 discount houses, factoring companies and numerous leasing companies. Today, banks and finance companies are grouped into 10 anchor banks. The exercise was