



UNIVERSITI TEKNOLOGI MARA

**FACTORS AFFECTING CUSTOMER
RETENTION OF USING INTERNET
BANKING**

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Thesis submitted in fulfillment
of the requirements for the degree of
**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) ISLAMIC BANKING**

FACULTY OF BUSINESS AND MANAGEMENT

July 2017

ABSTRACT

Internet banking is becoming more popular due to convenience and flexibility that offers. Banks are forced to promote online banking services to enhance its operations with reduced cost of operations. There are many advantages of using internet banking. However, even the adoption of the internet banking services give a lots of benefits to the customers, many people are still unwilling to use it. The biggest obstacle of internet banking is the security issue. The adoption of this service will be low if customers feel that internet banking is not save and secured to us. The objective of this study is to identify the factors affecting customer retention of using internet banking and also want to identify the relationship between services quality, perceived ease of use, trust, and corporate image with the customer retention to keep using internet banking. The data were obtained by distributed 150 sets of questionnaire to the internet banking users. After all the survey is completed, the data were analyzed using Statistical Package for Social Science (SPSS). There are many test that are used in order to get the result of this study, including the frequency analysis, descriptive analysis, reliability test which is Cronbach's alpha, the correlation analysis, and also the regression analysis. The findings indicated that service quality, perceived ease of use, trust, and corporate image are the factors affecting customer retention of using internet banking. The result shows that all the independent variables which are service quality, perceived ease of use, trust, corporate image have a positive significant relationship with the customer retention of using internet banking.

ACKNOWLEDGEMENT

First and foremost, praise to Allah S.W.T for his countless blessings on me which I had an opportunity to complete this project paper successfully. I would like to extend my special thanks and acknowledgment to many individuals for the supports and helps that they have given to me along this journey to complete this project. In preparing this research project, I was in contact with many people including academicians. They have contributed towards my understanding and thoughts. In particular, I wish to express my sincere appreciation to my main research's advisor, Puan Zahirah Binti Hamid Ghul for encouragement, guidance, critics and friendship. She had continuously provided and guided me with so many helpful information related to my research topic and also guide me on the errors which have come out throughout the progress. Without her continued support and interest, this thesis would not been the same as presented here.

Moreover, special thanks and appreciation to my parents, family and other for their cooperation, encouragement, constructive suggestion, sincere blessings and full of support for the report completion from beginning till the end. Also thanks to all my fellow friends those have been contributed by supporting my work and help me during final year project progress till it is fully completed. I would like to thank them for their cooperation that really helped my research progress. Lastly, I would like to extend my appreciation to each and every one of you who have assisted in one way or another in order for me to complete this research paper.

Thank you

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CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

Nowadays, the use of internet technology to organizations for enhancements in their exhibitions is not something new. According to Saffu et al. (2008), there is an expansion in utilizations of online business in organizations in the previous ten years. According to Turban (2008), the advantages of e-commerce incorporate diminishment in cost, expanding business opportunities, decreasing lead time and giving a more customized administration to the consumers. In the current years, advancement technology in organization need encountered amazing progressions. The improvements and development in technology and a hard line blend of these with those majority of the information technology have achieved an enormous standpoint progress in the banking sector from the universal traditional online banking framework.

As mention by Muhtar (2005), technology advancements have brought about the making of a worldwide which is additionally one of the spurring strengths behind the improvement of internet banking. Internet banking will be getting to be all the more prominent because of its flexibility it offers. Banks are forced to promote online banking services to improve its operations for diminished expense from claiming operations. According to Pikkarainen (2004), acknowledgment of internet banking has expanded drastically in Europe and furthermore in the US since the mid-1990s.

As mentioned by Loureiro (2013), internet banking gives consumers with a set of information-related benefits, including not difficult access, responsive systems or frameworks and the good fortune for the user to control their bank accounts at any time and place. Furthermore, it also give an advatanges to customer to access customized information content and also make consumers enabled to make an investment and finance-related decisions. Moreover, it may be simpler for customers to compare services.