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UNIVERSITI  
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**A STUDY ON THE ADOPTION OF E-BANKING SYSTEM AMONG YOUNG  
ADULTS IN KOTA KINABALU, SABAH**

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## ABSTRACT

### DECLARATION

Online banking system has given a huge impact to the banking institution and also to the customers. It makes transaction or any banking operation easier to be used anywhere and anytime without having to go the bank's branch. Although it is convenient to all the customers, it is important to determine the factors that affecting the adoption of online banking services among young adults. In this study we have chosen Kota Kinabalu Sabah as the research scope. Therefore a study has been conducted to determine what factor that might affect the adoption of online banking services?

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To answer this question and achieve the purpose of the study, 100 questionnaires in dual-languages (Bahasa Melayu and English) have been distributed in the target area which is Kota Kinabalu by targeting the young adults.

This study will try to determine the adoption of online banking services factors that claimed to be related with trust, privacy and security by other researchers. The relationship between the variables also has been concluded in this research to gain more knowledge regarding the online banking services and how banking institution should improve their services.

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# CHAPTER 1

## INTRODUCTION

### 1.0 Background of study

Online banking or which is known as an E- Banking is a method that being used by the consumer to access to their bank accounts and makes any banking transaction only through the internet whenever they want and without having to go to their banks branch (Ceren, 2008). Internet banking is an official web page provided by a bank to give information or assisting the customer about its products and services in a basic level. But recently they have improved their service through the internet by adding some facilities such as accessing accounts, transferring funds, and buying financial products or services online or electronically without having to go to the bank. Around 1990s, banks realized that the World Wide internet users have been increasing and they took the opportunity and risk by advertising their services and it caused the existing banks to change the ways they compete. With the increasing of the internet and computer usage and at the same time there is also smartphone that can be connected to the internet anywhere and anytime, the electronic or online banking services has become ideal for banks to meet with consumer's expectation. Initially, banks used the Web as electronic brochure, without having any interaction or meeting with the customer. Normally the web page sites will be showing the pictures of the bank's officers or buildings, and provided customers with maps of branches and ATM locations, phone numbers to call for further information and simple listings of products.

The development of online banking which was started in around 1990s when the financial institutions took its first steps by trying to implement e-banking services as a