Trust has been suggested to play a vital role in acceptance of e-banking. The reluctance to adopt internet banking in developing countries particularly in Nigeria has been attributed to lack of trust. The aim of this research was to investigate the effect of trust antecedents on adoption of internet banking in Nigeria. This study tested empirically the antecedents of trust that influence adoption of internet banking. A total of 250 questionnaires were administered to bank customers in the city of Ibadan, Nigeria. SPSS was utilized to analyze the data. The results of this study highlight the importance of trust in adoption of internet banking. The findings revealed that benevolence, ability, integrity and good reputation have significant impact on trust in acceptance of internet banking.

Keywords: Internet banking, trust, antecedents of trust, Nigeria.

INTRODUCTION

Internet banking has changed the face of commercial banking in recent times by bridging geographical, industrial and regulatory gaps as well as creating innovative products and services and more market opportunities for both banks and customers (Liao and Cheung, 2002; Khan and Karim, 2010). Internet banking is defined by Pearce and Robinson (2009) as a kind of bank transaction where people transfer fund, make enquiry for account balance, payment of bills and management of asset like stocks online. Internet banking is beneficial to both the banks and their customers. From the banks viewpoint, internet banking allows banks to reduce their operation cost through the reduction of physical facility and staffs resources that bank require, reduce waiting time in branches leading to potential boost in sale performances and bigger global reach (Hernando and Nieto, 2007). From the consumers’ standpoint, internet banking enables consumers to do a wide range of bank transaction electronically through the bank website anytime and anywhere (Gräbner-Kräuter and Faullant, 2008). Despite numerous benefits that Internet banking offers to both banks and their customers; adoption of this services has not been the same in all parts of the world (Karjaluoto, et al., 2002). The adoption of internet banking in Nigeria is low. Ezeoha (2006a) contended that the acceptance of internet banking had been extremely slow in Nigeria in contrast to developed countries, a number of African countries and other developing countries. It is also noted by Adesina and Ayo (2010) in their studies that there is low level of trust in the security measures of internet banking technology and the capability of internet Banking system in Nigeria to protect privacy. Previous studies (Zhu et al., 2011) attributed this reluctance in adoption of internet banking to lack of customers trust in the service. Trust is vital in acceptance of internet banking. Trust is the main factor in electronic commerce growth (Eastlick and Lotz, 2011). Gerrard et al., (2006) argued that trust is lacking among bank consumers mainly in view of rising cyber crimes and identity thefts. The adoption and patronage of internet banking service by banking consumers is still insignificant despite the enormous investment on the internet.
technology by different financial institutions around the
countinent, focusing on different aspects of this multi-dimensional construct
how studies on trust antecedent is limited in the
literature. Understanding of the trust antecedents that
influence trust in adoption of internet banking is essential
in order to enhance customers acceptance of this
technology. Azam et al (2012) suggested that for an
efficient adoption of electronic purchasing, electronic
retailers need to comprehend the customers’ sensitivity
towards the electronic commerce trust and its
antecedents which is totally different from brick and
mortar ones. The main purpose of this study was to
examine the trust factors that impact the acceptance of
internet banking by customers. Hence, this study
examined the antecedents of trust in internet banking, the
connection between trust and its antecedents and the
influence of trust in adoption of internet banking. Thus,
this study developed and tested a model investigating
and predicting the determinants that activate the
consumers’ trust in Internet banking, that then lead to the
adoption of Internet banking. In line with this objective,
the following research question was examined, what are
the critical antecedents of trust in internet banking that
ultimately stimulate customers to use Internet banking?
The developed research model combines four
antecedents of trust which are benevolence, ability,
integrity and good reputation. Thus, this study intent to
provide an understanding to the major trust factors that
stimulate consumers to accept Internet banking.

Previous studies on trust antecedents

Numerous antecedents affects customers trust in
electronic commerce and several studies have been
for instance studied potential and repeat customers in the
lights of antecedents to online trust. Their findings
revealed that online vendors’ reputation and information
quality augmented both potential and repeat customers
trust online, while the perceived level of service increased
only repeat customers’ online trust. Mayer et al. (1995)
identified ability, benevolence, and integrity as element of
the vendor to generate trustworthiness. The authors
argued that though a number of factors have been
proposed, by various researchers within social
psychology, ability, benevolence, and integrity has been
noted as the three characteristics of a trustee in order to
establish trustworthiness. Mayer et al. (1995) believe the
perceptions of benevolence are the major indicator of
trustworthiness, and describe it as “the degree to which
trustees are thought to desire to do good to the trustees,
conducted a study the antecedent to consumer brand
trust in electronic commerce and the result of the study
indicated that security, high-privacy, brand-name, word
of mouth and information quality increase consumer trust. 
Mukherjee and Nath (2007) examined Morgan and Hunt’s
(1994) commitment trust theory in online circumstance
and their findings revealed that shared values,
communications, privacy and security augment customer
online trust and the online vendors’ opportunistic
behaviour diminish trust. Casalo, Flavián and Guinalíu
(2007) and Eastlick, Lotz and Warrington (2006) found
that online vendors’ good reputation and consumer
satisfaction increased consumer e-trust.

Research Model

This study adopt Mayer et al., (1995) three attributes of
electronic commerce vendors (i.e ability, benevolence,
integrity) that could create trustworthiness and good
reputation of the bank is included as an additional
antecedent because of its potential to influence
consumers trust. Hence, this study empirically tested
benevolence, ability, integrity and good reputation on
adoption of internet banking. In this study, it is
hypothesized that benevolence, ability, integrity and good
reputation positively affect an individual’s trust in
acceptance of internet banking. The research model in
this study is depicted in Figure 1.

H1: Benevolence positively affects the trust in
acceptance of internet banking.
H2: Ability positively affects trust in acceptance of internet
banking.
H3: Integrity positively affect trust in acceptance of
internet banking.
H4: Good reputation positively affects trust in acceptance
of internet banking.
H5: Trust in Internet banking positively affects intension
to use Internet banking.

RESEARCH METHODOLOGY

The population of this study consists of customers of six
different banks in the city of Ibadan, Oyo state, Nigeria.
All the questionnaire items in this study were adopted
from previously validated instruments. Data was analyzed
by means of statistical package for social sciences (SPSS).

Data analysis

In total two hundred and fifty questionnaires was
administered to respondents and two hundred and ten
Table 1. Demographic profile

<table>
<thead>
<tr>
<th>Variable</th>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>106</td>
<td>53.5</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>92</td>
<td>46.5</td>
</tr>
<tr>
<td>Age</td>
<td>21-25</td>
<td>32</td>
<td>16.2</td>
</tr>
<tr>
<td></td>
<td>26-30</td>
<td>61</td>
<td>30.8</td>
</tr>
<tr>
<td></td>
<td>31-35</td>
<td>76</td>
<td>38.4</td>
</tr>
<tr>
<td></td>
<td>36+</td>
<td>29</td>
<td>14.6</td>
</tr>
<tr>
<td>Education</td>
<td>Secondary school</td>
<td>16</td>
<td>8.1</td>
</tr>
<tr>
<td></td>
<td>Certificate/Diploma</td>
<td>31</td>
<td>15.7</td>
</tr>
<tr>
<td></td>
<td>Bachelor Degree</td>
<td>109</td>
<td>55.1</td>
</tr>
<tr>
<td></td>
<td>Post Graduate</td>
<td>42</td>
<td>21.2</td>
</tr>
</tbody>
</table>

Reliability Analysis

Cronbach’s Alpha was used to examine reliability in this study. Nunnally (1978) reported that the alpha of a scale has to be bigger than 0.70 for the items to be used together as a scale. All constructs in this study have composite reliability bigger than 0.70, which was greater than the benchmark of 0.70 of Cronbach Alpha. The Cronbach’s Alpha results suggest that all resulting scales are sufficiently reliable. Table 2 depicts the resulting Alpha coefficients for each of the constructs.

Correlation Analysis

In order to test the relationship between the variables.
Table 2. Reliability Results

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach’s Alpha</th>
<th>Number of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adoption</td>
<td>0.983</td>
<td>4</td>
</tr>
<tr>
<td>Trust</td>
<td>0.922</td>
<td>6</td>
</tr>
<tr>
<td>Benevolence</td>
<td>0.951</td>
<td>5</td>
</tr>
<tr>
<td>Ability</td>
<td>0.897</td>
<td>5</td>
</tr>
<tr>
<td>Integrity</td>
<td>0.855</td>
<td>5</td>
</tr>
<tr>
<td>Good reputation</td>
<td>0.910</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 3. Correlations analysis

<table>
<thead>
<tr>
<th></th>
<th>Benevolence</th>
<th>Ability</th>
<th>Integrity</th>
<th>Good reputation</th>
<th>Adoption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust Pearson correlation</td>
<td>0.31**</td>
<td>0.31**</td>
<td>0.28**</td>
<td>0.46**</td>
<td>0.77**</td>
</tr>
<tr>
<td>Sig. (2-Tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Correlation is significant at 0.01 level (2-Tailed)

correlation analysis was carried out on all the variables. The analysis of bivariate correlation was subjected to two tailed tests at 0.01% and 0.05% levels of significance. The findings of correlation analysis (see Table 3 shows positive figures, indicating that there is positive correlations between trust and adoption of internet banking and its variables (i.e. benevolence, ability, integrity, good reputation.

Testing of Hypotheses

The result of multiple regression analysis suggests benevolence, ability, integrity and good reputation have significant relationship with trust in adoption of internet banking.

H1 is supported with the findings of the study which indicate that benevolence has a positive relationship with trust (βeta = 0.79, p-value= 0.000) This is consistent with previous research example Johnson and Grayson (2005) suggest that benevolence encompasses the reputation of the vendor and argue that a firm’s reputation for benevolent behaviour can elicit an emotional bond of trust in the customer.

H2 is supported with the results of the study which show that ability has a significant relationship with trust (βeta = 0.31, p-value= 0.000). H3 is confirmed this suggest that integrity has a positive relationship with trust (βeta= 0.42, p-value= 0.000). H4 confirmed that good reputation has a significant effect on trust (β = 0.372, p-value= 0.000). H5 is supported. This indicates that trust has a significant relationship with adoption in internet banking (βeta = 0.77, p-value= 0.000). This high significant correlation shows how important and critical trust is in adoption of Internet banking.

DISCUSSION

The main purpose of this study was to examine the trust factors that impact the acceptance of internet banking by Nigerian customers. Specifically, this study examined the antecedents of trust in internet banking, the connection between trust and its antecedents and the influence of trust in acceptance of internet banking. Based on the review of various literatures, five hypotheses was developed to examine the relationship between the variables. Multiple regressions were also used to test the hypotheses. All the five hypotheses were supported. The findings reveal that benevolence, ability, integrity and good reputation have a positive relationship with trust. The results also show that trust has a significant relationship with acceptance of internet banking. The strong significant correlation between trust and adoption of Internet banking show the importance of trust factor in adoption of internet banking. This is compared to Suh and Han (2002) that trust is the key determinant of adoption of online banking.

CONCLUSION

The findings in this study indicate that trust antecedents which include benevolence, ability, integrity and good reputation have a significant positive effect on intention to use Internet banking. The result reflects that benevolence, integrity and reputation of the bank is crucial to customers. The importance of trust in doubtful and risky situation like e-commerce have been mentioned in the literature in previous research (i.e. Gefen et al. 2003, Jarvenpaa et al. 2000, Wasfi et al. 2012). Internet banking requires a high level of trust because of the nature of transaction where vital and confidential
information has to be divulged online. To increase customers’ acceptance of Internet banking, banks need to understand the antecedents of trust and develop a good strategy to build customers trust in internet banking.

REFERENCES


Khan AR, Karim M (2010). E-Banking and extended risks: How to deal with the challenge, Paper Presented to the Department of Finance and Banking, Rajshahi University, pp.17.


Wasfi AR, Dia Z, Abdelghafour A (2012). The