

*Full Length Research*

# The Impact of Trust Antecedents in Acceptance of Internet Banking in Nigeria

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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.

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## 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 (Grabner-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 (Karjaluo, 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 world (Durkin. et al., 2008; Haque., et al., 2009). Though a number of empirical studies have investigated the role of trust in the context of electronic-commerce, focusing on different aspects of this multi-dimensional construct however 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 conducted on trust antecedents. Kim, Xu and Koh (2004) 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 trustors, beside an self-centered profit intention. Ha (2004)

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 customers 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.

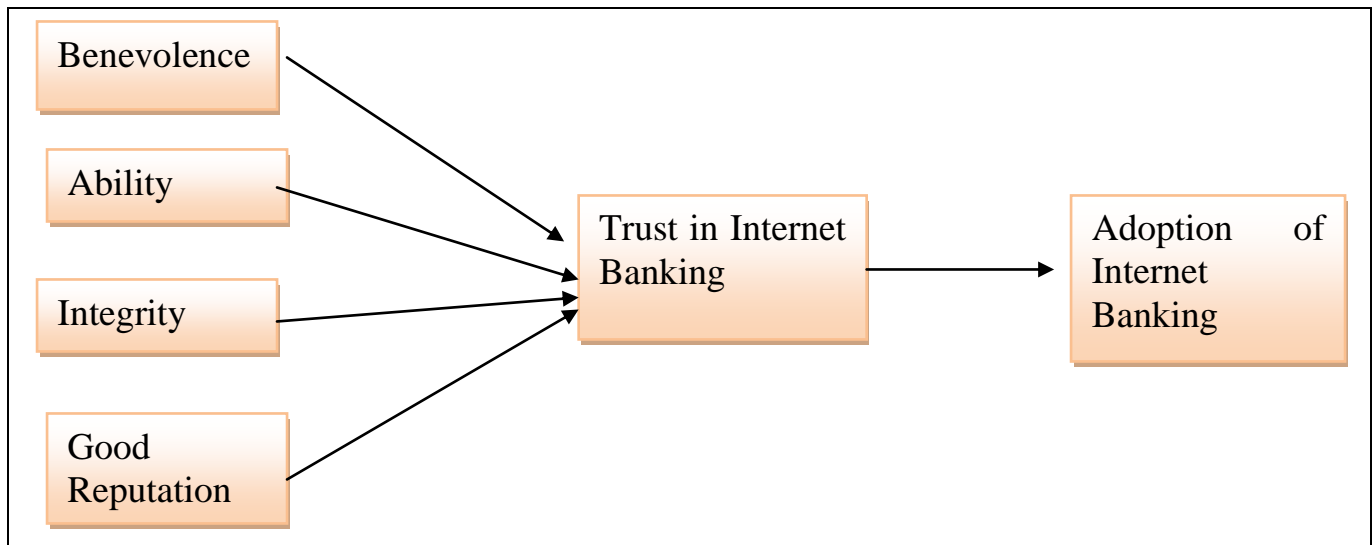
H5: Trust in Internet banking positively affects intension to use Internet banking.

### 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



**Figure 1.** Research Model

**Table 1.** Demographic profile

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

questionnaires were collected back and twelve were dropped as they were incomplete. Therefore, one hundred and ninety eight questionnaires were used for data analyses in this study.

Table 1 illustrates the respondents' demographic profile. About 53.5% of the respondents were male and 46.5% were female. Their age ranged from 21 to 40 years and above. The age 21 to 25 constitute 16.2% of the respondents, age 26 to 30 constitute 30.8% of the respondents, age 31 to 35 constitute 38.4% and age 36 to 40 constitute 14.6% of the respondents.

In term of their education about 8.1% of the respondents have secondary school education, 15.7% have Certificate or Diploma, while the majority who have Bachelor Degree constitute about 55.1%, and Post Graduate Degree holders are 21.2%.

### 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

Construct	Cronbach's Alpha	Number of items
Adoption	0.983	4
Trust	0.922	6
Benevolence	0.951	5
Ability	0.897	5
Integrity	0.855	5
Good reputation	0.910	5

**Table 3.** Correlations analysis

		Benevolence	Ability	Integrity	Good reputation	Adoption
Trust	Pearson correlation	0.31**	0.31**	0.28**	0.46**	0.77**
	Sig. (2-Tailed)	0.000	0.000	0.000	0.000	0.000

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 ( $\beta = 0.79$ ,  $p\text{-value} = 0.000$ ) This is consistent with previous research for 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 ( $\beta = 0.31$ ,  $p\text{-value} = 0.000$ ). H3 is confirmed this suggest that integrity has a positive relationship with trust ( $\beta = 0.42$ ,  $p\text{-value} = 0.000$ ). H4 confirmed that good reputation has a significant effect on trust ( $\beta = 0.372$ ,  $p\text{-value} = 0.000$ ). H5 is supported. This indicates that trust has a significant relationship with adoption in internet banking ( $\beta = 0.77$ ,  $p\text{-value} = 0.000$ ). 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 internet 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 intension 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.

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