

PERCEIVED RISK TOWARDS CONTINUAL USAGE INTENTION OF ONLINE BANKING

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Abstract: *This study aims to determine the perceived risk towards continual usage intention of online banking in Malaysia. The perceived risk variables are adopted from Theory of Perceived Risk to further examine the influence to continual usage intention of online banking in Malaysia which included privacy risk, financial risk, social risk, time risk, performance risk and psychological risk. This research was distributed through online questionnaire by using convenient sampling technique to collect the data. A total of 400 respondents were obtained from online banking user who are above 18 years old in Malaysia. Multiple Linear Regression analysis was used to analyze the relationship between perceived risk and continual usage intention of online banking in Malaysia. The result revealed two perceived risks (time risk and psychological risk) were found to significantly influence the continual usage intention of online banking in Malaysia.*

Keywords: Online Banking, Perceived Risk, Continual Usage Intention, Malaysia

1. Introduction

Online banking defines as a banking activity is implemented by using internet as the delivery channel such as funds transfer, mortgages payment as well as billing, checking savings bank account, buying financial instruments and certificates of deposits (Singhal & Padhmanabhan, 2008). Nowadays, online banking service is a significant driving force in the financial banking industry (Aliyu, Rosmain & Takala, 2014). One of the most effective banking transaction method is online banking rather than the offline banking approach (Lee, 2009). Online banking delivers efficient and prompt financial services and provide advantages for users such as ease of use, convenient and decrease transaction cost by using online banking service (Aliyu, Rosmain & Takala, 2014). According to payment statistic by Bank Negara Malaysia, a total number of 2.6 million internet banking users (which penetration to population of (9.8%) in 2005 increased to a total of 25.5 million users (79.6%) by 2017. It is worth acknowledging that Malaysia has 31 banks offering Internet banking service in June 2015, conducting more than 210 million banking transactions with a value of 2.33 billion Ringgit (Malaysia Financial Service, 2015). Online banking has carried great potential and improvement for bank to develop financial industry in Malaysia.