CORPORATE CUSTOMER PERSPECTIVES ON BUSINESS VALUE OF THAI INTERNET BANKING

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ABSTRACT

Internet banking has become the new self-service delivery channel that allows banks to provide information and offer services to their customers with more convenience via the web services technology. An understanding of corporate customer acceptance of Internet banking can assist banks to assess the real business value of Internet banking implementation. This study examines four benefits and three barriers that influence corporate customer adoption. The four benefit factors are information quality, information accessibility, information sharing, and transaction benefits. The three major barriers are related to trust, legal support, and organization barriers. Information quality and transaction benefit factors are far more important than other in discriminating Internet banking users from non-users. In addition, information sharing and distrust of the web are two drawbacks of Thai Internet banking adoption. As Thai banks decide to use Internet technology as a new self-service delivery channel, they have to enhance acceptance from corporate customers. This does not seem to be merely a matter of getting corporate customers to recognize benefits, but banks probably need to lower barriers to Internet banking adoption to provide actual benefits to corporate customers.

Keywords: Internet banking, web benefits, web barriers, Thailand

1. Introduction

In recent years it has become increasingly apparent that the Internet will become a critical service delivery channel. Many observers have discussed information benefits that web technology provides to business (e.g., Greaves et al., 1999; Lederer et al., 1997; Ng et al., 1998; Teo and Too, 2000). Web technology can also offer the ability to automate business transactions, which may allow more responsive provision of service to customers.

Many companies in the financial services sector have been quick to implement Internet capabilities, and electronic service is becoming a viable option for interaction between financial service providers and their customers. Many banks have implemented Internet banking to offer their customers a variety of online services with more convenience for accessing information and making transactions. From the banks' viewpoint, implementation of Internet banking will lead to cost reductions, improve customer service, and create long-term profit. Evans and Wurster (1997) argued businesses investment in web technology is driven by expectations that Internet technology should provide better opportunities to establish a distinctive strategic position compared to the previous generation of information technology.

However, customer adoption of Internet banking has not been as strong as most banks might have wished. Some research shows that most retail banking customers rank Internet banking as less important than other technology-based delivery channels, such as ATMs (Aladwani, 2001; Suganthi et al., 2001). In Thailand, retail customers show attitudes consistent with this, and are uncertain about adopting Internet banking (Ongkasuwan and Tantichattanon, 2002; Rotchanakitumnuai et al., 2003). It is becoming clear that the potential value of web-based service adoption for customers depends not only on the benefits, but also on overcoming a number of barriers.

Web barriers can be derived from many factors such as distrust of the web system, and lack of legal support issues. Electronic markets create new transaction risk for electronic market participants, and security is one of the crucial factors that discourage the successful implementation of electronic services (Ratnasingham, 1998). These issues are serious concerns among corporate customers in Thailand (Rotchanakitumnuai and Speece, 2003).