

## The Effect of Security and Privacy Perceptions on Customers' Trust to Accept Internet Banking Services: An Extension of TAM

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**Abstract:** This study attempts to answer the main research question: 'Do security and privacy perceptions affect customers' trust to accept and use internet banking technology to perform their banking transactions?' This study examined the factors that affected Jordanian customers' trust to accept internet banking services. Path analysis was used to analyze 198 responses where results suggested that the hypothesized model was an accurate reflection of the factors that affect trust to accept and use internet banking services. Results indicated that trust has a positive effect on behavioral intention to use internet banking services as its usefulness, security and privacy perceptions significantly influenced the perceived trust. Finally, perceived ease of use had failed to predict Jordanians' intention to use internet banking.

**Key words:** Internet banking services, technology acceptance model, perceived security, perceived privacy, perceived trust

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### INTRODUCTION

Information and Communication Technology (ICT) has shown a quick improvement in recent years and human lives are affected directly by the digital revolution. Internet revolution evolved significantly since 1990s and has radically changed all aspects of our lives. To reach 50 million users, radio took 38 years and television 13 years to do so while the internet just took 4 years and iPod 3 years. Furthermore, Facebook added 100 million users in <9 months and iPhone applications hit 1 billion downloaders only in 9 months (Kreutzer and Land, 2014). With this rapid development and growth in information technology, banks had realized that technology is a major driver in developing its banking activities. So, it is necessary for banks to use this technology in various workplaces in order to provide improved and varied services, acceleration in the performance, reduction in expenditure and efficiency in productivity. As one of the important services offered, internet banking has grown rapidly in the last few years due to its ability to provide competitive advantages, cost efficiencies, wider geographical reach, gaining brand name and provide customize services (Sarma and Singh, 2010; Yousafzai *et al.*, 2003).

A lot of financial services offered by internet banking are conducted directly without time and location

constraints such as checking accounts, credit and debit cards, funds, loans and treasury bonds, money transfers, bill payment, credit checks, portfolio management and etc. These services can be exploited for the benefit of customers and banks where customers can access bank services at anytime from anywhere and easily conduct their transactions (Yousafzai *et al.*, 2003). Banks are using internet banking services to reach more customers and provide them with quality services that are customized to their preferences and thereby gain competitive advantages (Abu-Shanab and Pearson, 2009). Despite the numerous benefits offered by internet banking to banks and customers, there are many issues need to be considered by interested banks; trust is one of it. This study shed some light to the effect of security and privacy perceptions on the issue of trust to accept and use internet banking services among Jordanians customers. Privacy and security concerns are related with trust issues and considered as the main factors that affected the acceptance of internet banking services. Users of internet banking cannot adopt and carry on about it without reducing their uncertainty (Akhlaq and Ahmed, 2013). Trust plays an important role in creating satisfied and expected outcome as a result of transaction so it is considered as a critical topic especially in financial transactions such as internet banking services (Kesharwani and Bisht, 2012). Trust is