

Factors That Influence Initial Trust Among International Students in Internet Banking (KOOB Bank)

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ABSTRACT

As technology advances, people are becoming more dependent on internet based services such as online shopping, online consultations, e-banking. It facilitates and speeds up their decision making process, their transactions and purchases that nowadays are literally “a click or a touch away”. In addition, a variety of alternatives is offered to users which enables them to switch easily from a company to another, and this puts more pressure on the service provider to stand out among the rivals. Trust plays a significant role in the online world due to lack of direct personal interactions throughout the transactions’ processes. Initial trust is even a more complicated concept to build between a business and its customers since customers are not familiar with the firm which increases their perception of risk.

This study is based on internet banking services that are offered through the website. KOOP bank, a national Turkish Cypriot bank is the bank understudy. The main purpose of the research is to test a suggested model about initial trust’s antecedents. Those factors are perceived reputation of KOOP bank, its perceived willingness to customize, the perceived ease of use of the website, the perceived usefulness, the perceived security control, the perceived interactivity and the website’s visitor trust propensity.

The data was collected from 340 International students currently studying in Eastern Mediterranean University in TRNC. Only 301 responses were taken under consideration since the others were no longer at their initial stage of trust with the bank. Based on the analysis’s results, trust propensity and the website’s usefulness

were not supported showing insignificant predictive power over initial trust. But there was a positive strong relationship among all of our factors and initial trust.

This research includes discussion of the findings and recommendations to KOOP bank's management. Nonetheless, there has been a few limitations to the study that were discussed in our last chapter, in addition to suggestions of future studies.

Keywords: Initial trust, Internet Banking, Northern Cyprus, KOOP Bank, Perceived Reputation, Perceived Willingness to Customize, Perceived Ease of Use, Perceived Usefulness, Perceived Security, Perceived Interactivity, Trust Propensity.

ÖZ

Teknolojinin gelişmesiyle beraber insanlar, internet alışverişi, danışmanlık ve bankacılık gibi internet tabanlı hizmetlere daha bağımlı hale geliyor. Bu durum karar verme sürecini hızlandırıp aynı zamanda kolaylaştırıyor. Günümüzde, hesap ve sipariş işlemleri sadece “bir tik veya dokunuş” uzaklığında. Bununla birlikte, kullanıcıların bir firmadan diğerine geçebilmesi için çeşitli olanaklar sağlanmış durumda. Fakat diğer taraftan bu durum, servis sağlayıcılarına rakipleriyle başedebilmeleri için fazladan baskı uyguluyor. İnternet dünyasında yapılan işlemlerde karşılıklı kişisel etkileşimin olmaması, güven faktörünün önemli bir rolü olmasına sebep oluyor. Kullanıcıların firmaya yabancı olmaları, onların risk algısını artırıyor ve bu durum kullanıcıların ve işletme arasındaki ilk güvenin kurulmasını daha karmaşık hale getiriyor.

Bu çalışma sadece internet sitesi aracılığıyla sunulan bankacılık hizmetleri üzerine yapılmış bir çalışmadır. Bu araştırmada, ulusal Kıbrıs Türk bankası olan KOOP Bank incelemeye alındı. Bu araştırmanın esas amacı, önerilen modeli ilk güven’in ön gereksinimleri üzerinde sınamaktır. Bu ön gereksinimler, KOOP Bank’ın kullanıcıları tarafından algılanan güveni, onun algılanan müşteriye isteğine göre düzenlenebilme istekliliği, internet sitesinin algılanan kolay kullanım şekli, algılanan güvenlik denetlemeleri, algılanan karşılıklı etkileşim, ve site ziyaretçilerinin siteye güvenme eğilimleridir.

Bu çalışma, Doğu Akdeniz Üniversite’sinde eğitim almakta olan 340 uluslararası öğrenciden bilgi toplanarak gerçekleştirilmesine rağmen sadece 301 anket

değerlendirilmeye alınmıştır. Analiz sonuçlarına göre, güven eğilimi ve web sitesinin yararlılığı, regresyon testine göre ilk güvenilirlik üzerinde önemsiz tahmin gücü göstermektedir. Buna rağmen, bu araştırma, test edilen bütün faktörlerle ilk güven arasında pozitif yönde güçlü bir ilişki bulmuştur.

Bu araştırmada, üzerinde tartışılmış sonuçları ve KOOP Bank'ın yönetimine tavsiyeleri içerir. Son bölümde bu araştırmanın bazı kısıtlamalarına ve ilerisi için araştırma önerilerine yer verilmiştir.

Anahtar kelimeler: Güvenin başlangıcı, internet bankacılığı, Kuzey Kıbrıs, KOOP bankası, itibar, kişiselleştirme, kullanım , kullanım kolaylığı, yaralı , güvence akçesi , etkisimli, güvenme , eğilimi

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Chapter 1

INTRODUCTION AND AIMS OF THE RESEARCH

1.1 Introduction

With the emergence of internet since the 90s, customers are offered more alternatives and even gained more power over the suppliers. Therefore, understanding their behavior is an important tool to enable longer relationships between both parties. In addition, many changes come with this technology starting from the nature of the relationship to the transactions made and the delivery process. Businesses need to be aware of these changes and their impact on the expectations, attitudes and behavior of their target market.

Trust gained a lot of attention in previous researches specialized in different fields. It is the heart of all types of relationships (Mishra & Morrissey 1990, Morgan & Hunt 1994). In the traditional types of exchange, building trust might require less effort since the customer is able to visit the vendor or the bank's location and make the transactions in person. Many businesses are investing in the online world to keep up with the world's trends and customers' demands which raises the concern of establishing trust online that lacks physical presence and direct exchange. Some studies stated that the main reason people disregard online transactions is the lack of trust (Hoffman et al., 1999; Grabner-Krauter & Kaluscha, 2003).

Trust is a dynamic concept that gets stronger through familiarity and the outcomes of prior encounters with the seller or the bank. Therefore, initial trust is very significant to businesses since in one hand it is more difficult to build, and in the other hand is a key factor in keeping customers. New visitors to a website with limited previous experience of the bank or the e-vendor perceive a higher risk and more uncertainty than frequent visitors. In addition, in such competitive markets, consumers can switch to a different service provider easily since the switching cost is low (Brynjolfsson and Smith, 2000).

The aim is to find the antecedents that contribute to initial trust building in the online world to a bank's customers through factors related to the bank, the website and also the customer him/herself. The model of the study is based on Koufaris and Hampton-Sosa (2004) model where a new variable is suggested and the study is made on International students in TRNC.

Studies in Initial trust (McKnight et al., 1998; McKnight et al., 2002a; McKnight et al., 2002b; Stewart, 2003; Koufaris & Hampton-Sosa, 2004) made in the past were not applied to different cultures. In this study, we will focus on International students currently living in Northern Cyprus that come from different cultural backgrounds. In addition, we will focus on internet banking through the website of a local bank called Koop Bank.

1.2 Theoretical Background

1.2.1 Initial Trust in Company for New Customers Model and Other Related Models

Trust happens on three levels due to its dynamic nature; Initial trust is the first and most meaningful phase in this process, it is followed by trust maintaining and dissolving (Rousseau et al., 1998; Ba, 2001; Corritore et al., 2003). Several studies had focused on initial trust in the past.

McKnight et al. (1998), developed a model on initial trust formulation, his model included the disposition to trust, institution based trust and cognitive trust as factors that lead to trusting the other party. He explained that institution based trust takes place through regulations, guarantees and assurances. Cognition based trust comes from the cues or the first impressions.

McKnight et al. (2002) suggested the trust building model (TBM) and found that the reputation of the vendor, the quality of the site and structural assurance related to the web were key influencers in initial trust building in the online world. He also proved empirically a previous suggested framework by McKnight et al. (1998), and showed the relation between disposition to trust and its effect on institution based trust and also trusting beliefs. This latter positively influences the intention to trust. Stewart (2003) suggested that hyperlinks can also motivate the visitor to trust the website.

The Technology Acceptance model (TAM) was used in many researches related to e-commerce (Davis, 1989; Gefen & Straub, 2000; Koufaris, 2002; Gefen et al., 2003b; Gefen et al., 2003; Pavlou, 2003). But it was not tested on initial trust much.

Koufaris and William (2004) focused on both initial trust and factors of TAM. They had found that in e-commerce the company's reputation, willingness to customize and the website's ease of use, usefulness, security control and trust propensity affect the initial trust. This research is based on this model that was developed by Koufaris and Hampton-Sosa (2004). They conducted their study through an online questionnaire on students in the US. Students were asked to visit non familiar websites before answering the questionnaire. In this study, we suggested a new variable to this model as our data will be collected from International students in Turkish Republic of Northern Cyprus. This model was not applied before to internet banking, so we will focus on students that did not make any previous online transactions through KOOP bank's website to find the relationship between initial trust and the variables of our model.

1.2.2 KOOP Bank

Co-operative central bank, established in 1937, aimed to provide support to locals with financial needs at its early stages. By 1959, this bank was separated where Turkish Co-operative central bank became only under the governance of the Turkish side of Cyprus (Pishkhani, 2014). This bank nowadays has twenty branches in Northern Cyprus and is the biggest current company in the country according to their website. It acquired Şeker Sigorta in 2012. This latter offers services as cars insurance, home and workplace insurance, personal accidents insurance as it has 120 agents all over the country. Other subsidiaries of KOOP central bank are KOOP sut, Koop commercial supplies and Binboga Yem.

According to the bank's financial report of 2016, their share capital and reserves grew from 210,968,476 TL in 2012 to 334,925,145 TL in 2016 which reflects the

considerable growth of the business. Their net profit went from 239,697 TL in 2015 to 246,741 TL in one year.

Pishkhani (2014) made a research that compared the customer satisfaction levels with the banking services in TRNC. The banks in his study were İş and KOOP bank since they are considered direct competitors. The respondents were Cypriots and students from different age categories and backgrounds. According to his findings, İş bank received a more positive attitude in terms of the employees' appearances and treatment, the equipment used and physical features. In addition, customers found the online system offered by İş bank superior to KOOP bank.

We selected KOOP bank for this study since it has been targeting students more the last few years by collaborating with Eastern Mediterranean University: Any student in EMU receives his/her student ID card that is already a visa card and a bank account that can be activated and used for different purposes. The bank has a branch in campus to offer more facilities to students, in addition to its ATM machines in different areas, internet banking and mobile banking services.

1.3 Aims and Objectives of the Research

In this research, we aim to discuss several factors that affect initial trust on Koop Bank's customers (International students) in Turkish Republic of Northern Cyprus. The selection of a local bank and International students aimed to focus on a situation of a higher risk perception since non of the students are familiar with the country nor the services offered therefore they tend to trust less than other members.

Several objectives will be covered as following:

- ✓ The nature of trust in the literature.
- ✓ The relationship between Koop Bank's willingness to customize and initial trust.
- ✓ The relationship between Koop Bank's reputation and initial trust.
- ✓ The relationship between Koop bank's website perceived ease of use and initial trust.
- ✓ The relationship between Koop bank's website perceived usefulness and initial trust.
- ✓ The relationship between Koop bank's website perceived security control and initial trust.
- ✓ The relationship between Koop bank's website perceived interactivity and initial trust.
- ✓ The relationship between trust propensity and initial trust among Koop Bank's customers.

1.4 Sampling and Data Collection

In this research, we employed a non- probability sampling technique with the convenience approach. 340 International students responded to our questionnaires. This latter followed the steps of Malhotra (2010) and contained three parts as following:

- Section 1: A filter question to exclude students who are no longer at the initial stage phase with KOOP bank. Only students who never made transactions over the bank' s website were welcome to answer the questionnaire. In addition, at least one visit to the website is required.

- Section 2: Respondents answered questions related to their initial trust towards the bank, their perceived Reputation of Koop bank, the perceived willingness to customize, the website' perceived ease of use, usefulness, security and interactivity. In addition to questions evaluating the participants' trust propensity
- Section 3: Demographic questions to evaluate their relationship with our topic in hand.

1.5 Research Hypotheses

Referring to what we discussed above, it is hypothesized that:

H1: The perceived willingness to customize of the Bank has a positive significant effect on initial trust in internet banking services (KOOP Bank).

H2: The perceived reputation of the bank has a positive significant impact in initial trust on internet banking services (KOOP Bank).

H3: The perceived usefulness of the website of the bank has a positive significant effect in initial trust on internet banking services (KOOP Bank).

H4: The perceived ease of use of the website of the bank has a positive significant impact in initial trust on internet banking services (KOOP Bank).

H5: The perceived security control of the website of the bank has a positive significant effect in initial trust on internet banking services (KOOP Bank).

H6: The perceived interactivity of the website of the bank has a positive significant impact in initial trust on internet banking services (KOOP Bank).

H7: Trust propensity has a positive significant effect on initial trust in the Bank's internet services (KOOP Bank).

1.6 Structure of Thesis

This study covers six chapters as showing in the table below.

Table 1.1: Thesis Outline

Chapter 2	Literature Review
Chapter 3	Methodology
Chapter 4	Model & Hypotheses
Chapter 5	Data Analysis & Discussion
Chapter 6	Recommendations & conclusion

Our chapter 2 covers a detailed explanation of trust in the literature that includes the different definition available about this concept, its characteristics, antecedents, consequences, classifications and its differentiation from other similar terms. We also described all of our independent variables: Perceived reputation, perceived willingness to customize, ease of use, usefulness, security, interactivity and trust propensity.

In chapter 3, we described the research design and the steps used in the questionnaire. We also discussed our method in data collection and sampling choice and technique.

Chapter 4 shows the model of the study and the hypotheses to be tested. We also presented our variables relation with initial trust from previous researches.

Chapter 5 covered all of our analytical tests: descriptive analysis, Reliability test, T-test, One-Way ANOVA, Correlation and regression test. We added our discussion to the results showing the supported and non supported hypotheses.

Chapter 6 included recommendations to KOOP bank managers based on what we found from our data analysis. We shared the limitations of this study and suggested future areas of research.

Chapter 2

LITERATURE REVIEW

2.1 Introduction

The notion of trust has been studied in different contexts due to its importance. Researches on trust have been made in different disciplines: Psychology, social psychology (Deutsch, 1960; Lindsold, 1978; Lewicki & Bunker, 1995), sociology (Lewis & Weigert, 1985; Strub & Priest, 1976), economics (Dasgupta, 1988; Williamson, 1991) and marketing (e.g. Anderson and Weitz, 1989; Dwyer et al., 1987; Ganesan, 1994; Moorman et al., 1993; Moorman et al., 1992). Authors did not agree on one definition due to the complexity of this concept.

We will share different definitions of trust from different perspectives and fields of studies followed by an explanation of initial and online trust that are related to this research. Aspects such as trust characteristics and types, antecedents, consequences, importance and dimensions of trust will be included in this section. For a better understanding of this concept, differences between trust and other related terms will be explained.

Description of the different trust antecedents will be discussed under three main categories. The first will be perception about the company: we will discuss perceived willingness to customize. This latter refers to tailoring an offering according to customer wishes (Fornell et al., 1996). We will discuss the definitions, the types and

strategies used for this component. The second antecedent related to the perception of the organization is perceived reputation defined by Jarvenpaa et al. (2000) as the degree to which the customer sees the company as honest and concerned.

The second category is about the customer's perception of the website that will serve as a mediator between both parties. Perceived usefulness and perceived ease of use as explained according to the technology acceptance model by Davis (1989), the extent of perceived low efforts made throughout the process and the ability to get things done. The third antecedent is perceived security control that is a major concern in the online world. Kalakota and Whinston (1997) explained this term as the potential source of threat of being exposed to fraud, waste, destruction and misuse of data. The fourth antecedent in this section is perceived interactivity: according to Hoffman and Novack (1996), this component on interaction between the firm and the user made through technology.

The last antecedent in this study will include dispositional trust, another complex term that got a lot of attention especially in psychology that was highly linked to trust and helps in the trustworthiness detection process (Davis & Schoorman, 1995). Its broad definition says that it is about the general ability of the person to believe in the good in others and expect them to have good intentions.

2.2 Definitions of Trust

Trust is a highly complex and multi-dimensional concept (Lewis & Weigert, 1995; Butler, 1991; Barber, 1983). Many disciplines provided us with different definitions. In psychology, this term is viewed as a personal characteristic depending on the individual (e.g. Rotter, 1967), it is considered as a feeling or a belief or expectancy

coming from the person's early development psychology. An other term used in psychology is disposition to trust: People, based on their life experience, environment and culture tend to react to the same uncertain situation differently because of their belief in humanity and expected behavior from others.

In social psychology, they do not exclude the contextual factors like in psychology and define trust as the expectation of the trust or of how the other party should behave throughout a transaction (Lewicki & Bunker, 1995). They focus on expectations, the willingness to trust, the perceived risk and also the contextual factors. It is advised by Lee and Turban (2001) to rely on this discipline definition when it comes to analyzing internet shopping and transactions for better understanding of the consumer.

In economy and sociology, trust is seen as what the individual chooses and puts in a situation of exchange. These fields focus on ways for institutions to give incentives and lower the uncertainty and feeling of anxiety caused by transactions. (e.g. Williamson, 1985; Granovetter, 1985; Zucker, 1986).

Morgan and Hunt (1994), refer to having confidence in the other party and seeing it reliable and with integrity. Rotter (1967) focuses on the belief that the exchange partner will keep his/her promise. Mayor et al. (1995), describes trust as the willingness to be vulnerable to someone's actions to get what is expected regardless the fact that there is control over the other party or not. In other words, we all fear having no control over a situation because the outcome can not be guaranteed since we have no power over it which increases the degree of perceived risk. Accepting to proceed with an exchange or a transaction in a similar situation implies the presence of trust. Rousseau et al. (1998) refers to trust as a "psychological state" where there is

an intention to being vulnerable while having positive expectations of the result of the situation. Ba and pailou (2001) uses the term “subjective assessment”, which means that it depends on the individual way of looking at the situation or at the object/person of trust. McKnight et.al. (1998), chose the term of “trusting beliefs” combination based on benevolence, competency, honesty or predictability in the witnessed situation. He also helped explain the trusting intention in a simplified way by someone’ s willingness to depend on another.

Two different ways were used to look at trust: The first was that it is a belief, expectation or confidence that the partner of an exchange is trustworthy based on reliability, expertise or intentionality perceived (Anderson and Weitz 1990; Blau 1964; Dwyer & Oh 1987; Pruitt 1981; Rotter 1967; Schurr & Ozanne 1985). The second approach defines trust as a behaviour or behavioural intention that has uncertainty or vulnerability from the trustor’s end (Coleman 1990; Deutsch 1962; Giffin 1967; Schlenker et al., 1973; Zand 1972).

Several authors considered trust as a judgment under the term strategic trust that evolves around the evaluation or anticipation of cognitive understanding before placing power into others hands (Elster 1979; Baier 1986; Barber 1987; Dasgupta 1988; Gambetta 1988). Russel Harden (1993) explained that trust takes place when there is a reason to believe the other party after making a judgment of both sides interests.

Online trust: Commercial sectors are being influenced by the relationships built over the internet and constantly getting developed (Gunasekaran & Love, 1999; van der Smagt, 2000; Wu & Chang, 2005; So et al., 2005). First, we need to clarify that these

relationships happen between a trustor (the user who is considering an online transaction) and the trustee (the object of trust). Researches in computer-mediated communication's perspective is that it is about an individual to individual trust through technology (Olson and Olson, 2000a, b). Other researchers consider the other party as technology itself and not another individual, such as the website. In the field of artificial intelligence, (Reeves & Nass, 1996), studied the type of interaction between a human and technologies and proved how people treat their object of trust as another real person.

Internet is perceived as an “uncertain environment”, it is harder for the user to trust the other party than in the traditional circumstances like in the case of offline stores (Fung & Lee, 1999) as the risks taken by the consumer online seem to be higher (Koufaris & Hampton-Sousa, 2002). These reasons behind distrust were explained by Flavián and Guinalíu (2006) that go as following: Since there is no direct, physical contact with the seller, the user is not sure about the real identity of the seller nor is he be able to see if the product is what is claimed to be. Payments through credit cards that happen before the delivery of the product that might not even be delivered at the first place or might be mistaken for a different order not to mention the possibility of being a victim to fraud. Some companies don't even have a physical store or might be placed in a different country than the users' location therefore it is difficult to place a complaint. In addition to spams, hackers and viruses that can be shared online. In other words, online transactions are seen as a very risky operation (Interactive, 2002), therefore establishing trust in the online world is way much harder than in regular scenarios (Bitting & Ghorbani, 2004).

Initial trust: Initial trust is way much harder to establish due to higher uncertainty of the situation and a higher risk that might lead to either potential identity theft, stolen money or account hacking from the customer’ s perspective. These are mainly the concerns of a person before a transaction. When it comes to initial trust the trustee is unfamiliar and there hasn’t been a previous exchange relationship to build credibility or bonds with the other party (Bigley & Pierce 1998). People will be looking for different types of clues until they feel comfortable enough to give their trust to the website and proceed with the transaction (McKnight et al., 1998). Within the online context, it has been defined that a user is only familiar with a website after the first transaction. Without prior transactions, the customer is still not sure about the outcome of dealing with the bank or e-vendor until he/she tries the service and tests the reliability of the service or product provider (Mcknight et al., 2004).

A table below will summarize the different perspectives related to trust and definitions as it will be followed by the explanation of the characteristics of our subject of study.

Table 2.1: Definitions of Trust

Trust as Belief/ Expectation	
Crosby et al. (1990)	Confident belief that the salesperson can be relied on to behave according to what will serve customer’ s interests.
Schurr & Ozanne (1985) Rotter 1967	Belief that the the other party’s promise is reliable and he/she will deliver what was promised during an exchange relationship.

Swan & Trawick (1987)	The customer believes that what is said or promised can be relied on in a situation where failure of the object of trust will affect the customer negatively.
Anderson & Narus (1990)	Expectations related to the behavior of the company.
Fukuyama (1995)	Expectations of an honest and cooperative behavior.
Trust as Judgment /Evaluation/ Perception	
Russel (1993)	“you trust someone if you have adequate reason to believe it will be in that person’s interests to be trustworthy in the relevant way at the relevant time. One’s trust turns not on one’s own interests but on the interests of the trusted. It is encapsulated in one’s judgment of those interests”
Fisher et al.Tucker (2010).	“The outcome of a rational judgment process”
Ba & Pavlou (2002)	“Subjective assessment of one part that another party will perform a particular transaction according to his or her confident expectation, in an environment characterized by uncertainty”

Doney & Cannon (1997)	The customer's perception of the benevolence and credibility of the salesperson.
Gambetta (1988)	Subjective probability that the other part will behave that will enable cooperation between both parties.
Trust as Behavior/ Behavioral Intention	
Lagace & Marshal (1994)	"Committing to a possible loss of contingent upon the subsequent behavior of a specific other person".
Giffin (1967)	"Reliance on the characteristics of another in a risky situation".
Mayer et al. (1995)	"the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other party will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party".
Gefen (2000) Gefen (2002)	Trust in online vendor is when there is "willingness to make oneself vulnerable to actions taken by the trusted party based on the feeling of confidence and assurance". Willingness to depend on another party

Strutton et al. Tanner (1996)	a willingness to rely on another party toward whom the customer has confidence.
Rousseau et al. (1998)	“psychological state comprising the intention to accept vulnerability based upon positive expectation of intentions or behavior of another”.

2.3 Characteristics of Trust

Previous research about trust agree that this concept is multi-dimensional and varies in terms of generality vs specificity, according to the kind, degree, stage and level of that trust. These dimensions are also applicable to the offline and online trust. Throughout this explanation, we will clarify which aspects will be related to our study by the end of this section.

2.3.1 Facets of Trust

Generality: “Generality refers to the breadth of the trust, and extends from general to specific trust” (Rotter, 1971). Unlike general trust, specific trust varies from a situation to another as it depends on the trustee. An example from the offline world: I would trust my dentist to make my root canal surgery but I wouldn’t trust him to make me a plastic surgery (specific trust). Although I trust doctors are knowledgeable enough to cure people (general trust).

Kinds: Research shows that trust can develop over time (Walther & Burgoon, 1992) or swiftly (Jarvenpaa & Leidner, 1998). To give an example of the offline interactions

of swift trust, it takes place for instance when I trust my team members for a temporary school project. This kind of trust is quick and usually related to specific trust which is relevant to our model of study. To apply these terms in online purchases, the first time I visit a website I make my first purchase within the next 3 minutes, I just had a swift kind of trust with this website. While I have been visiting another platform many times then make my purchase this is trust developed over a period of time.

Degrees: “Degrees of trust” is about how deep is this trust. Degrees of trust run from basic to guarded to extended (Brenkert, 1998). Basic and guarded trust are relevant to our model since they are part of the initial trust: The intention to transfer money from the bank website represents basic trust. Then sharing the details of the accounts and transfer takes us to guarded trust. This latter is usually protected by a formal agreement or promise. The extended trust goes beyond these steps to actually referring people to this bank, save your card details on the website system, fill your profile missing details. It is when the individual relationship with the vendor is deeper which comes at a later stage and involves previous experience with the vendor, but this concept will not be included in this paper since we are focusing on initial trust.

Stages: According to Jarvenpaa et al. (1999), there is initial development of trust and mature trust. Lewicki and Bunker (1996) went deeper into this concept by differentiating deterrence-based trust, knowledge-based trust and shared-identification trust. This latter is about mature trust: I am very familiar with purchasing my tickets from Turkish airlines website, I have my credit card details saved in the system, I don't review the booking terms and conditions as I would not compare prices with any other platform because I believe it when they say they offer the lowest prices. Knowledge-based trust goes between initial trust / deterrence- based and shared-identification trust:

at my second or third purchase from Turkish airlines, I know what to expect based on some experience. In the other hand, deterrence- based which will be our area of interest can be explained in this example: I make my first transfer on Koop24 based on the belief that this is a reliable bank in TRNC, saving the receipt received from the bank received by email to feel confident that this transaction took place.

To have a better understanding about trust, we need to discuss the factors that influence it according to previous studies.

2.3.2 Antecedents of Trust

According to Jarvenpaa et al. (1999), trust depends on previous experiences, long run orientation, positive trusting stance and having the feeling of control. Dayal et al. (1999) came up with a trust pyramid showing core drivers and differentiating drivers. The core drivers were security, merchant legitimacy and fulfilment while the other factors were the control of the user, collaboration and tone and ambience. Smith et al. (2000), added other drivers such as online community, site longevity, selection of items, links to other sources, privacy and search engine on the website. Lee and Turban (2001) suggested that trust is driven by perceived trustworthiness of internet shopping medium, the internet merchant and contextual factors. Yoon (2002) discussed that web based trust depends on the company's reputations, the awareness about it, the familiarity towards it and previous satisfaction with ecommerce in general.

Walczuch and Lundgren (2004) categorized the antecedents to trust in re-tailing under five categories: Personality based, experience- based, Perception based, knowledge based and attitude.

Personality based factors: Openness to experience where a person is open minded who will make liberal decisions unlike someone that has this low characteristic would tend to take less risk and only make moderate choices. Another factor explained is extraversion that they defined as people who are “focused on the outside world” therefor more sociable and adapt to changes easily. Neuroticism is when the person tends to have a low self esteem and acts in a pessimistic way which makes it harder for the person to trust. Conscientiousness if scored high it means the person is trustworthy, serious and tend to take more careful decisions therefore trust less often. Then comes the *propensity to trust* factor that is the inclination a person has to believe in others in general and have faith in them (Gefen, 2000).

Perception based factors: The *seller's reputation* for reliability and consistency of behavior matters to the consumers while evaluating the transaction (Ganesan, 1994). Jarvenpaa et al. (2000) argues that perceived reputation and company size influence trust building. The brand strength refers to the reputation of the brand name of the website, Davis et al. (1999), argued that brands are important in web based relationships. Brand is the “trust mark” can be a cue for quality that helps building trust (Shankar et al., 2002).

Institution-based trust: Shapiro (1987) and Zucker (1986) referred to this concept as the recommendations and guarantees offered by the third party. Zucker argues that it helps building trust when the user didn't use the services before or comes from a different background. Mechanisms such as certification and escrows reinforce trust. Certifications are about accreditations or licenses that show that the trusted party is reliable. Luo (2002) mentioned that digital certification has an important role in trust building. The escrows role is to guarantee that the transaction will take place as

expected and only when both parties (the user and the website) agree on the process (Pavlou & Gefen, 2004).

Web- site based trust: Many people don't purchase things online because of lack of trust towards the website and not only the vendor (Wu & Chang, 2006). McKnight et al. (2002) chose three dimensions that influence trust: the vendor reputation, the site quality and structural assurance. *Perceived web reputation* stands for the popularity of the website from the customers' perspective (Jarvenpaa & Tractinsky, 1999; McKnight et al., 2002). Tams (2009) found a positive influence between reputation and trust. *The site quality* was defined as the degree to which the user sees that the website's features could meet what he/she is looking for (Hsiao et al., 2010). A few authors showed the relation between perceived site quality and trust formation (Kim & Tadisina, 2005; McKnight et al., 2002). *Perceived structural* assurance is to which extent the consumer feels the features that ensure the security of the transaction (Hsiao et al., 2010). Borenstein (1996) mentioned that it is about the legal protection and the structure that will enable safe usage. It is suggested that institutional assurance improves trust online (Kim & Tadisina, 2005; McKnight et al., 1998). Bart et al. (2005) added other factors that affect trust building: First, *navigation and presentation* where ease of use is witnessed during the browsing of the website and seeing the website attributes including layout, quality and appearance. Bart added that platforms with high informative content and a good presentation make the perception of trustworthiness higher in the consumer mind. Second comes the *usefulness* factor, if the information provided are accurate and correct there is a higher chance of trust building (Hsu & Wang 2008; Park et al., 2005; Song & Zinkhan 2008). Goode and Harris (2006) highlighted that in case of lack of accurate information or even a missing

graphic will be considered as an evidence of unreliability and would lead to leaving the website. Third, *order fulfilment* refers to the mechanism of delivery of product or service after the transaction takes place. Many customers track the *fulfilment process* records to evaluate the trustworthiness of the e-vendor (Bart et al., 2005; Shankar et al., 2002). *Perceived security* defined as threats leading “circumstance, condition, or event with the potential to cause economic hardship to data or network resources in the form of destruction, disclosures, modification of data, denial of service, and/or fraud, waste, and abuse” (Kalakota & Whinston, 1997). When security is raised, the consumer tends to perceive less risk in the environment of the transaction therefore build online trust (Warrington et al., 2000). while *perceived privacy* refers to when the consumer is able to control the other persons during the transactions and the control over the information disseminated throughout this process (Goodwin, 1991). Once the firm is perceived reliable and credible the consumer is less concerned about sharing his/her private information, therefore perceived security and privacy affect online trust (Culnan & Armstrong, 1999; Hoffman et al., 1999).

Attitude based trust: Attitude toward internet and shopping: Bart et al. (2005) said that expert customer of the internet may have more confidence to use technology than new users of the internet. Internet experience affects the perception of credibility of a website (Flanagin & Metzger 2003).

Knowledge based trust: Milne and Boza (1999) explained that people with knowledge about the internet processes and rules tend to trust more a website and feel that they have control over online transactions.

Trust is gaining a lot of attention in studies, therefore it is important to discuss its benefits to show its importance and explain why businesses need to spend more effort and investments to establish it.

2.3.3 Consequences and Importance of Trust

The 20th century faced a lot of technological development including e-commerce, exchange of products and services and also payments are made through telecommunication (Kalakota & Whinston, 1997). In marketing, there have been several researches about this concept (Sahay, 2003). Although different definitions and researches were assigned to this concept, every single discipline agrees on how valuable trust is. Trusting others motivates people to live in risk and in addition be able to deal with uncertain circumstances (Deutsch, 1962; Mayer et al., 1995). Trust makes it easier to the trustee to simplify the complexity of the situation by narrowing down the options (Luhmann, 1979; Barber, 1983; Lewis & Weigert, 1985). Reichheld and Scheffer (2002) emphasized that brand loyalty must be preceded by trust, if there is no trust there will be no room for loyalty. Marketing literature empirical studies have proved that trust is a mediator between the seller activities and the consumer loyalty (Ball et al., 2004; Chaudhuri & Holbrook, 2001). Trusting the website positively influences the attitude toward making a transaction, therefore it affects the intention to make a purchase (Wang, 2003). According to Sultan et al. (2002), trust influences the intent to act which included loyalty and purchase. Trust also influences the attitude and perception of risk that affects the willingness to make a purchase from an online store (Jarvenpaa et al., 2000) and trusting the website increases the chances of an online purchase (Yoon, 2002). The consequences of trust are long-run exchange relationship (Ganesan, 1994) and cooperation (Morgan and Hunt, 1994). Satisfaction and long term orientation Geyskens et al. (1998) discussed the role of trust in leading

to long run orientation and also customer satisfaction. It has been argued that once trust increases it leads to an increase in the perceived value of the relationship between customer and seller (Walter et al., 2002). Trust makes the parties involved focus more on the positive factors and feel affiliation which might make the consumer think less of the calculative commitment (Ruyter et al., 2001) this negative relationship was also proven by Geyskens et al. (1996). Prabhu (2003) found that satisfaction and trust enable brand retention. Building trust especially in the online environment tends to decrease the degree of the perceived risk (Pavlou, 2003; Koufaris & Hampton-Sosa, 2004).

Even researches based on social exchange theory emphasize that relationships are based on trust: this theory briefly means that if the cost is higher than the potential reward then the person involved in this relationship is less likely to engage further in this relation therefore an exchange wouldn't take place. Blau (1964), noted that social exchange is about both "trusting others" and "personal obligations". Trust can be considered as a "social capital" since it makes cooperation plausible between people (Putnam, 1995; Misztal, 1996). Therefore, trust is considered as a necessary factor for successful transactions and long run relationships (Koehn, 1996), to the extent that it was considered by Creed and Miles (1995) an alternative form of control. Trust is a major antecedent of customers' willingness to make a transaction with online vendors (Jarvenpaa et al., 2000). Chen and Wells (1999) defined trust as an attitude toward a website that will influence a favorable response while being exposed to it.

Trust might have been misused in some contexts due to its similarity with other terms, the following section will highlight the differences between these terms in contrast with trust to enable a better and clearer understanding.

2.3.4 Differentiation of Trust from Related Constructs

Due to the similarities this term has with others and can be mixed up or misused. Trust differs from trustworthiness, because this latter refers to a characteristic that we find in the subject or object of trust. Trustworthiness relies on the ability, benevolence and integrity of the trustee (Colquitt et al., 2007). These two concepts are linked and trust is about evaluating the others' trustworthiness (McAllister, 1995). Trust is also not trust propensity but this component will be explained in a separate section. The expression "I have faith in someone" interpreted as "I trust someone" might mislead a few persons: Faith lacks reason while trust in the other hand includes rationality since it is a strategy established by us to confront uncertainties. (Macy & Skvoretz, 1998). Competence tend to be used as a synonym to trust while competence is only a cue to help establishing trust (Dunn, 2000). So trust is beyond believing in competence, also beyond credibility: Trusting a source of information refers to finding it believable and credible (Fogg & Tseng, 1999) which is only one of the factors to initiate trust. Same thing applies to the term reliance, it is possible to rely on someone but still not trust him/her (Blois, 1999).

Trust has been differentiated from confidence by (Luhmann, 1988; Seligman, 2001; Earle & Cvetkovich, 1995). Confidence was defined as a belief based on evidence that some event will take place as expected, it is based on "specific performance criterion". The antecedents of confidence are performance driven such as: contracts, rules, evidence, control, experience, social roles (Earle & Siegrist, 2006). Luhmann (1988) explains that both concepts are based on expectations and might lead to disappointment and the distinction depends on the attitude and the perception. He gave two examples to differentiate these terms: Having confidence is when there is no

consideration of alternatives because of certainty of the outcome with no perception of risk, while choosing something over another out of preference comes from trust despite of the risk.

We will move now to the dimensions of trust that help measure this concept and evaluate.

2.3.5 Dimensions of Trust

Authors like Lewis and Weigert (1985), Zaheer et al. (1998) and Barnes et al. (2015), had categorized trust under two dimensions cognitive and affective. These two can take place separately or as (Zajonc, 1980) proved in the same situation. Dowell et al. (2015), elaborates with this definition that trust is “an evolving, affective state including both cognitive and affective elements and emerges from the perceptions of competence and a positive, caring motivation in the relationship partner to be trusted”. Cognitive trust is about the rationale decision made where there is an assumption that the other party will behave as promised (Houjeir & Brennan, 2014). Bernnan discussed also affective trust and explained its reliance on the confidence in the other party due to signs of care from the other party that are recognized based on feelings.

Cognitive trust was divided into three elements by many authors. First comes integrity which is based on having shared norms of honesty and delivering what was promised (Sako, 1998). Dowell et al. (2015) mentioned the second element of competency trust that is more about the expectations related to ability in making the required activities related to the role of trusted party (Roy et al., 2004). The third element is benevolence also referred to as goodwill in the literature, Roy et al. (2004), defined goodwill trust as the degree of trust of the other party without being asked directly but trusting his/her to take care of the trustee.

Affective trust was divided by Dowell et al. (2015) into two constructs. One is related to the belief that others will reciprocate and treat the person as they were treated, he mentioned the terms of faith and reciprocity. The other one called intuitive trust which includes feeling, emotions and moods that affect the perceived trustworthiness of others.

Another component was added to the list as behavioral trust that is a result of both cognitive and emotional trust (Johnson & Grayson, 2000). It is when a person takes a risky course of action out of confidence that all parties involved will act competently (Barber, 1983). It is not a small execution, but it is when someone reciprocates trust with others if they behave in a way that shows trust (Luhmann, 1979).

Our topic will be focused on internet banking and its relevance to our topic. We will briefly discuss this field, its benefits and downside.

2.4 Internet-Based Banking

E-commerce changed the type of relationships between users: banking services in traditional norms were processed through direct and personal contact but now it is transformed to services offered online. This lack of person-to-person interaction puts pressure on banks to work on each element of their website to get customers' interest (Broderick & Vachirapornpuk, 2002). Banks are turning their simple websites into "portals" which has a better effect on the user and positively affects the loyalty and satisfaction (Bauer, 2005). Many authors refer to "portals" as a self service technology, considered very innovative, that enables access to different services and facilities (Gounaris & Dimitriadis, 2003; Jun & Cai, 2001; van Riel et al., 2001). The "all in one" concept applied in old economy that required physical presence took virtual

alternatives through internet (Bauer & Hammerschmidt, 2002; Jun & Cai, 2001). According to Turban et al. (2004), electronic banking services include information about the account balance, or transfer money, apply for loans, pay bills online, download information to computer, trade stocks or mutual funds and even see a picture of a cheque a deposit slip.

There are many benefits from online banking such as getting new customers, having satisfied users, developing relationships, enhancing market share and profit also the better corporate image (Parasuraman et al., 2005; Bauer et al., 2005). Not to mention its impact on e-commerce including online auctions, internet stock trading and online shopping, through e-payments. (Lee, 2009; Tan & Teo, 2000; Aladwani, 2001). From the customer's perspective, there is no more need to drive all the way to the bank bank wait for long queues, not time nor place restriction. Online banking is offered 24/7 and can be accessed anytime as long as there is an internet connection. Therefore, internet banking is seen as a way to save money and time and also provides accessibility and convenience (Karjauloto, 2003). Time, money saving regardless of the place are the reason people choose online banking acceptance (Polatoglu & Ekin, 2001; Black et al., 2002; Howcroft et al., 2002). Moving now to the banks' gains from online banking, these websites enable higher speed, shorter processing time, and less employees to serve customers physically which lowers the cost on them (Shih & Fang, 2004). It is considered as the most profitable distribution channel since internet is used as a distributor of their services to customers (Karjaluoto, 2002).

2.5 Trust Antecedents

2.5.1 Perception About the Company

The first factor of high importance in this category is about perception of the company that is willing to customize for the consumers leads to online trust, even to loyalty (Koufaris & Hampton-Sosa, 2004). There is an influence of company' reputation and willing to customize on online trust in internet based banking (Doney & Cannon, 1997). Many researches proved that reputation also influences trust and the more positive it is the more the user will trust out of the belief that if this bank for instance was scamming people or had weaknesses in their system they wouldn't be able to maintain this positive image among its community. And that the business wouldn't put its name at risk so they have no interest in fooling the user or taking advantage of his/her vulnerability (Doney & Cannon, 1997; Figueiredo, 2000; Jarvenpaa et al., 2000).

2.5.1.1 Perceived Willingness to Customize

Heide and Miner (1991), explained that customization will make specific assets relationships grow more, it was also associated with receiving more collaboration (Williamson, 1975), positive and continuation of relationships' evaluation (Surprenant & Solomon, 1987). It is considered as the key motivator to loyalty and satisfaction for the product and the service sector (Fornell et al., 1996). As we shifted from internal quality orientation to more focus on customers, tailoring services/ goods to meet the need of the customer is more important than the manufacturing process itself (Fornell et al., 1996; Johnson, 1998). According to Hoffman and Bateson (1997), mass production of goods does not satisfy individual needs, however customization is easier once the customer shares specific instructions. Davis (1989) refers to the concept by reaching the mass market but at the same time treat them individually. A narrower

definition implies the use of information technology to deliver what is offered in a flexible way to meet the specific customer need whereas the cost is still similar to mass produced goods or services (Hart, 1995; Kay, 1993; Kotha, 1995; Ross, 1996; Joneja & Lee, 1998). Customization helped shift uncertainties from the market to a competitive advantage (Hart, 1995) because the offerings will be more relevant to the customer, better than the competitors and feasible to make, distribute and deliver (Hart, 1996). It was suggested that giving the power to customers and “achieve customer lock-on” are two of the six vital elements to a customer focused strategy. The term customer “lock in” refers to when customers don’t have a choice that happens when there is a monopoly for instance, but in lock-on concept the customers are the ones that keeps the competitors away, not the product offered nor the technology (Vandermerwe, 2000). So, to achieve customization, a focus on customer preferences and expectations must happen.

The way of looking at customization had two different point of views: Purists believe that it only exists when every single customer requirement is fulfilled, while pragmatics believe that as long as the service or product follow customers’ opinions regardless of the number of available options then there is customization. Several authors managed to classify the levels of customization to clarify more the concept. Gilmore and Pine (1997) talk about customization at the collaborative level (when the designer is in contact with the customer), adaptive (when some changes are made to the product during the usage/consumption), cosmetic (includes on the package designed specifically for one customer) and transparent (adaption of product to a person needs). Lampel and Mintzberg (1996) talk about the process (from standard to customized), about the product itself (from general to unique) and the transaction (from generic to personalized). Three strategies of customization will be explained to

offer more insight to this concept according to Lampel, Mintzberg (1996): 1) Customized standardization: Other terms used for this type are modularization and configuration, it is when the company offers products or services from standardized components but the customization happens at the assembly. For example: a hamburger restaurant lets the customer choose mustard or ketchup. 2) Tailored customization: a prototype is offered to the prospect, then tailored according to his/her needs, birthday cakes and suits can be an example to this strategy. 3) Pure customization: this one happens at all the stages from design to distribution where the consumer is involved and it is a sort of a partnership where the buyer and seller who are both decision makers.

2.5.1.2 Perceived Reputation

Jarvenpaa et al. (2000), defined reputation as “the extent to which buyers believe a selling organization is honest and concerned about its customer”. Mcknight et al. (1998), explains reputation as an attribute given to the company based on second-hand information. It means that it’s the outsider perception of the firm’s characteristics (Fombrun & Rindova, 2000). That information can come from a variety of sources including word of mouth. It has been demonstrated by Hennig-Thurau et al. (2002) that when someone is satisfied by the company, he/she is most likely going to give positive feedback through word of mouth which reinforces the reputation of the business. Since this study is focused in the online world, we will discuss a “trendy” reference to customers known as “reputation systems”. The latter is also called a collaborative or social navigation and recommender systems. It is used especially by initial users as a reference to evaluate the trustworthiness of the company, since no previous experience had taken place (Resnick & Varian, 1997; Dieberger et al., 2000; Resnick et al., 2000). The user can take a look at the ratings of other users either based

on the company's performance level in transactions or the value of the received information in case the purpose is knowledge-driven. Of course, these systems have limitations: People avoid leaving negative feedback unless the experience was extremely bad (Resnick et al., 2000; Resnick & Zeckhauser, 2001), also not all users spare time for feedback unless there is an incentive to motivate them to do so or it is a must step to complete the process (Resnick & Varian, 1997; Resnick et al., 2000). Despite these limitations, customers do rely on them to build an image of the other party.

According to Fung and Lee (1999), web vendors' reputation has a huge role in the trust of the website visitors especially if this person is at the initial trust stage. Barnes and Widgen (2000) discussed that the reason behind the increase of sales in Amazon.com is their reputation. In the broader literature about trust, reputation was always considered as a "trust builder" (Dasgupta, 1988). When it comes to online stores it has been proven that there is a positive relation between trust and E-vendors, it is not the only factors of course but one of the main ones (Grazioli & Jarvenpaa, 2000). Empirically, the positive relation between trust and perception of reputation of a store was reported by Jarvenpaa et al. (2000) and Wetsch and Cunningham (1999) in both studies. In other studies, brand recognition was considered one of the six other primary elements that build trust in electronic commerce which was proven by Cheskin Research and Studio Archetype/Sapient in 1999. It even recommended for businesses to advertise for their good reputation to increase trusting beliefs for their target (McKnight & Chervany, 2001).

2.5.2 Perceptions About the Website

"In initial relationships, people use whatever information they have, such as perceptions of a Web site, to make trust inferences" (McKnight et al., 1998). It is

important to keep in mind that a first time website user will look for any clues before deciding to trust it. Menon and Khan (2002) highlighted that the influence of the characteristics of the site, in addition to the offered products on the pleasure and interest felt by the user.

2.5.2.1 Perceived Usefulness

The technology acceptance model (Davis, 1989) is highly used to understand relations between humans and technology (e.g. Venkatesh et al., 2003). Davis (2007) found that this model has been used in the literature more than 700 times. Studies showed that this model is not only applicable to the IT field but even in e-commerce (Gefen, 1997), it was also used in e-government (e.g., Sebetci, 2015), E-learning (e.g. Ratna & Mehra, 2015) and online banking (e.g. Lai & Li, 2005). It explains the relationship between the system design features and the attitude toward using it. The two primary elements that predict the acceptance are ease of usefulness and ease of use, this latter will be explained in the following section. Adams et al. (1992) proved the reliability and validity of this model with a different sample. This model has been improved by different researchers: TAM2 where social influence was added as a variable to the model (Venkatesh & Davis, 2000), TAM3 noted that experience is the moderator in the relationship between user and technology (Venkatesh & Bala, 2008).

In electronic banking, ease of usefulness gained a lot of attention and became widely recognized (Guriting & Ndubisi, 2006; Jaruwachirathanakul & Fink, 2005; Eriksson et al., 2005; Laforet & Li, 2005; Polatoglu & Ekin, 2001; Liao & Cheung, 2002). These authors defined perceived usefulness as the subjective probability that through technology the user will be able to finish a task and enhance his/her work. Davis (1989) defined perceived usefulness as the extent to which a person thinks that using a system will improve his/her performance. He also added in 1992, that it is about the perception

of the result of the experience made. A year later, he added that it is the individual way of perceiving the use of a new technology as a source of performance enhancement. Mathwick et al. (2001) confirmed this definition and referred to the extent of which a system can be a job performance booster.

2.5.2.2 Perceived Ease of Use

According to Venkatesh (2000), Ease of use refers to the perceived degree of lack of effort made by the person. He also mentioned earlier in 1996 with his collaborative Davis that this impression is made within a short frame time once exposed to the platform. It is the belief of the user when the system is effort free (van der Heijden et al., 2003). Davis (1989) also shared the same definition. By effort, we mean the resources used for the activities that the user is responsible of (Radner & Rotchschild,1975). In other how “simple the website is easy to use” (Corritore et al., 2003). Research showed that ease of use is an important driver to the performance of the website, as it is successful factor to successful websites’ designs (Nielsen 2000). Ease of navigation (Cheskin Research and Studio Archetype/Sapient, 1999; Nielsen et al., 2000), ease of making a transaction (Lohse & Spiller, 1998; Nielsen et al., 2000) and ease of search (Nielsen et al., 2000) represent the ease of use to a website. Johnson et al. (2003) noted that Websites that are easier to use have more rates of purchases. They offer a positive experience that encourage users to be active on a longer time and revisit it often (Kwon & Lennon 2009; Nielsen 2000; Novak et al., 2000). Perceived ease of use has direct effect on new users (Karahanna et al. 1999), enables PC adoption (Moore & Benbasat 1991) and PC utilization (Rose & Straub 1999; Thompson et al., 1991). Gefen (2003) noted that if the website is perceived as easy this will affect positively the user trusting beliefs.

2.5.2.3 Perceived Security Control

Security control was always considered as one of the major obstacles especially in the electronic banking services (Aladwani, 2001). Studies proved that the challenge in the adoption with online banking will be over getting the trust of the user and fight the issues related to privacy and security (Furnell & Karweni, 1999; Bestavros, 2000). Since customers still believe that internet-based payments are not secure, companies should work on decreasing these concerns to convince the user that the platform is secured (Jones et al., 2000). Therefore, consumers that are aware of the security process on websites will be less reluctant to use both online shopping or internet banking services (Furnell & Karweni, 1999). Kalakota and Whinston (1997), defined security as a source of threat that can lead to “the potential to cause economic hardship to data or network resources in the form of destruction, disclosure, modification of data, denial of service, and/or fraud, waste, and abuse” in a situation. In ecommerce, the threats are either an attack of the data during a transaction or the wrong use of personal or financial information without the consent of the customer (Cheung, & Lee 2006). So security is the way the user is protected from these threats (Belanger et al., 2002). Although in e-commerce security issues can be solved through digital signature, third party agreements and appropriate encryption (Bhimani, 1996), however consumer perception of security is still not fully handled. This concept was first studied in the information system field (Carr, 1987; Benson, 1983; White, 1987; Goodhue, 1991). But recent studies show that consumers still have concerns about security in the online world even if the vendor is using security enforcement mechanisms (Zellweger, 1997; Miyazaki, 2001).

Flavián, and Guinalíu (2006) explained perceived security as a “subjective probability” that reflects the belief of the person involved in the transaction that the

information shared will not be viewed nor shared or manipulated in a way that goes with his/her expectation. An other definition used by Belanger et al. (2002) saying that it is the degree of belief of the buyer on the website that the transaction is safe, they also emphasize on the process to go as expected. Yousafzai et al. (2003) applied these definitions to electronic banking by defining perceived security as the degree of protection of threats such as: non authorized access to the personal account, false authentication or attack of the network or the data through the transaction

2.5.2.4 Perceived Interactivity

Interactivity in the electronic commerce environment gained a lot of attention and is considered as an important factor for effective online marketing (see Bezjian-Avery et al., 1998; Deighton 1996; Hoffman & Novak 1996; Peppers & Rogers 1997). A lot of methods used online offer virtual communities where it is possible to chat and share personal messages with others (Sashi, 2012; Ahn et al., 2014). According to Martínez-López et al. (2016), banks facilities for interactions through chatrooms and feedback that increases customers interest, also people witness positive attitude toward interactive websites (McMillan et al., 2003). Various definitions were suggested in the literature review that reflect the complexity of this concept although there is still no agreement on a specific definition (Song & Zinkhan, 2008; Voorveld et al., 2011; Wu, 2006). According to Hoffman and Novack (1996), it is about the interaction on a computer based communication between the user and the website. Authors defined interactivity based on its process, perception, features or combined approaches (McMillan & Hwang, 2000). In the process based views, scholars cared about activities like interchange and responsiveness (McMillan & Hwang, 2002). For example, response time and contingency, according to Alba et al. (1997) were the main measurements to interactivity; one is about the duration for feedback and the other

about the degree of relevance of the response. The feature perspective is more about user control (Lee, 2005). Stuer (1992) noted that it is the extent of users' participation or modification of the content. Rice (1984) added to the previous definition that interactivity leads to an exchange in roles between both parties either instantly or at a delayed time and he emphasized on the control concept. The last approach based on perception that is highly used in communication and marketing (McMillan & Hwang 2002), defines perceived interactivity as the degree that a person perceives he has control during the interactions based on personalization and responsiveness (Wu, 2000). An other name of this type is experimental interactivity and the difference between this approach and the feature approach (or what is also referred to as actual perception) is that it is about the subjective experience of the website user (Liu & Shrum, 2002; Wu, 2005).

In regard to the dimensions of online interactivity, different suggestions were made, Wu (2000) narrowed them down to three: (1) perceived user control, (2) perceived responsiveness and (3) perceived personalization. Dholakia et al. (2000) added real time interactions, connectedness and playfulness to the previous factors mentioned from the web site users' point of view. Song and Zinkhan (2008) measure interactivity with communication, control, and responsiveness. Six dimensions were suggested by Heeter (1989) including (1) complex available choice, (2) responsiveness, (3) the ability to monitor information use, (4) effort put to access information, (5) the easiness to add information to the system by the user and (6) facilitated interpersonal communication. There was also a construct proposed that had (1) immediacy of feedback, (2) source diversity, (3) responsiveness, (4) linkages of communication, (5) ability to terminate and (6) equal participation (Ku, 1992).

In this study we will use Mollen and Wilson (2010) definition and dimensions of interactivity following the perception based interactivity “an experiential phenomenon that occurs when a user interacts with a website or other computer-mediated communication entities. Perceived interactivity is the degree to which the user perceives that the interaction or communication is two-way, controllable, and responsive to their actions” (p. 921). So the dimensions of interest will be 1) responsiveness, 2) user control and 3) two-way communication.

2.5.3 Dispositional Trust

The literature highlighted the differences between trust, trustworthiness (explained in the trust section) and trust propensity (Colquitt et al., 2007). Mayer et al. (1995) explained that while trust is a “situational state” and a personality variable, trust propensity is as an individual difference that influences their trust tendency but remains stable. Other terms used with the same meaning: dispositional trust (Kramer, 1999) and generalized trust (Stack, 1978). Rotter and Knox (1970) discussed that trust is not only based on past experience but also on factors related to the personality. Rotter (1967) was the first in the literature to look at trust as a type of personality characteristic. Hofstede (1980) argued that it is based on the personality type, the culture background and experiences developed. Authors like Mayer, Davis and Schoorman (1995) agree that it is a personality trait that has an impact on detecting the trustworthiness characteristics while forming trust. Gefen (2000), McKnight et al. (2002) and Ridings et al. (2002) define trust propensity as an inclination to believe in humanity out of faith which makes the person most likely to trust others. It is a general factor that doesn't change according to the situation (McKnight et al., 1998). He also added that it is related with two dimensions faith in humanity and trust stance: Faith in humanity refers to believing that others mean no harm and we can depend on each

other, the ones with this belief tolerate others' mistakes more are not judgmental nor critical (McKnight et al., 1998). Trusting stance is more about the assumption that good results come from dealing with other people regardless of the perception we have about their nature (McKnight & Chervany, 2001). These two subcontracts jointly deal with the attitude while having a transaction (Falcone et al., 2001; McKnight & Chervany, 2001) and whenever someone enters a situation with a feeling of trust or distrust (Gefen, 2000). Propensity to trust exists when the person is in general capable of trusting out of the belief in the good intentions and reliability of others (Tan & Sutherland, 2004). It also has an internal origin and develops over time with experience (McKnight & Chervany, 2001). Smith et al. (1983) explains that people think that their good deeds will be returned or reciprocated by others by time and also that they will be treated fairly even if the situation has uncertainty. Trust propensity is very important to new situations confronted by the person for example in ecommerce (Gefen, 2003).

When there is no previous experience, disposition to trust of individual influences trust on the web vendor (McKnight et al., 1998). It plays a huge role at the beginning of trust formation since customers have different readiness levels to trust especially when the situation taking place is unusual or there is lack of information (Gefen, 2000; Koufaris & Hampton-Sosa, 2004). People facing the same situation can live different stages of online trust to the same source, that is why trust disposition influences online trust positively (Lee & Turban, 2001; Yoon, 2002).

2.6 Conclusion

In this chapter, a review of the literature about trust has been offered to enable a better understanding of this term. This part showed the importance of this concept in businesses to establish better relations with the customers and facilitate exchange

between both parties. Absence of trust can be an obstacle to these relationships, therefore sellers need to put more effort to understand and establish the right cues to gain their prospects' trust. Establishing trust in the online environment is harder and more complex than traditional ways since it lacks human interactions which increases the perception of risk in the situation. Several antecedents of trust were discussed divided under three main categories :1) The perception of the organization, 2) The perception of the website and 3) trust propensity. Perceived willingness to customize, perceived reputation, perceived ease of usefulness, perceived ease of use, perceived security control, perceived interactivity and trust propensity all are factors that influence consumers trust in the online world.

The literature has showed the importance of these antecedents in e-commerce and online banking and their relevance to trust building.

Chapter 3

METHODOLOGY

3.1 Introduction

Regardless of the type of research, studies need to cover the criteria of scientific research by keeping it ethical, systematic, objective, logical and replicable (Kothari, 2004). Therefore, this chapter will cover a detailed explanation of research approaches and designs followed by the steps that were used for our instrument of research. Other aspects such as sampling techniques and ethical issues will be considered in this chapter to make sure a proper research is conducted.

3.2 Research Approach and Design

As stated by Ackoff (1961), “A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure.” It is an important step that enables a smoother conduction and operation of the research that provides efficient and relevant findings with minimal monetary and non momentary efforts (Kothari, 2004). We will be discussing three types of research that have been identified in the literature: 1) Exploratory research, 2) Descriptive and 3) Causal/experimental (Malhotra, 2011). These can be combined together or used separately depending on the nature of the research and the desired findings.

Exploratory research is mainly used to come up with a more precise research problem or to develop hypotheses which provides the researcher with more insights and ideas.

It is often used when the problem is not known yet or hard to define (Alagheband, 2006). Kothari (2004) explained three ways under this category of research. The first was the survey of concerning literature, in other words available data that was found for a different study which happens to be the most economic and fruitful. Second, the experience survey that addresses people with past experience with the topic in hand who can think of relationships between variables and also new ideas that can be used by the researcher. Third, Kothari mentioned “insight stimulating survey” that is useful in situations where there is lack of experience with the problem that comes under an unstructured type of interview.

Descriptive research provides a deeper level of findings by proving a relationship between two factors or the frequency of occurrence of an event (Churchill & Lacobucci, 2002). Most of social research falls under this type. It aims to get full and accurate information therefore it is more structured, formal and pre-planned. Descriptive research can be qualitative or quantitative, these terms will be explained later in this section. The choice of the required research type depends on the nature and type of the expected results. We distinguish two different designs for descriptive research: Longitudinal and cross-sectional (Parasuraman et al., 2005). Longitudinal design requires a panel (a selected group of respondents that agree to share data when required), and is repeated at different periods of time. Cross-sectional in the other hand takes place only a single time. Malhorta (2011), explained that this latter can be either single cross-sectional (one sample tested once) or multiple cross-sectional (by using two or more samples). Malhotra also explained some of the advantages of longitudinal over cross-sectional such as the ability to realize changes over time in the first option, accuracy and a bigger amount of collected data.

Causal research also referred to as experimental studies, it is about showing a relationship of cause and effect through experimentation (Malhotra, 2011). It is important to highlight that in marketing research it is not possible to prove conclusively a casualty but only infer this relationship' s existence. There are two main goals from the causal research to have internal and external validity. Internal validity refers to being sure that the cause of the effects observed does not have a source other than the variable understudy. While external validity is more of a concern of generalization of the finding to the population. In the marketing field, this type of research is preferred due to its contribution to decision making by showing causal relations (Scriven, 2008). Three major limitations to causal research were explained by Malhotra (2011), first experiments can consume a lot of time especially when the type of study observes long term effects. It is also considered costly and last it requires more efforts to administer either at the level of the environment control or due to its interference with the organization ongoing work.

There are two approaches in research either quantitative or qualitative. Kothari (2004) contrasted these two as following: The first one focused on gathering data on a quantitative way that is structured and analyzed in a rigid way. It has different methods but surveys, experiments and tracking are the most famous ones (Churchill, 1999). While qualitative research is more subjective and focuses on opinions, behavior and attitude. It looks for reasons and motives behind an event and helps explaining human behavior and is highly used in behavioral sciences. Methods such as depth interviews, focus groups and projective techniques are used.

Most previous research related to trust used descriptive, cross-sectional and quantitative research through questionnaires distribution. Our sample of respondents

were current International students in Turkish Republic of Northern Cyprus. The selection of the sample was non probability sampling under convenience technique. International students who did not make online transactions with KOOP bank before. Our participants are students from Eastern Mediterranean University.

3.3 Steps Used for the Questionnaire Design

Descriptive, single cross-sectional research was chosen for this study. A convenient sample of International students in TRNC were our respondents to this questionnaire. Three major objectives were explained by Malhotra (2010): Information needed to be obtained must be converted into questions to be answered by the sample, the questionnaire shouldn't intimidate or discourage respondent to respond therefore a well designed, clear and straightforward questionnaire increases the response rate. And last, questionnaires should help researcher to lower chances of errors from the respondent. Payne (1951) referred to questionnaires as an art more than a science.

Malhotra (2011)'s ten steps in questionnaire in Figure 3.1 were applied in this questionnaire to make sure the objectives mentioned earlier were achieved.

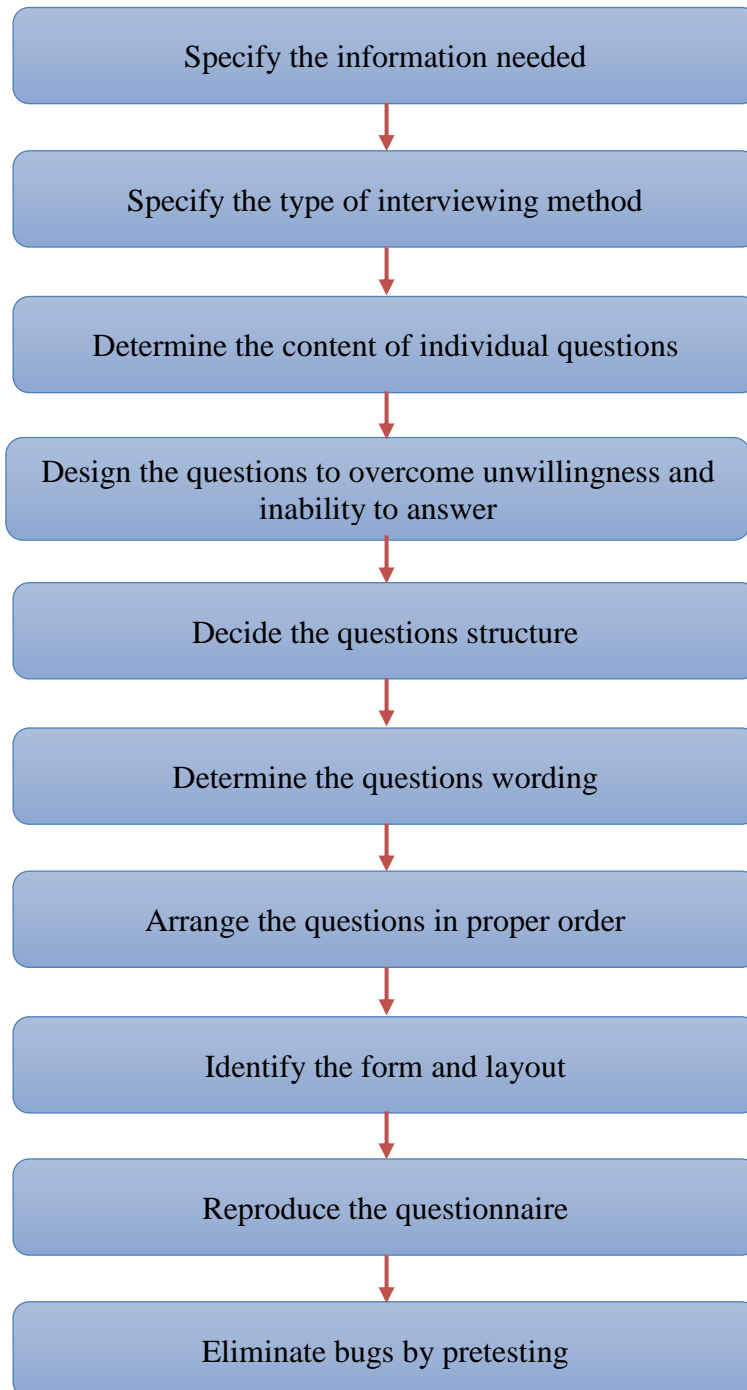


Figure 3.1: Ten Steps of the Questionnaire Design Process. Source: Malhotra (2010)

3.4 Questionnaire Design

3.4.1 Specify the Information Needed (Step 1)

According to Malhotra (2010), this first step is highly important since it clarifies the information of interest which enables us to stick to the topic in hand and get the most accurate relevant findings. The target market socioeconomic characteristics according to Malhotra need to be taken under consideration in this step too. In this study, the antecedents that influence initial trust in internet banking is the broad statement. Research questions and hypotheses reflect the exact information needed.

3.4.2 Type of Interviewing Methods (Step 2)

Beri (2010), categorized the interviewing methods under four groups. 1) Disguised and structured, 2) Undisguised and structured, 3) Disguised and unstructured and 4) Undisguised and unstructured. Depending on the information needed, the researcher selects the type of interviewing methods. In primary data collections, there is a variety of methods that are selected based on the nature of questions asked and the fact that they either require flexibility in addition to other factors. When it comes to questionnaires, four types of interviews were explained by Malhotra (2010). Mail questionnaire, telephone, personal and electronic questionnaire.

In this study, the questionnaire was structured with close ended questions and undisguised. An introduction of the topic in hand was shared with the respondents at the beginning of the questionnaire. There was no need to disguise the purpose of the study since the topic of trusting online transactions is not sensitive nor embarrassing and people are comfortable discussing it. In addition, revealing the purpose of the study is more ethical than hiding it. Since the target respondents are used to internet

based communication the questionnaire was shared online and filled online for a faster collection of data. We also combined personal data collection to gain time.

3.4.3 Individual Question Content (Step 3)

Malhotra (2010) defined two questions to be asked in this section after finding the information needed and selecting the interviewing method. First, the researcher need to make sure that all questions are necessary: Any extra questions that do not add value to the questionnaire must be excluded. Second, the researcher needs to answer the question if “several questions needed instead of one?”: Some questions called double-barred where two issues are covered under one question might be confusing to the respondent and affect their response accuracy therefore it is advised to break it down into two questions.

In this study, a clear study of the questions had taken place to make sure that all questions are necessary and do not cause ambiguity.

3.4.4 Overcoming Inability and Unwillingness to Answer (Step 4)

Some factors can make it harder for the respondent to answer that the researchers need to keep in mind. Malhotra (2010), summarized them under three factors: First, the researcher needs to make sure that the respondent has knowledge about the topic at the first place otherwise he/she will not be able to relate to the topic and provide correct answers. Second, the researcher needs to know if the respondent is able to remember answers to these questions, for instance asking about an event that took place a few months might not be easy to recall for some participants. Third question is “can the respondent articulate?”, this concern is faced in open ended questions where the respondent is asked to answer using his/her own words and some people have difficulties expressing themselves.

Moving on to the factors that affect the willingness to answer, Malhotra (2010) stated four elements to be considered by the researcher. First, if a question needs a lot of effort to be made by the respondent it will affect the response rate. Second, the content is very important, asking a sensitive question to a respondent in a focus group will receive lower interest of response therefore surveys would be a better choice of research method. Third, if the purpose of some question is perceived legitimate or not will influence the willingness to answer. Forth, if the information asked are sensitive that will influence the response too.

3.4.5 Decide the Questions' Structure (Step 5)

In this study the demographic questions were multiple choice while the rest of questions were non-comparative, itemized rating scales (Likert scale). This latter's name comes from its creator Rensis Likert, it is commonly used and according to Bryman and Bell (2003) this scale is simpler in the construction and administration level. In this research, seven-point Likert scale was used from strongly disagree to strongly agree. Previous studies on trust used the same scale which enabled us to have better comparability of our findings with other research.

3.4.6 Choosing Question Wording (Step 6)

Malhotra (2010) gave eight pieces of advice in relation to this part that were taken under consideration in our questionnaire. First, he mentioned the importance of properly clarifying the issue through the question. The words used must be commonly used, simple to avoid misunderstandings (Boyd & Westfall, 1972). Third, it is also important to keep in mind that some words might cause confusion: words like "occasionally", "normally", "anybody", "some" can have different interpretation among people therefore it would be better to rephrase the question. The researcher needs to make sure that the questions are unbiased and do not lead the respondent.

Implicit alternatives and assumptions need to be avoided also. Seven, it is advised to stay away from generalization and estimates which can be made through using specific questions instead of general ones. And last, dual statements that have a negative or a positive direction are helpful especially in questions that aim to measure lifestyle and attitudes.

Since our target is students in TRNC, the majority has a different mother tongue therefore we made sure we simplify the wordings in a way that enables understanding and doesn't require an expertise level in the English language.

3.4.7 Determining the Order of Questions (Step 7)

In this study, the funnel approach has been implemented. According to Malhotra (2010), this strategy is based on having opening questions that are general followed by more specific questions. The most difficult ones were put towards the end to avoid lack of interest from the respondent's side since the beginning. Opening questions serve as a source of confidence establishment between the researcher and the respondent, the more interesting and the less threat they represent the more likely the respondent will go forward with the questionnaire.

A logical order should be placed in the questionnaire, before starting a new topic all related questions to the previous one should be addressed (Malhotra, 2010). If the topic changes unexpectedly it might lead to intimidating the respondent and cause confusion (Boyd & Westfall, 1972).

3.4.8 Form and Layout (Step 8)

A good physical appearance makes the questionnaire easier to respond to and will gain more understanding (Churchill, 1999). Factors such as font used, size, space, layout and even the paper used affect the visual quality that the researcher needs to give

importance to. Our study kept these factors under consideration and in addition an explanatory introduction was added on the top of the questionnaire to inform the respondent about the subject and the purpose. The questions were numbered in a serial number to make the coding and analysis part organized.

3.4.9 Reproduce the Questionnaire (Step 9)

The way the questionnaire is reproduced can affect on the respondent. If the quality is perceived poor, there is a higher chance of a low response. In some scenarios, researchers tend to make smaller fonts to reduce the number of printed pages which should be avoided in case the questionnaire looks very crowded or difficult to read. If there is a need to share instructions or directions for some answers, these should be mentioned near the related question. The use of colours is not a must but it is a plus.

3.4.9.1 Pretesting (Step 10)

In this step, the researcher pre tests the questionnaire with a small group of the sample to detect any sources of problems and improve it if required. The sample chosen was 10 students in Eastern Mediterranean university that shared their feedback and the questionnaire was edited accordingly.

This step saves the researcher a lot of time and reduces the chance of respondents' errors to help gain more accurate results.

3.5 The Questionnaire Format

Once the questionnaire followed the ten steps of Malhotra, the questionnaire was broken down into eight parts that were placed after our filter question;

Part 1: Questions measuring initial trust questions.

Part 2: Questions measuring the perceived bank's willingness to customize.

Part 3: Questions measuring the bank's reputation.

Part 4: Questions measuring the bank's website perceived usefulness.

Part 5: Questions measuring to the bank's website perceived ease of use.

Part 6: Questions measuring the bank's website perceived security control.

Part 7: Questions measuring the bank's website perceived interactivity.

Part 8: Questions measuring trust propensity of the respondent.

Part 9: Personal questions.

In regard to the first eight parts answers were structured under a seven- point Likert scale as following:

- Strongly disagree
- Slightly disagree
- Disagree
- Neither agree nor disagree
- Slightly agree
- Agree
- Strongly agree

Part nine answers format was multiple choice. In this part, questions about gender, age, education level, income level and nationality were included.

The questionnaire content and origin is described in figure 3.2

Table 3.1: Questionnaire Structure

Questions	Origin
<i>Part 1: Initial trust</i>	
TRUST1: KOOP Bank and its electronic services are trustworthy TRUST2: I trust KOOP Bank and its electronic services keep my best interest in mind. TRUST3: KOOP Bank wants to be known as one who keeps promises and commitments. TRUST4: KOOP Bank will not always be honest with me. TRUST5: I believe in the information that KOOP Bank and its electronic services provide me. TRUST6: KOOP Bank and its electronic services are genuinely concerned about me.	(Jarvenpaa et al., 2000)
<i>Part 2: Perceived reputation</i>	
REP1: KOOP bank is well known REP2: KOOP bank has a good reputation REP3: KOOP bank has a reputation of being honest REP4: KOOP bank is known to be concerned about customers	(Koufaris & Hampton-Sosa, 2004)
<i>Part 3: Perceived willingness to customize</i>	
CUSTOM1: Just for me, KOOP bank is willing to customize its services	(Koufaris & Hampton-Sosa, 2004)

<p>CUSTOM2: Just for me, KOOP bank is willing to change its delivery procedures</p> <p>CUSTOM3: KOOP bank will respond to my individual needs and desires</p> <p>CUSTOM4: KOOP bank is willing to provide customized services to its customers</p>	
<i>Part 4: Perceived Ease of Use</i>	
<p>EASE1: Learning to use KOOP's website would be easy for me</p> <p>EASE2: My interaction with KOOP's website is clear and understandable</p> <p>EASE3: It would be easy for me to become skillful at using KOOP's website</p> <p>EASE4: I find KOOP's website easy to use</p>	<p>(Koufaris & Hampton-Sosa, 2004)</p>
<i>Part 5 : Perceived Usefulness</i>	
<p>USEFUL1: Overall, I find KOOP's website useful.</p> <p>USEFUL2: I think KOOP's website is valuable to me.</p> <p>USEFUL3: The content on KOOP's website is useful to me.</p> <p>USEFUL4: KOOP's website is functional</p>	<p>(Pavlou, 2003)</p>
<i>Part6: Perceived security control</i>	
<p>SECURE1: KOOP's website implements security measures to protect online users.</p> <p>SECURE2: KOOP's website has the ability to verify online users' identity for security purposes.</p>	<p>(Koufaris & Hampton-Sosa, 2004)</p>

SECURER3: KOOP's website usually ensures that transactional information is protected from being accidentally altered or destroyed during the transmissions on the internet. SECURE4: I feel secure about the electronic payment system on the website.	
<i>Part 7: Perceived Interactivity</i>	
PI1: I think KOOP's website is interactive. PI2: I think KOOP's website is interpersonal. PI3: I think KOOP's website has variety of content. PI4: I think KOOP's website provides immediate answers to questions.	(Chu & Yuan, 2013)
<i>Part 8: Trust Propensity</i>	
TRSTPRP1: It is easy for me to trust a person/ a thing TRSTPRP2: My tendency to trust a person/thing is high TRSTPRP3: I tend to trust a person/thing, even though I have little knowledge of it TRSTPRP4: Trusting someone or something is not difficult	(Cheung & Lee, 2002)

3.6 Choice of Respondent and Sample Size

A sample is the “subgroup of the elements of the population selected of participation in the study” (Malhotra, 2010). Sampling needs to follow a plan to lower the sampling error. The findings found of the sample can be generalized to the population afterwards (Parasuraman, 2005). In this study, we followed Churchill and Iacobucci's five steps to obtain the right sample of our research.

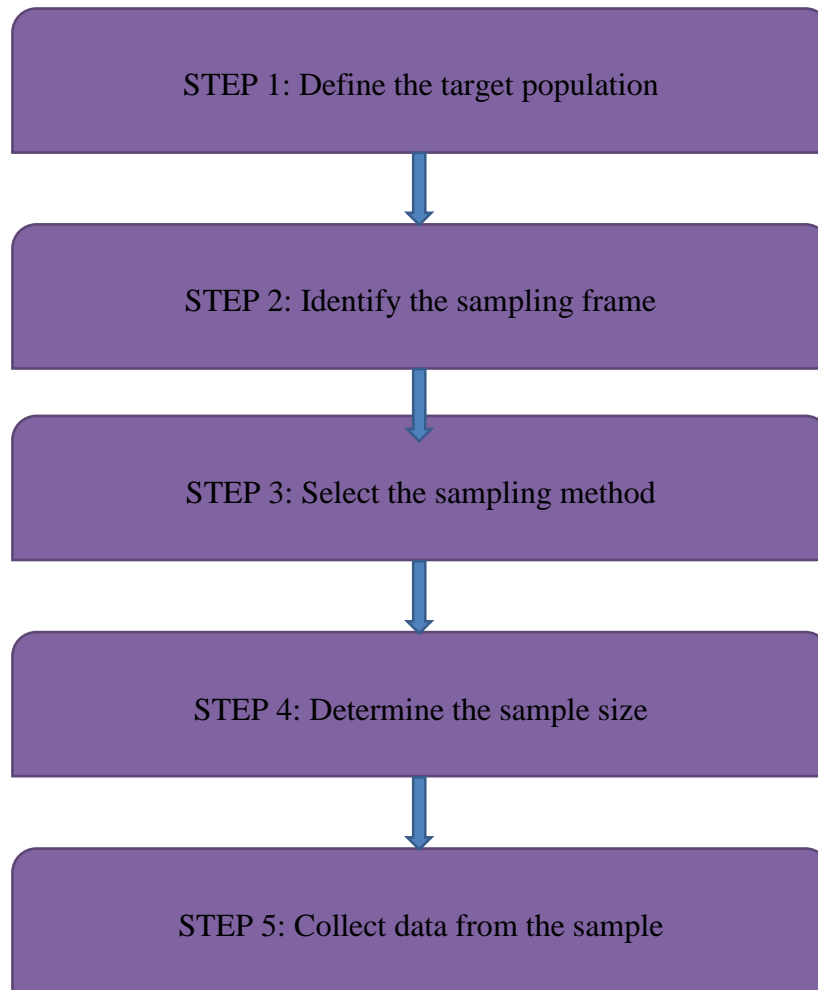


Figure 3.2: Five Step Process to Draw A Sample. Source: Churchill & Lacobucci (2002)

3.6.1 Define the Target Population

At this step, we clarified our population of interest. The term population was defined by Malhotra (2010), as “the aggregate of all the elements, sharing some common set of characteristics, that comprises the universe of the purpose of the marketing search problem”. While the target population must be defined in a precise way otherwise results will not be effective and in some cases misleading. In this study, the target population is international students currently studying in universities in Northern Cyprus that did not make transactions with KOOP bank over the website in the past.

It has been stated that Turkish Republic of Northern Cyprus has 80,874 International students for the academic year of 2016-2017 (SPO, 2017).

3.6.2 Identify the Sampling Frame

The second step in this process, is about listing or setting the directions of the elements that identify the target population (Malhotra, 2010). In this research, we used non probability technique through convenience method.

3.6.3 Sampling Method

There are several techniques under non probability methods that are more about the researcher' s selection and judgment, but does not give equal chance for the respondents of the population to contribute to the study. Malhotra (2010) discussed Convenience sampling, judgmental, snowball and quota. In the current study, convenience sampling technique has been used where each person was selected based on their availability.

Convenience technique has many advantages in terms of low cost execution and low time consumption. Unfortunately, it also has some limitations that need to be considered:

- 1- There is potential bias throughout the selection process
- 2- It should not be generalized to the population in opposite to other techniques based on probability sampling

3.6.4 Determine the Sample Size

Determining the sample size is one of the most common questions asked while conducting a survey and there isn' t one answer for all. In the current study, we followed Roscoe's (1975) statement saying that most studies of research need a sample between 30 to 500 respondents.

In this research, 340 international students from EMU answered our questionnaires. And, we only put 301 answered questionnaires under consideration since they answered with yes to our filter question therefore they are part of our target sample.

3.6.5 Collect the Data from The Sample

This last step required sharing the link with different students in Northern Cyprus that were asked to fill the questionnaire only if they had no prior transactional experience with Koop bank before.

3.7 Ethics in the Data Collection

Ethics in research were classified under two dimensions by Guillemin and Gillam (2004). The first one referred to the procedural level that deals with rights to privacy, protecting human subjects from harm, confidentiality, consent and deception. The second dimension include the situational based ethical issues that not predictable but still needs coping once in the field (Goodwin et al., 2003)

In the current study, the following ethical issues were followed:

- Anonymous data gathering that were kept confidential.
- The research purpose was shared with the participants before they started answering.
- Respondents were not forced to provide us with answers.

In addition, other issues were considered from the researcher side, such as:

- The use and storage of data will be only within the research study and will not be shared with other sources.
- Non of the information collected was modified during the database encoding
- The data has been used only for an academic research.

3.8 Conclusion

This chapter covered all the steps and process used to prepare the questionnaire and pre-test it. The questionnaire content after editing was added in this chapter covering all the parts of interest. In addition, we discussed our steps in setting the right sampling for our research and the way data was collected. In addition, ethical issues that were handled throughout this study were discussed by the end of the chapter.

Chapter 4

MODEL AND HYPOTHESES

4.1 Introduction

This research is based on the model of Initial trust in a company for new customers developed by Koufaris and Hampton-Sosa (2004). The dependent variable under study is initial online trust. The model was divided into three main sections, the first covers antecedents of initial trust that relate to the perceptions about the firm. The independent variables are perceived willingness to customize and perceived company's reputation.

The second category of the model focuses only on variables related to the website: Perceived usefulness, perceived ease of use and perceived security control. We added a new independent variable to this model that was associated with initial trust in previous articles and we incorporated it to the model. Perceived interactivity was considered in a few studies as an important factor that may increase the initial trust.

The last category is about trust propensity which is a person's general tendency to believe in others and trust that they have good intentions.

In this chapter, we will explain our seven hypotheses and include previous studies that support our assumptions. Our study will be applied to internet banking services and

specifically services offered over the website. The bank under study will be Koop bank which is a highly reputable bank in TRNC.

4.2 The Relationship Between Initial Trust and Perceived Willingness to Customize

Traditionally, providing customized products or services was linked to increasing the willingness to pay and even the possibility to charge higher prices since the offering meet the exact same needs of the individual (Srinivasan et al., 2002). Firms make idiosyncratic investments like adapting production processes or using specific equipment. When businesses engage in such investments they are unlikely to have an opportunistic behavior (Williamson, 1985) to not put the relationship with the customer at risk otherwise their assets will be lost if the relationship with the other party ended. Customers or buyers based on their calculative process can tell that sellers with idiosyncratic offerings can not put their business at stake and are perceived trustworthy (Anderson & Weitz, 1992).

According to Ganesan (1994), companies that are willing to customize are considered caring and are willing to make sacrifices to have a good relation with the other party. It is perceived as the buyer putting the business under a risk to cooperate (Lindsfold 1978; Strub & Priest 1976).

Doney and Cannon (1997) came up with a model with five antecedents to trust. 210 respondents with a 31% response rate filled fully the questionnaire, after being asked to select a purchase situation they have been recently involved in that included other suppliers available to choose from. The results obtained supported three of the five

hypotheses related to the supplier trust where willingness to customize was one of them and showed a positive influence on trust.

From previous studies, we noticed that when a company shows willingness to customize its offerings, a new customer with low previous interaction would have a positive attitude towards the business. Implying this factor makes the prospect think of the firm as a caring business that invests in its offering to gain its customers. In addition, willingness to customize was associated with capabilities. For instance, Nike, spent multi million dollars to reconfigure their process to offer customized shoes (Keenan et al., 2002) which took a period of time of six months. Going through such a long period and similar expenditures reflects what the firm is capable of.

Our first hypothesis aims to test the relationship between initial trust and perceived willingness to customize.

H2: The perceived willingness to customize by the bank has a positive significant impact on initial trust in internet banking services (KOOP bank).

4.3 The Relationship Between Initial Trust and Perceived Reputation

There are different ways for companies to enhance their corporate reputation that can be made through credentials, awards gained and articles about the company that are shared in reliable journals and newspapers (Sztompka, 1999). Service industries rely more on this factor because the offerings can not be evaluated nor tested before the purchase, as evaluating a service quality is “necessarily vague and impossible” (Wang et al., 2003). Therefore, service companies benefit the most from their corporate reputation (Fombrun, 1996; Walsh & Beatty, 2007).

Reputation has been identified as an important antecedent to initial trust (Beldad et al., 2010). Since users don't have a lot of experience with the bank in hand, available information such as reputation makes it easier for them to trust.

The vendor needs to invest on building a good reputation not only to increase purchases but also to enhance trust beliefs (McKnight, 2001). McKnight also explained that reputation is like the rumors about the business while trusting beliefs are what he called first hand beliefs and the trust intentions are highly affected by those beliefs. In his study, he came up with a legal advice based website where he informed the subjects under study that this medium was ranked one of the top 50 law firms. His results proved that there is a positive relation between a good reputation and trusting beliefs and also trusting intentions to a non familiar company.

Many other studies also discussed this relationship. Reputation is a crucial factor to the trust building process, especially at the initial trust level (Fung & Lee, 1999). Amazon.com through their good reputation managed to increase sales and trust (Barnes & Vidgen, 2000). Grazioli and Jarvenpaa (2000) found that the reputation of online vendors is positively related to gaining the trust of the users.

Even in the studies made in general about trust in other fields, reputation has always been considered as key player in trust building (Dasgupta, 1988). But since we are more concerned about the professional level, it is even more crucial in businesses (Barber, 1983), also in commerce (Doney & Cannon, 1997). The corporate reputation does influence the customer behavior such as trust (Cannon, 1997; Ganesan, 1994).

Michaelis et al. (2008) studied both the country of origin and the reputation role on enabling initial trust. Their research method started with letting the subjects (Polish) read fake articles from the Polish newspapers that were made up where they were speaking highly of an insurance and a telecommunication company. Their findings proved that the corporate reputation affects initial trust regardless of the risk perceived according to the category of the service.

Another study made by Jarvenpaa et al. (1999) in Finland, Israel and Australia showed that the reputation of the merchant had more significant relation with initial trust than the company size and other factors. In this study that was meant to compare customer trust in online stores through cross cultural studies, different groups were selected from the three countries mentioned above. They were asked to use websites such as British Airways, Amazon.com and other reputable and non reputable websites.

Previous studies showed an existing relation between initial trust and the corporate reputation. In addition, being at the early stages of a relationship with another party makes the person look or use any clues that can encourage trust that party.

Based on what we discussed our hypothesis is:

H2: The perceived reputation of the bank has a positive significant effect on initial trust in internet banking services (KOOP bank).

Studies made previously have shown the perception of the website role in establishing e-trust (Koufaris & Hampton-Sosa, 2004). We will move now to the four antecedents that we will study to prove the relationship between them and initial trust.

4.4 The Relationship Between Initial Trust and Perceived Usefulness, Initial Trust and Ease of Trust

Koufaris and Hampton-Sosa (2002) used the factors from the Technology Acceptance model as determinants of trust from the first contact with a site. They also hypothesized that trust affects consumer intention to visit back the online company and intention to make purchases. Their research model was supported by a structural equation model technique. The result showed a positive relationship between initial trust and both the ease of use of the platform and ease of usefulness.

Pavlou (2002) showed the relationship the other way around. The variables used were ease of use, usefulness and risk. He claimed that trust influences perceived risk, perceived ease of use and perceived usefulness of the site and also the intention to make a transaction with an e-retailer. Pavlou analysis through PLS, he proved that trust affected ease of use and usefulness.

4.4.1 The Relationship Between Initial Trust and Perceived Usefulness

Davis (1989) has studied the role of usefulness and its effect on the intention to use or purchase in the technology acceptance model (TAM).

Yaobin and Tao (2007), developed a model where all their hypotheses were supported. The study aimed to test initial trust in Chinese e-stores. 200 undergraduates and MBA students were asked to visit known and unknown websites and make a purchase if they want to before answering the questionnaire. The questionnaire that were answered based on well known websites were dropped and only the ones about initial trust were considered. It was proven that usefulness is an antecedent to initial trust by having a

positive significant influence in it, the more the website is perceived as useful the more likely initial trust is built.

H3: Perceived Usefulness has a positive effect on initial trust in internet banking services (KOOP bank).

4.4.2 The Relationship Between Initial Trust and Ease of Use

The ease of use refers to mainly the ease of the comprehension of the content, the ease of search either to obtain information or to find a product and the easiness while navigating. Sites that have a weak design influence the shopping behavior (Lohse et al., 1998).

Corritore et al. (2003), in their new model study that incorporated one factor of the Technology acceptance model to explain the antecedents of online trust shared an example to show the role of ease of use in trust: a user needs to install a fake ceiling to his house looks for websites that offer repair and maintenance services to homes. He visits a website for the first time and he was comfortable with the structure of the website, was able to understand what was available and even found a section where previous users shared their experience. Because he noticed the factor of the ease of use, according to these authors it increases the chances of trusting this website from the first visit.

H4: Perceived Ease of use has a positive effect on initial trust in internet banking services (KOOP bank).

4.5 The Relationship Between Initial Trust and Perceived Security Control

Perceived security control is when authentication, non-repudiation, integrity and encryption are present, these are requirements related to security. The perception of a user of security protection depends on how he/she is aware of the measurement taken by the other party (Friedman, 2000). Hints like safe shopping guarantee, security policy or SSL technology are features that helps the user to identify that the website is secure. Therefore, the user will feel more at ease during the transaction while seeing the site is trustworthy (Kim et al., 2003). In their study about the antecedents to trust in B2C electronic commerce proved the positive influence of security on trust.

Websites can build a higher online trust through increasing security which will lower the perceived risk (Warrington et al., 2000). (Chen & Barnes, 2007) recruited Taiwanese students to choose one of these four websites: books.com.tw, KingStone, silkbook.com and Sanmin. They were asked to search for products to enable their first interaction with the website since none of them previously visited this platform. Afterwards, they filled a questionnaire based on their experience. The findings showed a positive relationship between initial trust and perceived security.

Cheskin Research (1999) said that “the first and most necessary step in the development of consumer online initial trust is to provide them the guarantee that their personal information will be safeguarded.” This statement highlights the importance of this factor and its influence on online initial trust.

Vijayarathy (2004) and O’Cass & Fenech (2003) made studies that empirically showed a positive relationship between security and the online shopping attitude. Flavian and Guinaliu (2006) claimed that trust building affects the intention of purchase but trust is influenced in particular by the perceived security in regard to the way private info are handled. A study made by the European Commission (2004) claimed that 23 percent of online users in Europe did not trust the internet as a selling medium. The top three reasons of distrust were: (1) fear of personal info being sent to other parties without acknowledgments or approval, (2) non secure transactions and (3) stolen data by hackers. Similar results were also obtained in a study made in the USA by Harris Interactive (2002).

H5: Perceived security control has a positive effect on initial trust in internet banking services (KOOP bank).

4.6 The Relationship Between Initial Trust and Perceived Interactivity

Previous studies proved the effects of interactivity in online trust (Chen et al., 2005; Lee, 2005; Merrilees, 2003; Wu & Chang, 2005). Lee (2005) studied the role of perceived interactivity on customer trust and their intention to make transactions. The data was collected through personal interviews by 20 students. A sample of 384 participants among them 132 workers in Korea and 252 students all with previous experience with internet mobile usage filled the questionnaire. Six factors under interactivity were included: perceived control by the user, perceived responsiveness, perceived personalization, perceived connectedness, perceived ubiquitous connectivity and perceived contextual offer. All their hypotheses were supported showing the interactivity affected trust in internet mobile use.

According to Wu (2006), perceived interactivity has three dimensions: (1) perceived control, (2) perceived responsiveness and (3) perceived personalization of the website. In regard to the first dimension, Langer (1975) when people are dealing with a non certain situation they make the effort to look for any cues that make them feel that they have control over the situation to assure themselves even if this perception might be delusional it still makes them confident and makes them trust the other party at the beginning of the relationship. When it comes to the second dimension of perceived responsiveness, McKnight, Cummings and Chervany (1998) gave an example from the offline world where two people meet for the first time develop trusting beliefs through “token control efforts”. An example of this latter would be making the other person smile. The same applies to online users once during their visit to the website they try to evaluate how the website responds either to start a live chat, or moving the mouse to a text or how slow would be playing a video on the page (Wu et al., 2010). The faster the response is perceived, the more the user will feel confident about the website. Studies showed that the perception of responsiveness of the other parties in communities online affect the perception of the others’ ability, integrity and benevolence which are determinant of trust (Ridings et al., 2002). Third, perceived personalization, it is the same as in the offline world where the customer wishes to be greeted with a friendly welcoming sales person, in the online world visitors want to receive a good treatment unique to their needs (Suprenant & Solomon, 1987; Wu, 2006). Komiak and Benbasat (2006) found that perceived personalization increases both the emotional and cognitive trust that will also augment the intention to listen to the agents’ recommendations. Ball et al. (2006) claimed that personalization enhances benevolence of trust which affects the bank’s customers’ loyalty.

Wu et al. (2010) focused on the relationship between perceived interactivity and initial trust. In their experiment, they had designed a website only for the study that sells perfume, clothing, accessories, laptops and books online. 250 students from different universities in the US participated. They claimed to shop more than six times in the last six months, while spending at least 200 dollars on their online previous recent purchases. These students received a tutorial and guidance to using the website for ten minutes followed by five minutes where they were asked to surf the website before answering the questionnaire. 252 responses were taken under consideration. The findings of this research empirically proved that perceived interactivity has a positive impact in initial trust formation.

H6: Perceived interactivity has a significant positive effect on initial trust in internet banking services (KOOP bank).

4.7 The Relationship Between Initial Trust and Trust Propensity

It has been proven that trust propensity affects initial trust (Li et al., 2008). Trust propensity influences the tendency of the person to trust others (McKnight et al., 2002). People with a high amount of trust propensity tend to trust more technology while the ones with low trust propensity will have a negative attitude toward the use of technology (McKnight et al., 2002). When a person tends to trust in general, dealing with a selling party with no previous extensive direct interact will be highly influenced by the person's disposition to trust (McKnight et al. 1998; Rotter 1971).

Trust propensity is one of the key factors that impact initial trust because people have different readiness to trust especially when there isn't enough information shared or when they are experiencing a non familiar situation (Gefen, 2000; Koufaris &

Hampton-Sosa, 2004). Even when the users are exposed to the same stimuli they may have different degrees of trust therefore disposition to trust may influence online trust in a positive way (Lee & Turban, 2001; Yoon, 2002).

Kim and Prabhakar (2002) made their research based on Internet Banking. Their hypotheses were that propensity to trust, structural insurance and word of mouth were the antecedents to initial trust of the bank's user in the medium used. The analysis was performed based on several regression analyses to confirm their hypotheses. Other hypotheses in their model that are not mentioned in this study due to their irrelevance were not supported.

We used the definition of trust as the phase covering the first interactions. According to McKnight et al. (1998), when the situation has no already existing knowledge to the person, all a person can rely on is his/her generalized expectancy therefore trust propensity seems to have a significant influence on initial trust, which leads us to our last hypothesis:

H7: Trust propensity has a positive significant effect on the user's initial trust in internet banking services (KOOP bank).

4.8 Research Model of Initial Trust in Internet Based Banking Over the Website

Perception about the bank

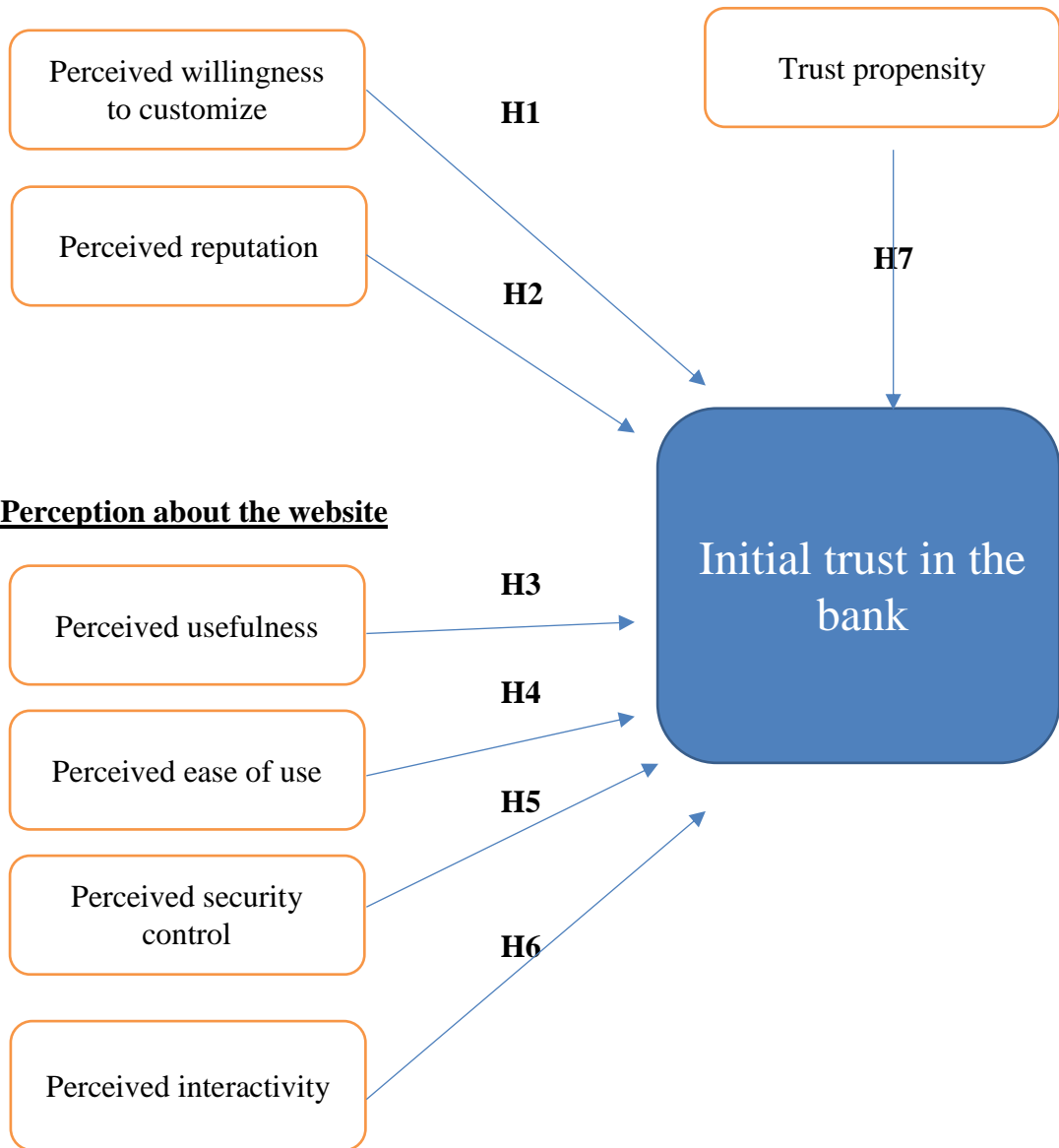


Figure 4.1: Research Model for Initial Trust in Internet Banking

HYPOTHESES

H1: The perceived willingness to customize of the bank has a positive significant effect on initial trust in internet banking services (KOOP bank).

H2: The perceived reputation of the bank has a positive significant effect on initial trust in internet banking services (KOOP bank).

H3: The perceived usefulness of the website of the bank has a positive significant effect on initial trust in internet banking services (KOOP bank).

H4: The perceived ease of use of the website of the bank has a positive significant effect on initial trust in internet banking services (KOOP bank).

H5: The perceived security control of the website of the bank has a positive significant effect on initial trust in internet banking services (KOOP bank).

H6: The perceived interactivity of the website of the bank has a positive significant effect on initial trust in internet banking services (KOOP bank).

H7: Trust propensity has a positive significant effect on initial trust in internet banking services (KOOP bank).

4.8 Conclusion

In this chapter, we discussed our research model. We have developed seven hypotheses to be tested to explain the antecedents of initial trust in internet banking services that are offered over the website. We aim to get more insights at the influence of the factors related to the bank itself that might affect the user initial trust. The variables that will be taken under consideration are the bank's willingness to customize and its reputation. We also focused on aspects related to the website itself such as ease of use, usefulness, security control and interactivity. As we added trust propensity to test its influence on initial trust building.

This model is based on Koufaris and Hampton-Sosa (2004) findings while developing the antecedents of initial trust to companies involved in e-commerce. A new component was added to the original model "perceived interactivity" and the field of research will focus on banks that offers services via their website and the bank of choice is KOOP bank.

Chapter 5

DATA ANALYSIS AND DISCUSSION

5.1 Introduction

This chapter covers all our analysis through different tests. First, we ran a descriptive analysis of the responses by calculating the mean of each question and scales responses. We made T- test analysis to determine any relation between the gender and our variables. In our ANOVA test, we described all significant and insignificant differences among age groups, martial status, monthly income and educational level groups with our constructs' mean. We also made correlation test to understand the relationship between our dependent variable and the independent ones. We made the regression test to test our model. The tables for the analysis were shared for more clarification. In conclusion, we discussed all of the findings to provide better insights. Our finalized model is shared by the end of the chapter showing the supported hypotheses and the predictive power (beta) of each independent variable

5.2 Descriptive Analysis

Our questionnaire started with a filter question that aimed to exclude the students that made previous transactions with Koop bank and are no longer at the initial trust building stage. The ones that didn't make transactions before, were asked to either visit the website for the first time if they hadn't in the past or go forward with the questionnaire. In this research, 340 questionnaires were collected but only 301 were taken under consideration since they match the sample understudy, in other words are

international students in Northern Cyprus that visited Koop’s bank website without making any previous online transactions.

5.2.1 Demographic Profile of the Participants

This section will cover the demographics of the respondents.

5.2.1 Gender Distribution

There were no missing data as both genders’ percentages were very close to each other.

We had 146 males with a percentage of 48.5% and 155 females with a percentage of 51.5 % as indicated in figure 5.1.

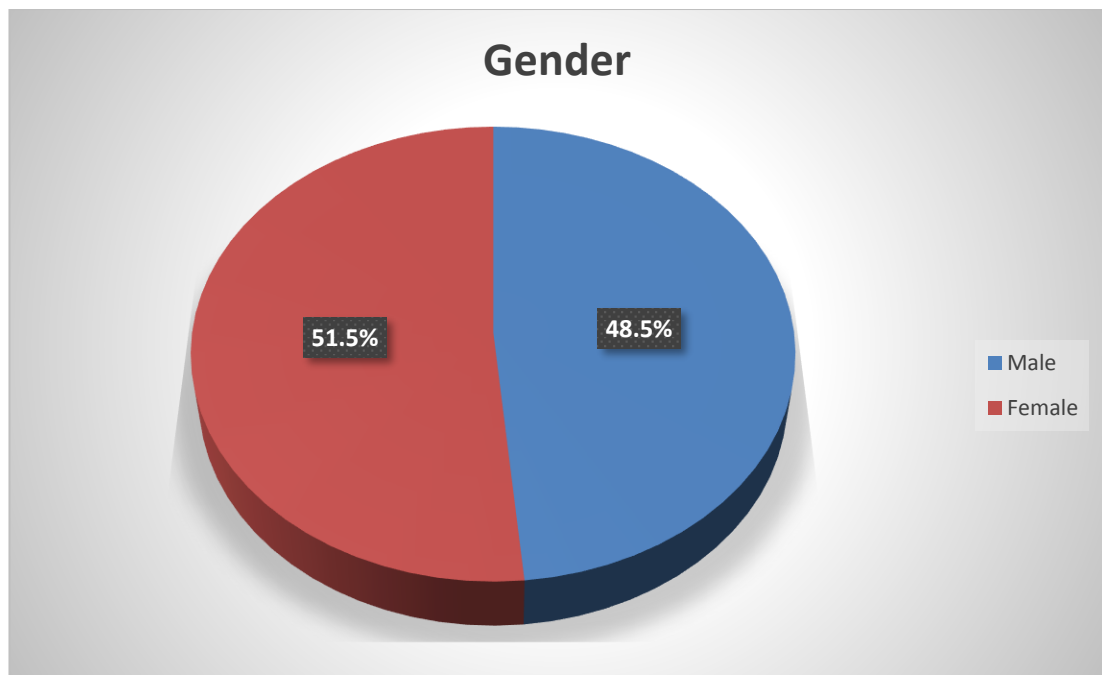


Figure 5.1: Gender Distribution

5.2.2 Age Distribution

We have 4 age groups. The majority of the participants fell under two categories. Between 18 and 22 years old scored a number of 127 (42.2 %) followed by 125 students between the age of 23 and 27 (41.5). There were also 42 respondents with a percentage of 14% and 7 between the age of 33 and 37 with a percentage of 2.3%.

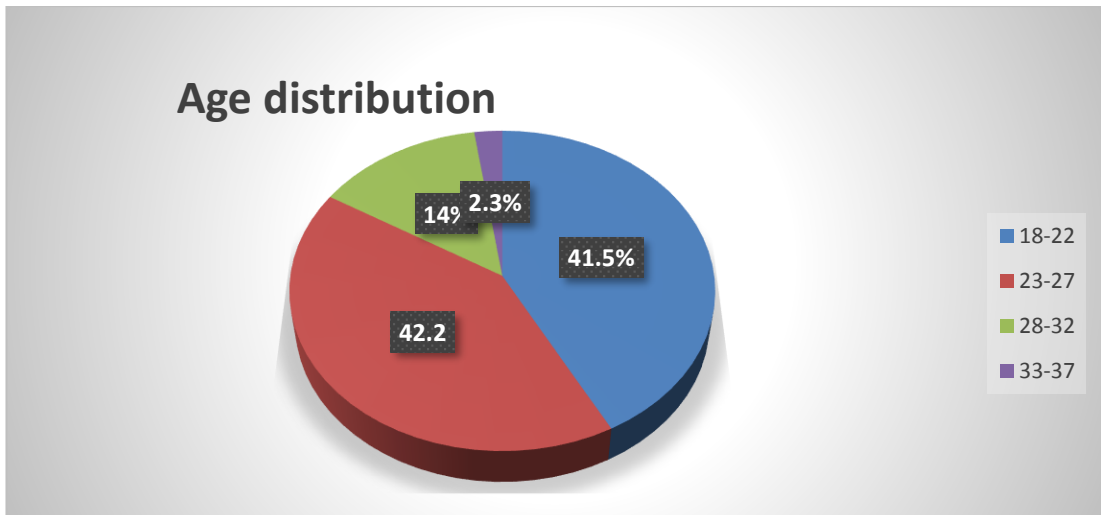


Figure 5.2: Age Distribution

5.2.3 Marital Status

There were no missing values in this section. Singles were the highest rate of 272 respondents (90.4%). There were 25 married students (8.3%) and 4 divorced participants (1.3%) as showing in the figure below.

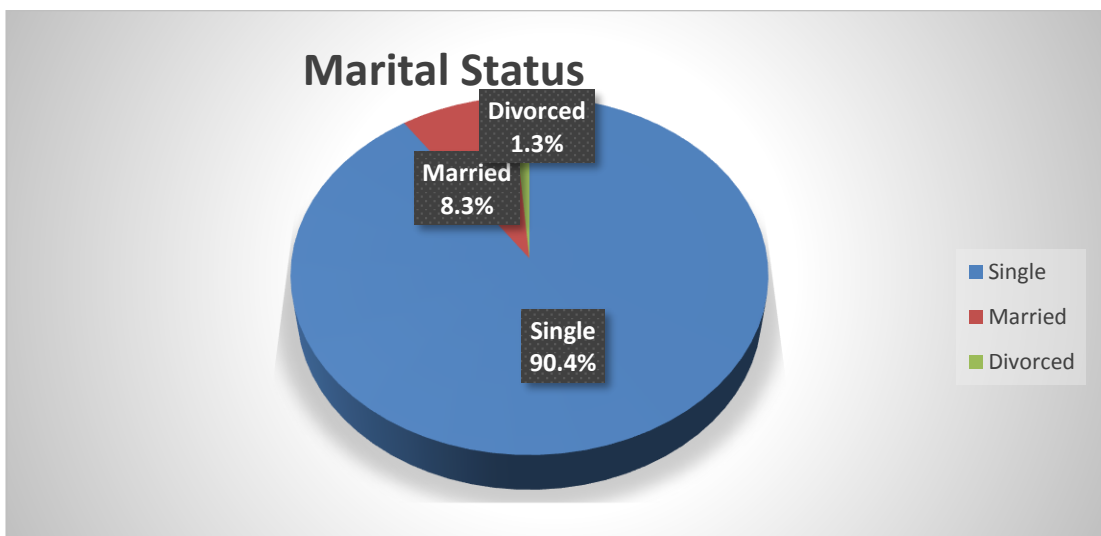


Figure 5.3: Marital Status Distribution

5.2.4 Educational Level

All of our 301 respondents were students in Eastern Mediterranean University. 171 among them were undergraduate students (56.8%). Then, 97 participants were having their masters with a percentage of (32.2%). There were also 33 PHD students with a percentage of (11%). We did not have any missing data in this section.

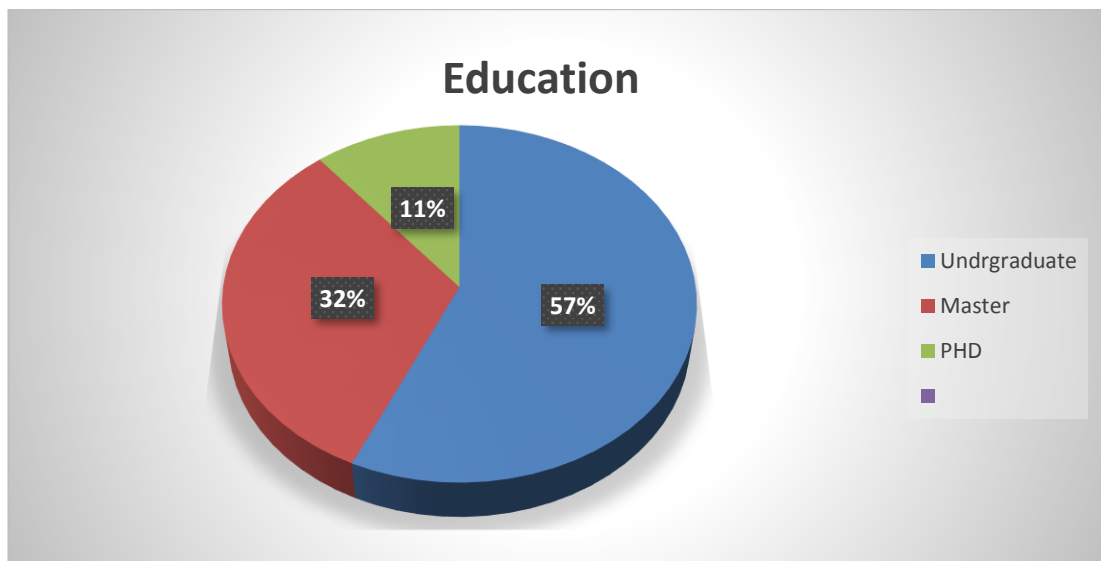


Figure 5.4: Education of The Respondents

5.2.5 Weekly Budget

In this section, the 176 students (58.5) answered that their weekly budget is between 501 and 1000 TL. Followed by 78 students (25.9%) that spends up to 500 TL. 41 participants claim to have a budget between 1001 and 1500 TL per week (13.6%) and only 6 students spend more than 1500 TL per week with a percentage of 2.

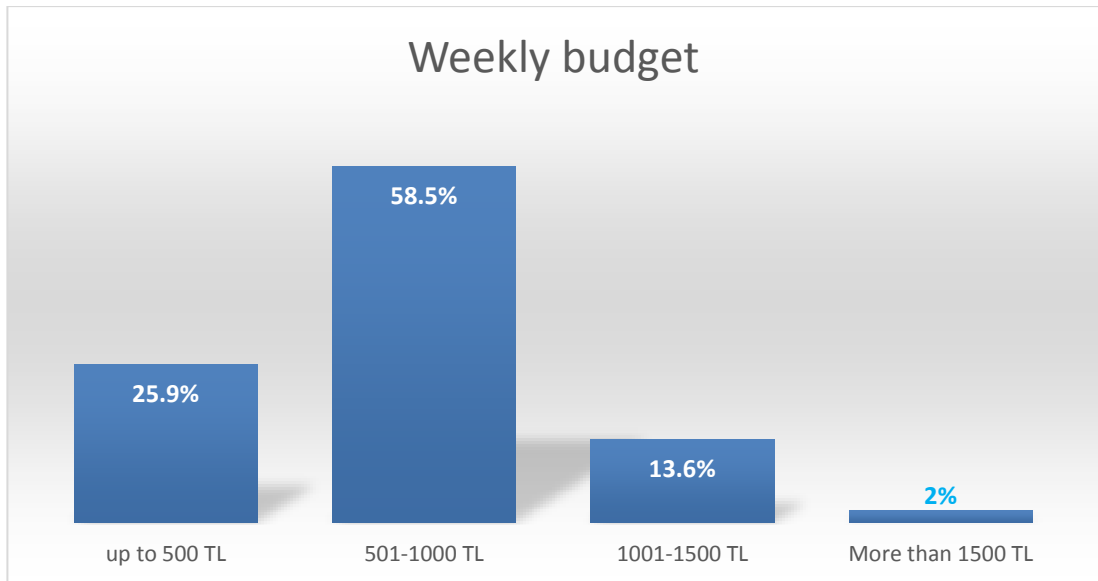


Figure 5.5: Weekly Income

5.2.6 Frequency of Students that Use Other Internet Services than KOOP Bank

205 of students were using other banks services with a percentage of 68.1 %. 150 students did not justify the reason of being active online with other banks, while 42 students (20.5%) explained that they prefer İş bank since it is a non national bank and 13 (6.3%) explained that they still use their home country's accounts.

Use of other banks' internet services more than Koop bank

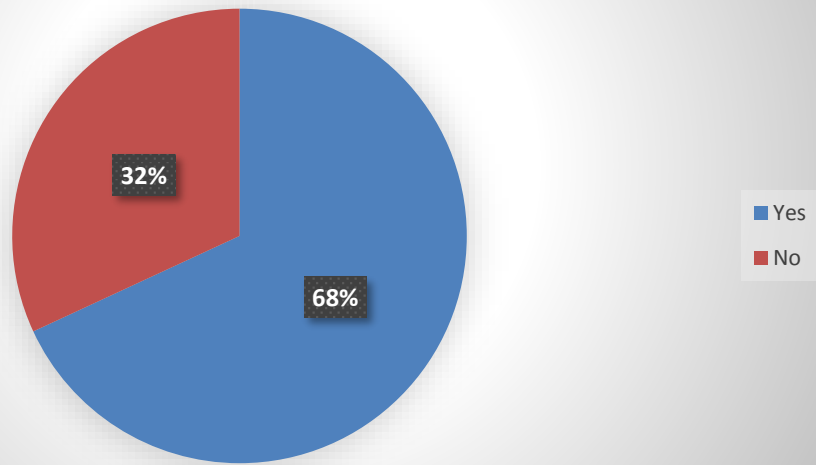


Figure 5.6: Students Rates That Use Other Internet Banking Services Provided with Banks Different Than Koop Bank.

Table 5.1: Summary of Demographics

		Frequency	Percent
Gender	Male	146	48.5
	Female	155	51.5
Age	18-22	127	42.2
	23-27	125	41.5
	28-32	42	14
	33-37	7	2.3
Marital Status	Single	272	90.4
	Married	25	8.3
	Divorced	4	1.3
	Other	0	0
Educational Level	Undergraduate	171	56.8
	Master Program	97	32.2
	PhD	33	11
Use of other internet banking services more	Yes	205	68.1
	No	96	31.9
Weekly budget	Up to 500 TL	78	25.9
	501 - 1000 TL	176	58.5
	1001- 1500 TL	41	13.6
	More than 1500 TL	6	2
Total		301	100

5.2.7 Descriptive Analysis of the Scales

Table 5.2: Descriptive Analysis of Scales

Item	Mean	S
Initial Trust	3.96	1.329
a) KOOB Bank and its electronic services are trustworthy	4.00	2.062
b) I trust KOOB Bank and its electronic services keep my best interest in mind.	3.91	2.064
c) KOOB Bank wants to be known as one who keeps promises and commitments.	4.57	2.110
d) KOOB Bank will not always be honest with me.	3.81	1.939
e) I believe in the information that KOOB Bank and its electronic services provide me.	4.07	2.063
f) KOOB Bank and its electronic services are genuinely concerned about me.	3.45	2.020
Perceived reputation of KOOB bank	4.32	1.798
a) KOOB Bank is well known.	4.67	1.984
b) KOOB Bank has a good reputation.	4.37	2.123
c) KOOB Bank has a reputation of being honest.	4.37	1.894
d) KooB Bank is known to be concerned about other customers.	3.91	2.024
Perceived willingness to customize	3.42	1.952
a) Just for me, KOOB bank is willing to customize its services.	3.61	2.301
b) Just for me, KOOB bank is willing to change its delivery procedures	2.82	1.928
c) KOOB bank will respond to my individual needs and desires	3.51	2.164
d) KOOB bank is willing to provide customized services to its customers.	3.75	2.110
Perceived ease of use of the website	4.97	1.808
a) Learning to use KOOB's website would be easy for me	5.12	1.964
b) My interaction with KOOB's website is clear and understandable	4.85	1.889
c) It would be easy for me to become skillful at using KOOB's website	5.01	1.923
d) I find KOOB's website easy to use	4.92	1.891
Perceived usefulness of the website	4.38	1.739
a) Overall, I find KOOB's website useful.	4.66	1.949
b) I think KOOB's website is valuable to me.	3.71	2.00
c) The content on KOOB's website is useful to me.	4.11	2.056
d) KOOB's website is functional	5.08	1.653
Perceived Security Control	4.45	1.181
a) KOOB's website implements security measures to protect online users.	4.74	2.139
b) KOOB's website has the ability to verify online users' identity for security purposes.	5.18	1.666

c) KOOP's website usually ensures that transactional information is protected from being accidentally altered or destroyed during the transmissions on the internet.	3.99	2.019
d) I feel secure about the electronic payment system on the website.	3.92	2.297
Perceived Interactivity	3.65	1.739
a) I think KOOP's website is interactive.	3.75	2.097
b) I think KOOP's website is interpersonal.	3.65	1.972
c) I think KOOP's website has variety of content.	4.42	2.019
d) I think KOOP's website provides immediate answers to questions.	2.79	1.838
Trust Propensity	3.22	1.855
a) It is easy for me to trust a person/thing.	3.44	1.995
b) My tendency to trust a person/thing is high.	3.18	1.943
c) I tend to trust a person/thing, even though I have little knowledge of it.	3.18	1.963
d) Trusting someone or something is not difficult.	3.11	1.962

In regard to initial trust, respondents scored a mean of 3.96 which shows that the respondents were sort of between “neither agree and disagree” if we round up the mean to 4. So they have a neutral position toward what they feel of Koop bank trustworthiness.

The second construct measuring the perception of Koop bank's reputation has a mean of 4.32. Therefore, the majority of respondents were between “neither agree nor disagree”. They have a neutral stand towards this factor.

When we addressed the perceived willingness to customize from the bank, the majority did not have a positive attitude towards it. The mean of 3.42 shows that respondents “slightly disagree” with the flexibility of the bank to customize its internet services.

In regard to the ease of use of the website, a mean of 4.97 was obtained that was rounded up to 5. Therefore, respondents “slightly agreed” with how easy was the website and have a positive perception about it.

Perceived usefulness's scale mean scored 4.38. Participants are neutral towards this factor and fall under the category of "neither agree nor disagree".

In regard to the security level, the mean is 4.45. Students were indecisive about the security level and have a mean that falls in "neither agree nor disagree".

Perceived interactivity has a mean of 3.65. We can understand that students "slightly disagree" and have a negative attitude towards the website interactivity level.

Our last scale of trust propensity has a mean of 3.22. We can infer that participants "slightly disagree" with having a high trust propensity meaning tendency to trust others by nature.

5.2.8 Reliability of the Scales

Reliability shows that the questionnaire, if repeated will have the same results (Bryman & Bell, 2003). Cronbach's alpha is used a lot in biometric and academic researches and is considered as a measure of reliability (Krippendorff, K, 1980). It is used to show the correlation between elements within the same scale between each other (Sekaran, 2003).

Table 5.3: Cronbach's Alpha Test for the Scales

Scale	CRONBACH'S ALPHA
Initial trust	0.728
Perceived reputation	0.918
Perceived willingness to customize	0.936
Perceived ease of use	0.959
Perceived usefulness	0.927
Perceived security control	0.913
Perceived interactivity	0.900
Trust Propensity	0.959

Whenever the Cronbach's alpha is higher than 0.7, the scales are highly reliable with 0.7 the set point (Field, 2005). As showing in this table above, all of our scales are reliable.

5.3 Correlation Analysis

We use correlation analysis to identify the direction and the strength of a relationship between two variables (Field 2005; Pallant, 2007). The correlation coefficient is between -1 and 1. A small correlation is between 0.10 and 0.29. A medium one fall between 0.30 and 0.49. And last, the large correlation is between 0.50 to 1. In this research, the correlation analysis helped us define the relationship between the independent variables and the dependent one. To get more insights in this research, we included a correlation analysis between the dependent variables as well.

5.3.1 Initial Trust and Perceived Reputation of Koop Bank

Previous studies claimed that there is a relationship between the perceived reputation of the bank and initial trust. According to our analysis, these two variables are

positively related with a coefficient of ($r= 0.840$) that is significant at ($p<0.01$). We can infer that there is statistically significant strong and positive correlation between initial trust and perceived reputation of the bank. Which means that the more positive the perceived reputation to higher the initial trust is and vice-versa.

5.3.2 Initial Trust and Perceived Willingness to Customize

Initial trust and the perceived willingness to customize from Koop bank were supported by the literature in studies in the past. Pearson correlation $r=0.860$ that is significant at the level of 0.01. This result proves that there is a positive strong significant relationship between both variables. If one the perceived willingness to customize goes up so does initial trust.

5.3.3 Initial Trust and Perceived Perceived Ease of Use of the Website

These two variables are related with a correlation Pearson ($r= 0.738$) significant at ($p<0.01$). Which leads us to claim that there is a positive strong significant relationship between initial trust and ease of use. If this latter is so high so is the initial trust and the other way around.

5.3.4 Initial Trust and Perceived Usefulness of the Website

Perceived usefulness is a factor known to be significant to trust and initial trust. From our results, there is statistically a significant strong and positive relationship between these variables with ($r=0.831$, $p<0.01$). If the website is perceived useful, the initial trust increases.

5.3.5 Initial Trust and Perceived Security Control of the Website

Our sample showed that there is a strong positive relationship between these factors. The correlation Pearson is ($r=0.858$) with ($p<0.01$). This significant relation explains that if the website visitor tends to feel that the website is not secure, he/she wouldn't trust it.

5.3.6 Initial Trust and Perceived Interactivity of the Website

Our results prove that there is a positive, strong and significant relationship between initial trust and perceived interactivity of the website with ($r=0.831$) at the level of $p<0.01$. Once the website is perceived less interactive, the initial trust tends to go down.

5.3.7 Initial Trust and Trust Propensity

Trust propensity was highly linked to initial trust since individuals vary among their tendency to trust others. We found that initial trust is related to trust propensity with a Pearson correlation of 0.756 significant at ($p<0.01$).

5.3.8 Correlation Among All Variables

Table 5.4: Correlation Between All Factors of the Study

Variable	ITRU	PREP	PWTC	PEOU	PU	PSEC	PINT	TPRO
ITRU	1	0.840	0.860	0.738	0.831	0.858	0.831	0.756
PREP	0.840	1						
PWTC	0.860	0.836	1					
PEOU	0.738	0.685	0.641	1				
PU	0.831	0.795	0.810	0.793	1			
PSEC	0.858	0.813	0.822	0.728	0.851	1		
PINT	0.831	0.761	0.813	0.629	0.780	0.833	1	
TPRO	0.756	0.752	0.770	0.601	0.735	0.774	0.782	1

All Correlations are significant at the 0.01 level (2-tailed).

The results showing in the table above show that all variables have significant positive and strong relationship with each other.

5.4 Independent Sample T-Test

The purpose of this analysis is to determine if there is statistically a significant difference between two groups on the same variable (Norusis, 2006). If the p value is less or equal to 0.05 then we have a significant difference (Field ,2005).

Table 5.5: Gender Comparison with The Scales

	Gender	N	Mean	St deviation	St Error
Aver-initialt	Male	146	4.0080	1.37400	1.11371
	Female	155	3.9290	1.28973	1.10359
Aver-rep	Male	146	4.4110	1.80463	1.14935
	Female	155	4.2516	1.79590	1.144935
Aver-cust	Male	146	3.4829	2.00165	1.16566
	Female	155	3.3677	1.90891	1.16566
Aver-peou	Male	146	4.9777	1.84342	1.152561
	Female	155	4.9726	1.78071	1.14303
Aver-pusef	Male	146	4.3613	1.75677	1.14539
	Female	155	4.4145	1.728071	1.13887
Aver-sec	Male	146	4.4503	1.87051	1.15480
	Female	155	4.4645	1.76511	1.14178

Aver-Interac	Male	146	3.6507	1.78511	1.14774
	Female	155	3.6500	1.70098	1.13663
Aver-tproo	Male	146	3.3339	1.94033	1.16058
	Female	155	3.1258	1.77244	1.14237

From these figures in table 5.6, we can infer that there is no significant difference comparing the mean of both genders (male and female) in all our factors.

Table 5.6: Gender Comparison (Independent Samples Test)

Independent Samples Test						
		Levene's Test for Equality of Variance		t-test for Equality of Means		
		F	Sig.	T	Df	Sig (2-tailed)
Average initial trust	Equal variances assumed	3.227	0.073	0.514	299	0.607
	Equal variances not assumed			0.513	294.538	0.608
Average perceived reputation	Equal variances assumed	0.315	0.575	0.768	299	0.443
	Equal variances not assumed			0.767	299.747	0.443
Average willingness to customize	Equal variances assumed	1.550	0.214	0.511	299	0.610
	Equal variances not assumed			0.510	295.594	0.610

	not assumed					
Average perceived ease of use	Equal variances assumed	0.673	0.413	0.025	299	0.610
	Equal variances not assumed			0.025	296.349	0.610
Average perceived usefulness	Equal variances assumed	0.744	0.389	-0.265	299	0.781
	Equal variances not assumed			-0.265	297.282	0.791
Average perceived security	Equal variances assumed	0.820	0.366	-0.068	299	0.997
	Equal variances not assumed			-0.068	295.905	0.997
Average perceived interactivity	Equal variances assumed	0.739	0.391	0.003	299	0.997
	Equal variances not assumed			0.003	295.542	0.997
Average trust propensity	Equal variances assumed	3.750	0.054	0.972	200	0.332
	Equal variances not assumed			0.970	292.420	0.333

There are two steps in this analysis that will enable us to make the required conclusions. First we take a look at Levene's test for equality of variance. Whenever the p-value is higher than 0.05, we assume that there is equal variance and we only focus on the variables provided at the first line. The next step requires determining if

the p-value of the test is significant or not. If the P value is less than 0.05 then there is significant difference between genders when it comes to the selected variables. If P-value is higher then there is no significant difference between females and males.

Our independent T-test results are the following:

- In regard to initial trust, p is greater than 0.05 ($p=0.073$). Therefore, there is equal variance between group assumed. In the t-test the p value is higher than 0.05 as well ($p=0.607$). We can conclude that male and female respondents' initial trust statistically do not significantly differ for $t(299)=0.514$ and $p=0.607$.
- Levene's test for the perceived reputation of the bank has a $p=0.575$ which is greater than 0.05 so we assume there is equal variance. Moving to t-test table, we have $p=0.443$ which is insignificant. Male and female statistically do not have significant difference in terms of their perception of the bank's reputation for $t(299)=0.768$ and $p=0.443$.
- When it comes to the perception of the respondents of the willingness of the bank to customize. Levene's test shows a $p=0.214$ which is insignificant ($p>0.05$) so equal variance is assumed. In t test, $p=0.610$ which is also insignificant. Therefore, there is statistically no significant difference between males and females when it comes to their perception of the bank's willingness to customize for $t(299)=0.511$, $p=0.610$.
- Levene's for the perception of ease of use shows a $p=0.413$ which is insignificant so equal variance assumed. T-test result shows $p=0.980$ which is greater than 0.05 so insignificant. Which leads us to conclude that there is no

statistical significant difference among both genders when it comes to their perception of the ease of use of the website. $T(299)=0.025, p=0.980$.

- Regarding the perception of usefulness of the website, we checked Levene's test where p was insignificant $p=0.389$ which is greater than 0.05 so there is equal variance assumed. T-test for equality assumed shows a $p=0.791$ which is insignificant. Male and female statistically do not differ significantly in terms of their perception of the usefulness of the website with $t(299)=-0.265, p=0.791$.
- In regard to perceived security control, $p=0.366$ in Levene's test which is insignificant and there is equal variance assumed. In the t-test test, we have $p=0.946$ which is greater than 0.05 therefore insignificant. Then, there is no statistical significant different among males and females when it comes to how they perceive the security control of the website of the bank with $t(299)=-0.068, p=0.946$.
- Perceived interactivity's Levene's test shows a $p=0.391$ which is insignificant so there is equal variance assumed. P value in T-test table is equal 0.997 so it is insignificant. We can say that there is no statistical significant difference among gender groups when it comes to how they perceive the interactivity of the website with $t(299)=0.003, p=0.997$.
- When it comes to trust propensity, Levene's test shows a $p=0.054$ which is insignificant since it is greater than 0.05. There is then equal variance assumed. The t-test p value = 0.332 is insignificant. So, there is no statistical significant difference among males and females in regard to their trust propensity for $t(299)=0.972, p=0.332$.

5.5 One-Way ANOVA Test

One-Way ANOVA test and independent T-test are similar in terms of what they measure but one-way ANOVA is used when there are more than two groups to compare (Kozub, 2010).

There are two scenarios in this analysis that depend on Levene's test significance or not:

- a) In the case of having an insignificant p value in Levene's test, we do not violate the homogeneity of variance so we can check ANOVA test. If P-value is insignificant we can say that there is no significant difference among the groups. But if P were significant then there is statistically significant difference between the groups. Games Howell table helps us determine where that difference is.
- b) In the other case of p value in Levene's test being significant, we violated the homogeneity of variance and instead of checking ANOVA test we move to Robust test and look at Welch result. Significant P will mean that there is a statistical significant difference between groups and that difference can be detected from Games and Howell and a non significant P means that there isn't one.

5.5.1 Age

We aim to see if there is any significant difference between the different age groups that we have and our dependent variable (Initial trust). According to Levene's test, initial trust has an insignificant p- value=0.260 which is greater than 0.05.

Table 5.7 Test Homogeneity of Variance (Age with Initial Trust)

	Levene Statistic	df1	df2	Sig.
Initial trust	1,344	3	297	0.260

So we need to check ANOVA table since there is no violation of the homogeneity of variance. The table shows that initial trust had an insignificant p value ($p=0.615$) which is greater than 0.05. Therefore, there is no statistical significant difference among age groups when it comes to their initial trust towards Koop bank.

Table 5.8 ANOVA Test (Initial Trust and Age)

		Sum of Squares	df	Mean Square	F	Sig.
Initial trust	Between Groups	3.201	3	1.068	0.601	0.615
	Within Groups	517.172	197	1.775		
	Total	530.373	300			

5.5.2 Weekly Income

Our purpose here is to find any significant difference between our dependent variable according to the weekly income of our respondents. First, we go through Levene's test to see if there is any violation of homogeneity variances so we can decide which table to verify as a next step.

Table 5.9 Test Homogeneity of Variance (Weekly Income with Initial Trust)

	Levene Statistic	df1	df2	Sig.
Initial trust	11.254	3	297	0.000

Initial trust had a significant p value as following with ($p < 0.05$). In this case we violated the test of Homogeneity variances so we need to take a look at Robust tests equality means to determine if there is a significant difference.

Table 5.10 Robust Test for The Weekly Income with Initial Trust

		Statistic	Df1	Df2	Sig.
Initial trust	Welch	1.923	3	26.835	.150
	Brown-Forsythe	2.489	3	133.657	.063

Welch test shows that there is no significant difference among the categories of students with different income range and initial trust since ($p > 0.05$), therefore insignificant.

5.5.3 Marital Status

To determine if our dependent variable differs according to the marital status of our respondents, we will make this analysis. Below, we added the table of Levene's test that shows that p- values > 0.5 , therefore insignificant for initial trust. In this case, there is no violation of the homogeneity of variances so we can rely on the results from ANOVA table. The result shows insignificance with p-value equal to 0.861 (> 0.05), which means that there is no statistical significant difference among single, married and divorced students in regard to their initial trust.

Table 5.11 Levene Test (Initial Trust and Marital Status)

	Levene Statistic	df1	df2	Sig.
Initial trust	0.064	2	298	0.988

Table 5.12: ANOVA for Initial Trust and Marital Status Groups

		Sum of Squares	df	Mean Square	F	Sig.
Initial trust	Between Groups	.531	2	.266	.149	.861
	Within Groups	529.843	298	1.778		
	Total	530.373	300			

5.5.4 Education

In our Levene' test, initial trust is insignificant with p value $p=0.263$ ($p>0.05$). So, we did not violate the homogeneity of variance so we can follow the results in ANOVA table that is showing below. According to these results we can conclude that there is no statistical significant different between the educational background and initial trust since the p-value is insignificant ($p < 0.05$). We included both Levene and ANOVA tables below.

Table 5.13: Levene Test (Initial Trust and Education Level Categories)

	Levene Statistic	df1	df2	Sig.
Initial trust	1.340	2	298	0.263

Table 5.14: ANOVA Table (Education and Initial Trust)

		Sum of Squares	df	Mean Square	F	Sig.
Initial trust	Between Groups	3.855	2	1.928	2.470	.337
	Within Groups	526.518	298	1.767		
	Total	530.373	900			

5.6 Regression Analysis

In this section we will examine the impact of the independent variables of: perceived bank's reputation, willingness to customize, website perceived ease of use, perceived usefulness, perceived security control, perceived interactivity and trust propensity.

Table 5.15: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.921 ^a	0.849	0.533	0.52300

As showing on the table above, R^2 is equal to 0.849. This shows that 84.9% of variance in our8 dependent variable (initial trust) can be predicted from the independent variables.

Table 5.16: ANOVA Table (Regression)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	450.228	7	64.318	235.138	0.000 ^a
	Residual	80.146	239	0.274		
	Total	530.373	300			

ANOVA table will help us determine if there is a significance in the overall mode. We have $F(300)= 235.138$ and $p\text{-value} < 0.05$. This can help us determine that the independent variables of perceived reputation, perceived willingness to customize, perceived ease of use, perceived usefulness, perceived security, perceived interactivity and trust propensity statistically significantly predict initial trust.

Our following table will show the predictive power for each independent variable separately.

Table 5.17: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.922	0.097		9.940	.000
	PREP	0.135	0.035	0.182	3.860	.000
	PWTC	0.186	0.035	0.273	5.377	.000
	PEOU	0.116	0.028	0.158	4.117	.000
	PU	0.032	0.041	0.042	0.781	.435
	PSEC	0.127	0.40	0.174	3.194	.002
	PINT	0.152	0.036	0.199	4.228	.000
	TPROP	-0.005	0.029	-0.006	-0.154	.878

The results above are interpreted as following:

- β (PREP) = 0.182, $t = 3.860$, and $p < 0.05$. Considering these results, perceived reputation of the bank positively predicts initial trust. So, if perceived reputation increases by 1 unit, initial trust will increase by 18.2%.
- β (PWTC) = 0.273, $t = 5.377$, and $p < 0.05$. Considering these results, perceived willingness to customize by the bank positively predicts initial trust. So, if perceived willingness to customize increases by 1 unit, initial trust will increase by 27.3%.
- β (PEOU) = 0.158, $t = 4.117$, and $p < 0.05$. Considering these results, perceived usefulness of the website positively predicts initial trust. So, if perceived usefulness increases by 1 unit, initial trust will increase by 15.8%.

- β (PU) = 0.42, $t = 0.781$, and $p > 0.05$ therefore insignificant. Considering these results, perceived usefulness over the website by the bank doesn't predict the initial trust
- β (PSEC) = 0.174, $t = 3.194$, and $p < 0.05$. Considering these results, perceived security of the website positively predicts initial trust. So, if perceived security control increases by 1 unit, initial trust will increase by 17.4%.
- β (PINT) = 0.199, $t = 4.228$, and $p < 0.05$. Considering these results, perceived interactivity of the website positively predicts initial trust. So, if perceived interactivity increases by 1 unit, initial trust will increase by 19.9%.
- β (TPRO) = -0.006, $t = -0.154$, and $p > 0.05$ therefore insignificant. Considering these results, trust propensity doesn't predict the initial trust.

In the figure below, we removed perceived usefulness and trust propensity due to their lack of significant predictive power over our dependent variable initial trust. We also added our beta coefficients to show the strength of each factor influence.

Perception about KOOP bank

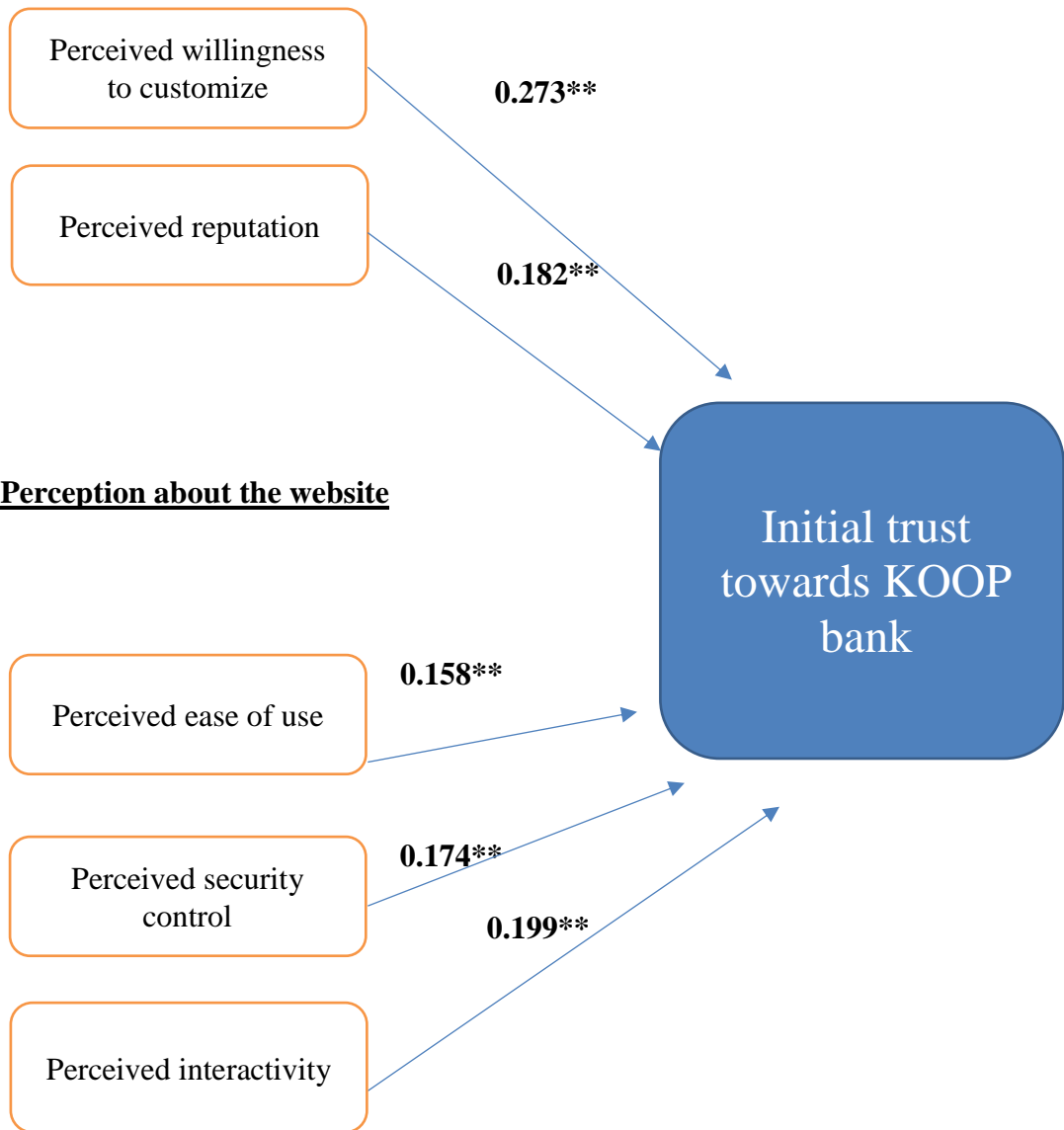


Figure 5.7: Final Model

Table 5.18: Result Hypothesis

HYPOTHESES	FINDINGS
H1: Perceived reputation of KOOP bank has a significant and positive impact on initial trust.	SUPPORTED
H2: Perceived willingness to customize of KOOP bank has a significant and positive impact on initial trust.	SUPPORTED
H3: Perceived ease of use of the website has a significant and positive impact on initial trust.	SUPPORTED
H4: Perceived usefulness of the website has a significant and positive impact on initial trust.	NOT SUPPORTED
H5: Perceived security control on the website has a significant and positive impact on initial trust.	SUPPORTED
H6: Perceived Interactivity over the website has a significant and positive impact on initial trust.	SUPPORTED
H7: Trust propensity has a significant and positive impact on initial trust.	NOT SUPPORTED

5.7 Discussion of Findings

After making the required analysis, we were able to support H1, H2, H3, H5 and H6 and two of our hypotheses were not supported H4 and H8. We will review in this section our findings to share better understandings before moving to our conclusion chapter. In this research, we had a similar number of female and male respondents. The majority of the students were single, undergraduate students who have weekly

income between 501 and 100 TL as they use other banks' internet services more than KOOP bank. We made correlation tests, T-test, One-Way ANOVA test and regression that helped us support most of our hypotheses.

Our Correlation tests' results showed a strong and positive relationship between initial trust and all of our independent variables. We were also able to detect that there is a relationship between these variables themselves which shows how interrelated is our model.

5.7.1 Gender Differences

Our T-test results did not show any statistical significant difference among males and females regarding any factor of our study. This study revealed that, there is statistically no significant difference among males and females considering their initial trust (mean scores; $m(m)=1.80$ and $m(f)=1.79$, $p>0.05$), perceived reputation (mean scores; $m(m)=2.00$ and $m(f)=1.90$, $p>0.05$), perceived willingness to customize (mean scores; $m(m)=1.84$ and $m(f)=1.78$, $p>0.05$), perceived ease of use (mean scores; $m(m)=1.75$ and $m(f)=1.72$, $p>0.05$), perceived usefulness (mean scores; $m(m)=1.87$ and $m(f)=1.76$, $p>0.05$), perceived security control (mean scores; $m(m)=1.87$ and $m(f)=1.76$, $p>0.05$), perceived interactivity (mean scores; $m(m)=1.78$ and $m(f)=1.70$, $p>0.05$) and trust propensity (mean scores; $m(m)=1.94$ and $m(f)=1.77$, $p>0.05$).

For initial trust, Liu et al. (1999) claims that males tend to accept more technology and use it more than women which does not support our statement. Schwieren, C., & Sutter, M. (2008) stated that men tend to take more risk and are more into gambling. So when it comes to situations with higher perceived risk such as online shopping they will build trust faster than women. Van Slyke et al (2002) noted that trust and other factors such as relative advantage, perception of compatibility and feasibility are

different between males and females unlike image perceptions. He also added that males look at online shopping more positively than women. Women are more insecure while making online transactions and trust them less than men. Yang and Lester (2005) explained this by the anxiety women feel while shopping online that they were suffering from but in the other had men do not witness this feeling. In the example of e-Bay offers, women were found to use more brain areas than men while exposed to them (Riedl et al, 2010).

For perceived ease of use in the literature, it has been argued that women and men do not have the same perception over the ease use. First, women normally have less skills in regard to computer usage (Felter 1985). In addition, they experience more anxiety while using technology (Morrow et al. 1986; Rosen and Maguire 1990). In psychology studies, anxiety was one of the determinants of perceived ease of use (Venkatesh and Davis 1996). According to Venkatesh, V., & Morris, M. G. (2000) study focused on gender differences in terms of technology acceptance. They found that perceived ease of use was higher in women than in men, both at the beginning and even after some experience with the use of the technology system. They specified that males perceived ease of use increased after some time spent with the system while for females it decreased.

For perceived usefulness, men tend to be more individualistic as they are more work and accomplishment oriented than women (Carlson 1971; Gill et al. 1987; see also Stein and Bailey 1973). Other gender related factors were shared such as the fact that men value more rationality and objectivity (Rosenkrantz et al. 1968). Minton and Schneider (1980) stated that men are more task oriented than females. Task orientation stands for accomplishment and getting things done which is related to usefulness.

According to Venkatesh, V., & Morris, M. G. (2000) in their research comparing gender differences in terms of perception of usefulness and they found that men care more about perceived usefulness than women while using technology and during their decision making process.

When it comes to perceived security both genders did not have significant difference in regard to this concept. (Kolsaker & Payne, 2002) stated that both genders equally have awareness about security related issues like information security, refunds and information confidentiality. Myung-Ja Kim, Choong-Ki Lee and Namho Chung (2012), made a study to have a better understanding of trust antecedents according to gender and found that there was no difference between males and females in terms of transaction security which consistent with our results. Despite this, other prior researches do not support our finding: Janda (2008) stated that e-retailers need to recognize the gender based effect on their tendency to make online transaction when it comes to security and privacy. It has been stated that women feel less secure throughout online transactions and care more about assurance clues of security, unlike men (Sebastianelli, Tamimi, & Rajan, 2008).

When it comes to perceived interactivity, researches claimed that it differs among genders due their personal needs and uses. According to the theory of uses and gratitude, men use internet more for entertainment, search for items and gaming. While women rely more on the interpersonal communication (Baran and Davis 2003; Katz, Gurevitch, and Haas, 1972). Carolyn McMahan, Roxanne Hovland, Sally McMillan (2009) in their research found a difference between women and men use and time spent online in platforms like corporate websites while women look more for human-to-human interactions and men are satisfied with human-to-computer interactions.

Regarding trust propensity, it has been found that trust propensity is highly influenced by the gender while men trust the abilities of the other party more than women (Schwieren and Sutter, 2008). Buchan et al. (2008) found that men have higher trust propensity than women but women have a lower one but are more trustworthy than men. A study made in Malaysia found that there is a significant difference in the levels of trust propensity of men and women and these latter have a lower one Amin, M., Rezaei, S., & Tavana, F. S. (2015).

5.7.2 Age Differences

Referring to our analysis the age did not matter among our age groups when it comes to initial trust. This can be justified that despite the age difference, International students have similar situational factors since they all moved to TRNC to pursue their education. The majority lives away from their family and home country. So regardless their age, they still go through similar stages in trust and banks need to make the same efforts among them. We also need to highlight that the majority of the respondents were between the age of 18 and 27 with the two age groups total combined together with a percentage of 83.75%. The other two age groups left had very low percentages so it seems unfair to contrast such disproportional groups to detect differences in behavior.

5.7.3 Educational Level Differences

There was no significant difference between undergraduate students, masters, and PHD when it came to their initial trust. The same explanation shared about the age difference can apply here since eventually our participants are foreigners in the island with similar needs and might have similar attitudes related to trusting or distrusting a non familiar bank.

5.7.4 Weekly Budget Differences

Initial trust did not have a significant relation with the different income groups. Previous studies made specifically on initial trust in internet banking did share any analysis nor gave importance to the income differences among their sample's income and trust. In our case, our respondents did not have proportional weekly budgets while more than the half had a budget between 501 to 1000 TL budget, and only 2% more than 1500 TL. So even if there were a difference that was not supported by the literature in the past it might require different sampling methods to be detected.

5.7.5 Correlation

This test helped us identify the direction and strength of the factors that were hypothesized to have an impact on initial trust. We found the following results:

- There was a significant, positive strong correlation (0.840) between perceived reputation of Koop bank and initial trust, with (P=0.000). This implies that when students heard positive information about the bank and they perceived it as reputable they will have higher initial trust. Which makes sense since students in our case did not have previous experience with the bank so hearing other people's experiences give them an idea about the bank's credibility. Being an international student in a foreign country limits their knowledge about the facilities provided as it increases their perception of risk that's why reputation can be a very reliable reference to them.
- There was a significant, positive strong correlation (0.860) between perceived willingness to customize of Koop bank and initial trust, with (P=0.000). The students that thought that Koop bank has the intention to customize its services had a high initial trust while the ones who didn't feel less trust towards it. This might be explained by the need of students to get flexible services that satisfy

their specific needs. When a bank offers this privilege they might be perceived as more caring about the customers' individual requests therefore the bank wouldn't risk to waste these efforts by not delivering what is promised.

- There was a significant, positive strong correlation (0.738) between perceived ease of use of Koop bank's website bank and initial trust, with (P=0.000). The more students in Northern Cyprus are comfortable with the website due the smoothness of the process and the lack of effort made them have high initial trust. We can explain this by saying that students if they face difficulties while surfing the webpage, they will not have the courage to make a transaction out of fear of mistakes or misunderstanding happening .
- There was a significant, positive strong correlation (0.831) between perceived usefulness of Koop bank's website bank and initial trust, with (P=0.000). Once the website is considered by the student as useful, in other words it helps them perform tasks online they will have high initial trust. If it is not the case, they will not build initial trust. If students think that the website will not help them do what is required they will not risk trying to trust it especially that we are talking about banking services and in some cases students transfer big amounts to pay their university fees within a specific period of time, if they feel that their transactions might not go through there will be no point for them to proceed with this online activity and look for a different bank that is perceived more useful.
- There was a significant, positive strong correlation (0.858) between perceived security control of Koop bank's website bank and initial trust, with (P=0.000). We can infer that security cues play a big role in initial trust building which affect the initial trust. If the website is perceived as non secure students would

not trust it. Banking services security are a big concern not only to students but every single user. If there are no symbols or signs that give students the impression of the presence of a strong security system, they will not trust it especially that they have no idea about the outcome with their lack of previous exchange relations.

- There was a significant, positive strong correlation (0.831) between perceived interactivity of Koop bank's website bank and initial trust, with (P=0.000). Students prefer a more interactive website where they get quick responses and feel an interpersonal connection, if these elements are not felt the student wouldn't be able to establish initial trust. An explanation to this finding is the fact that students were not having human interactions and are having a human to computer relation. If the website is interactive, students would feel that they are no longer dealing with technology and that they are actual people doing the work.
- There was a significant, positive strong correlation (0.756) between trust propensity of the students and initial trust, with (P=0.000). Since this factor is a personality trait, it does affect initial trust. If the students tend to trust others in general even if he/she has no much knowledge nor experience with it there will be higher initial trust. If a student has very strong trust issues, no matter what the website reveals he/she will still be suspicious and might feel that he/she is at risk of being a victim of fraud or else.

In addition to these tests, we also tried to understand the relationship among the independents variables to get more intel about our model. To our surprise, every single construct had a positive strong relationship with all of the other variables. Through the

Pearson Evaluation measurements, we found the lowest correlation of 0.601 between perceived trust propensity and perceived ease of use. And the highest that was between perceived willingness to customize and perceived reputation of the bank with a correlation of 0.836. We can infer that whenever any independent variable increases, any variable from the six components increases as well. The same applies when there is a decrease in one side so does the other. This implies how interrelated is this model and the significant role of each factor not only on initial trust but also on the other variables.

5.7.6 Regression

Our model findings showed that our selected factors as initial trust's antecedents explained almost 85% of variance explained, which shows us that our conceptual frame included many reliable antecedents of this concept. Our regression analysis enabled us to understand how each factor can predict initial trust (dependent variable) to determine the impact of each independent variable separately. Only five out of seven independent variables had a significant influence with ($p < 0.05$).

First factor with the highest predictive power in our model was the perceived willingness to customize with ($\beta = 0.273$), followed by perceived interactivity ($\beta = 0.199$), then perceived reputation ($\beta = 1.82$), then perceived security control ($\beta = 1.74$) and last perceived ease of use ($\beta = 0.158$).

Prior research found that the factors with the highest importance were perceived reputation and perceived security control. For instance, M. Koufaris and W. Sosa (2004) in their study conducted in the US that aimed to develop a model for initial trust. We can explain our findings by the fact that technology improved a lot and Millennials are less concerned about the ease of use or the reputation or the security since online transactions are more common than ever and are more perceived

trustworthy than the old days. Students look more for customization to trust that the medium will fulfil their needs and look of interactivity since they rely more on technology than other generations.

We were not able to support two of our hypotheses. Perceived usefulness had an insignificant predictive power on initial trust although this variable is supported by the literature and was always linked to the perceived ease of use. M. Koufaris and W. Sosa (2004) were able to prove this while perceived usefulness had a predictive power of 13.4% in their research.

Our last hypothesis also was not supported. We had an insignificant relation between initial trust and trust propensity ($p < 0.05$). We may explain that since we are testing initial online trust, even if the students had high tendency to trust, it is the early stage of trust not to mention that it is a virtual environment. So no matter what, the perceived risk is high and both types of students need clues to establish their trust that do not depend on their personality-traits but more factors related to the bank and the website that communicate the services and enables the transactions.

Chapter 6

CONCLUSION

6.1 Introduction

Our previous chapter provided a full study of our topic. We shared a deep explanation of the concept of trust as we discussed the available details of our model components from the literature. We also discussed our methodology as we shared all of the data analysis that helped us support most of our hypotheses. Our findings were discussed by the end of the previous chapter and now we will move on to the managerial implications and our recommendation to the banks in Northern Cyprus and especially Koop Bank since it was the selected bank of this research. There were several limitations that we faced that will be discussed in addition to suggested studies to be made in the future.

6.2 Managerial Implications

This study is helpful to banks in Northern Cyprus that offer internet banking services, but mainly Koop bank since this latter was the bank of reference. In addition, our findings only apply to International students in Northern Cyprus. Managers need to keep in mind that students rely a lot on banks since they do not earn money and their allowances, university fees and house or dormitories' payments are mainly sent from their families that are based mostly in the students' home country. Therefore, banking services are highly in demand.

With the technological advances, people are getting more familiar with technology usage as they prefer getting their work done behind the laptop or the phone screen due to the benefits of comfort, speed and reduced effort required. Millennials comparing to other generations, are more comfortable with the virtual life which makes them easier targets in the online environment than others.

Since banks provide intangible offerings that are mainly services, they need to put a good amount of effort to communicate their reliability, assurance, empathy, responsiveness and tangible features. This latter can be demonstrated through the physical offices of the bank and also through the website. Since, the customer is only dealing with technology, banks to give clues to the user that they can be trusted. According to the mean of responses about the initial trust factor in our analysis that is at 3.96. We can say that KOOP bank needs to work more on the factors that were supported in our model related to the bank itself and its website.

According to our research model, we believe that KOOP bank should invest more on being perceived as a party that is open to customize the services since this factor received the highest predictive power over initial trust. It is true that banks unlike e-shopping websites can not be very flexible but we suggest for instance: implying in the bank's website either through the slogan or the other content that there is an intention to provide one-on-one solutions to the customers. Koop bank for is already doing a good job about it with the use of "The biggest financial institution is always working with you, for you!!" as a slogan. Other services we suggest that are tailored to students' needs are loans. Many students tend to freeze semesters of education or drop out of university out of financial needs; not being able to respond to a similar demand communicates the message of lack of trust from the bank towards the students, then

why would the student trust the bank then? And since Koop has already an agreement with EMU where students get their ID that is linked to the bank's account by default, we suggest that KOOP starts offering loans and to guarantee their payments conditions such as all debts need to be paid before the receipt of the degree which applies to the university's debts and also KOOP bank. This could be a very helpful additional service that will satisfy an individual need of students who are in need.

The second factor that we advice KOOP bank to enhance more is the interactivity level. It is true that an email address is provided and the bank does call back the users that contacted the bank after a few hours which can be seen as a late response especially if the email was sent after the official working hours. A live chat is a must! Despite the fact that the website is responsive, students might need help through an instant live chat which is a feature available in many websites including EMU and this would affect on their expectations related to interactivity. Sadly, KOOP bank shared on their website that there is a live chat available but it does not work which shows lack of reliability and the bank needs to take care of this matter.

In terms of perceived security, KOOP bank does enable a one-time password and for frequent users a password where a code is sent to the user phone by SMS before being able to access the personal account. Now in terms of initial trust, students will judge the website by what they see before even logging into their account. The website has no evidence, nor logos that communicate the high level of security. If we consider the main competitor to KOOP bank in TRNC İş bank, as soon as the website is visited there is a whole section that the students can visit that explains the security process in detail. While Koop bank only used the expression "we provide additional security in internet banking" which explains nothing. This might explain the mean of this

construct were the average of students “neither agreed not disagreed” with their perception of the security control.

When it comes to the perceived ease of use that is a very important factor too students “slightly agreed” with this factor. Referring to the example of the SMS message that needs to be sent every singly time the user logs in, we do not believe it is required only to check the banks details because it just makes the log in process longer. We suggest that this can be applied during transactions only for verification if KOOP wants to increase the security level.

The last factor that we would like to discuss is about the perceived reputation. Northern Cyprus is not a recognized country therefore students perceive more risk in using a national bank. KOOP bank can try to give the students more reasons to choose a national bank over others. It is shared that KOOP has correspondent banks in Turkey over website but students are not aware of this factor. This bank could include to its marketing messages this information that can even be added to the letter attached with the student ID. Another tool to establish a positive image and build a good reputation is social media. KOOP bank’s Facebook page for instance only shares content in Turkish which is not favorable to international students and the bank might need to work on that.

6.3 Limitations of the Study

First, our data collection was a non probability sampling technique and based on convenience, therefore the findings can not be generalized and might not be representative of the whole population of International students in TRNC. Only

students from EMU were approached to answer our questionnaires. The reason of using this sampling methods was based on factors such as time and budget.

Second, despite the pretesting of the questionnaires, there might be a communication barrier faced from the students since the majority's mother tongue is different than English. Eastern Mediterranean university has students from different countries and geographical areas such as the Gulf, the Middle East, Asia, Europe and Africa.

Third, we only conducted a questionnaire for this research although a qualitative research would have provided us with a deeper understanding of the reasons behind students' low initial trust and also the high initial trust. We would have been able to understand also on which clues do they build their perception upon and why do they differ or based on which standards.

Forth, the data collection was cross-sectional which means that students' perception might change over time and we need to keep that in mind. The market also brings new trends that affects on the students' behaviors. These trends could be more technological advances, enhanced and faster services, more alternatives offered and flexibility.

And last, it also worth mentioning that our findings only apply to KOOP bank in terms of factors related to the bank and to its website. Students were only asked about this service provider and the ones that never visited the website were asked to not respond to the questionnaire.

6.4 Future Studies' Suggestions

We recommend a study about the factors that influence initial trust also in mobile banking such as KOOP bank's application. Since students might react differently to different platforms. In addition, in terms of their age categories, mobile apps are nowadays more practical to use since they carry their smartphones everywhere. While using a laptop to visit a website is not always their top choice.

Our model was only applied to e-vendors in previous studies and not to internet banking. Therefore, we can recommend more research concerning other banks either in TRNC or other countries.

Since there are students from different nationalities in the island, it would seem appropriate to have cross cultural studies to show if there is any significant difference among people in terms of their perception and trust antecedents. Doing a similar study in Northern Cyprus is already a privilege since it is a very multi cultural and diversified environment in terms of nationalities, age groups, duration and purpose of stay.

Although our trust propensity factor was not supported but more personality traits can be added to this model to find the relationship between initial trust and personality types.

Despite our findings that did not show any significant differences among age groups, marital status, educational background and income, we still believe that new studies can be made mainly to analyze the possibility of finding differences. We believe using stratified technique as a method of sampling based on any of the criteria mentioned

might provide more insights in this regard. For instance, a research can study initial trust in internet banking according to the education of the respondents while each strata will cover an equal percentage of the other categories understudy.

6.5 Conclusion

According to our analysis and interpretation, we found empirical evidence that supported the following findings as we are aware of the limitations confronted throughout our research process.

- I. Perceived reputation of the bank had a significant and positive impact on initial trust
- II. Perceived willingness to customize of the bank had a significant and positive impact on initial trust. (KOOP bank)
- III. Perceived ease of use of the website had a significant and positive impact on initial trust. (KOOP bank)
- IV. Perceived security control on the website had a significant and positive impact on initial trust. (KOOP bank)
- V. Perceived Interactivity over the website had a significant and positive impact on initial trust. (KOOP bank)

We have a few suggestions for the future studies to provide deep levels of understanding and more meaningful contribution to the literature.

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APPENDIX



QUESTIONNAIRE



This academic project is about determining the antecedents of initial trust towards KOOP bank and its website. Taking the time to complete the questionnaire is very important and your contribution would be highly appreciated. Your responses will be kept anonymous and be treated in the strictest of confidence. There are no right or wrong answers; what really matters is your honest opinion. Thank you very much for your help.

Q1: You visited KOOP Bank's website before and didn't make any previous online transactions through it?

Yes	No
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(If you selected "Yes" please continue / If You selected 'No' please stop now / If You have never visited the website before kindly go through this link for a few minutes <http://koopbank.com> select the first option then proceed with the questionnaire)

Q2: Please indicate the extent to which you agree or disagree with each of the following statements.

(Please tick /circle only one box per line)

	Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree
a) KOOP Bank and its electronic services are trustworthy.	1	2	3	4	5	6	7
b) I trust KOOP Bank and its electronic services keep my best interest in mind.	1	2	3	4	5	6	7
c) KOOP Bank wants to be known as one who keeps promises and commitments.	1	2	3	4	5	6	7
d) KOOP Bank will not always be honest with me.	1	2	3	4	5	6	7
e) I believe in the information that KOOP Bank and its electronic services provide me	1	2	3	4	5	6	7
f) KOOP Bank and its electronic services are genuinely concerned about me	1	2	3	4	5	6	7

Q3: Please indicate the extent to which you agree or disagree with each of the following statements.

(Please tick /circle only one box per line)

	Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree
a) KOOP Bank is well known.	1	2	3	4	5	6	7
b) KOOP Bank has a good reputation.	1	2	3	4	5	6	7
c) KOOP Bank has a reputation of being honest.	1	2	3	4	5	6	7
d) Koop Bank is known to be concerned about other customers.	1	2	3	4	5	6	7

Q4: Please indicate the extent to which you agree or disagree with each of the following statements.

(Please tick /circle only one box per line)

	Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree
a) Just for me, KOOP bank is willing to customize its services	1	2	3	4	5	6	7
b) Just for me, KOOP bank is willing to change its delivery procedures	1	2	3	4	5	6	7
c) KOOP bank will respond to my individual needs and desires	1	2	3	4	5	6	7
d) KOOP bank is willing to provide customized services to its customers	1	2	3	4	5	6	7

Q5: Please indicate the extent to which you agree or disagree with each of the following statements.

(Please tick /circle only one box per line)

	Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree
a) Learning to use KOOP's website would be easy for me	1	2	3	4	5	6	7
b) My interaction with KOOP's website is clear and understandable	1	2	3	4	5	6	7
c) It would be easy for me to become skillful at using KOOP's website	1	2	3	4	5	6	7
d) I find KOOP's website easy to use	1	2	3	4	5	6	7

Q6: Please indicate the extent to which you agree or disagree with each of the following statements

(Please tick /circle only one box per line)

	Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree
a) Overall, I find KOOP's website useful.	1	2	3	4	5	6	7
b) I think KOOP's website is valuable to me.	1	2	3	4	5	6	7
c) The content on KOOP's website is useful to me.	1	2	3	4	5	6	7
d) KOOP's website is functional	1	2	3	4	5	6	7

Q7: Please indicate the extent to which you agree or disagree with each of the following statements.
(Please tick /circle only one box per line)

	Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree
a) KOOP's website implements security measures to protect online users.	1	2	3	4	5	6	7
b) KOOP's website has the ability to verify online users' identity for security purposes.	1	2	3	4	5	6	7
c) KOOP's website usually ensures that transactional information is protected from being accidentally altered or destroyed during the transmissions on the internet.	1	2	3	4	5	6	7
d) I feel secure about the electronic payment system on the website.	1	2	3	4	5	6	7

Q8: Please indicate the extent to which you agree or disagree with each of the following statements.
(Please tick /circle only one box per line)

	Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree
a) I think KOOP's website is interactive.	1	2	3	4	5	6	7
b) I think KOOP's website is interpersonal.	1	2	3	4	5	6	7
c) I think KOOP's website has variety of content.	1	2	3	4	5	6	7
d) I think KOOP's website provides immediate answers to questions.	1	2	3	4	5	6	7

Q9: Please indicate the extent to which you agree or disagree with each of the following statements
(Please tick /circle only one box per line)

	Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree
a) It is easy for me to trust a person/thing.	1	2	3	4	5	6	7
b) My tendency to trust a person/thing is high	1	2	3	4	5	6	7
c) I tend to trust a person/thing, even though I have little knowledge of it	1	2	3	4	5	6	7
d) Trusting someone or something is not difficult.	1	2	3	4	5	6	7

Q10. Please specify below your:

(Tick only one box per question)

Q10 a) Gender: Male 1

Female 2

Q10 b) Age _____

Q10 c) Marital Status:

Single 1

Married 2

Divorced 3

Other (Please specify): _____

Q10 e) Education Level:

Undergraduate 1

Masters Degree 2

PhD 3

Other (Please specify): _____

Q10 d) Do You use other banks' internet services more than KOOP bank?

Yes 1

No 2

If yes, please explain shortly why:

Q10 f) Weekly Budget:

Up to 500 TL 1

501 - 1000 TL 2

1001 - 1500 TL 3

More than 1500 TL 4

Thank you very much for your participation