

CHAPTER II

LITERATURE REVIEW

2.1: Introduction

This chapter presents the theoretical foundations of this research. The discussion is structured to provide a basis for the investigations of the principal research questions that are to be reported in the subsequent chapters of this research. Literature that deals with the key concepts of e-banking, knowledge, knowledge management (KM), knowledge transfer (KT), and trust that are relevant to this research have been reviewed.

The chapter is structured to begin with an overview of relevant e-bank literature (section 2.2), including a definition of the term e-banking (section 2.2.1), importance of e-banking services (2.2.2), the users of e-bank, and the benefits and challenges of e-banking technologies used in Malaysia (2.2.3). The chapter then discusses literature related to e-banking web sites. The focus of the literature review in trust factors and relevant associated literatures, including knowledge literature (section 2.3), KM (section 2.4), KT (section 2.5) and trust (section 2.6). This pillar the development of trust, which may be relevant to the study of trust for KT via e-banking web sites.

2.2: E-Banking: An Overview

E-banking can be defined in many ways. In this section, the definition of e-banking is explored, outlining the justification for using the definition adopted in this research, which scopes the study.

2.2.1: E-Banking Definition

E-banking a client with an electronic device and a web browser can relate to his bank's account electronically to conduct any of the financial transaction in an e-banking web site (Purusothaman & Jayanthi, 2013). The e-banking definition vary among researches because e-banking refers to types of e-banking services and the communication channel through which bank customers can seek information and conduct most retail banking services via computer and electronic devices (Mols, 1998; Sathye, 1999; Saleh & Alipour, 2010). Burr (1996) define e-banking as a connection between clients and bank to manage their banks account electronically.

Ismail and Osman (2012) defined e-banking as all activities that are executed, processed and delivered by electronic devices in order to provide e-banks services in a convenient and easy way. Daniel (1999) describes e-banking as providing of information and services via banks platform to clients through various devices such as computers and mobile phones. A more comprehensive and common definition for e-banking comes from the Basel Committee and is defined as, the provision of banking services and information through electronic channels, such services can comprise account control and management, the offers of financial consultation, paying bills (Basel, 1998).

Gerrard and Cunningham (2003) defined e-banking as a process by bank clients that they can execute banking transactions without using the once conventional system of walking into a bank and utilizing face-to-face interaction. Huang et al (2011) defined e-banking as replacement of conventional interactions between clients and banking institutions by using of electronic technologies to hold online transaction with the aim of minimization cost and face-to-face interactions between clients and bank employees. Also Aggelis (2005) defined e-banking is all operation performed transactions of a bank with using of electronic devices mainly through laptop and desktop and these transactions do not necessary to visit a branch by bank clients.

Therefore, with the aim of this study, e-banking is defined as the provision of banking products and services to the bank users via a bank web site, such as balance inquiry, transfer money, paying of bills and provision of financial advices (Karimzadeh, 2012).

2.2.2: Importance of e-Banking

Based on increasing of using the internet, the people today overwhelmingly accreditation on use of the internet to make their life more convenient. In the banking services, client has to visit his branch and the counter service to operate financial transactions, due to limited working hour and traffic sometimes considered to be inconvenient for bank clients. At present, bank institutes creating a web site platform so that transactions can be done via that medium (Tianyong et al., 2006).

E-banking transactions via internet can be done anytime and anywhere. For example, students and staff they are busy with lectures and daily attendance but they still need to conduct transactions by banks such as paying a studying fee. Intent to a bank for operate financial transactions would be inconvenient for them. E-banking enables students and employees to conduct their transaction comfortably. However, most of banks have created web sites, but the quality and design of web sites is baffled, which might confuse clients (Cooharojananone et al., 2011).

E-banking was presented as an easier and more rapid answer to conventional banking and commenced utilizing software and transmitted via private networks at first but developed to such an extent as to have impacts on the manner in which the internet and the worldwide web have assisted in conducting business. Currently, international trade has risen significantly (Nami, 2009).

Banking firms have become a key piece of economies gear whether they described as 'engines for economic growth' with the aim of enhance the growth of economic (Karimzadeh, 2012). In e-banking there are many innovations that have changed the banking industry towards new opportunities offered by that enabled to expand borders and thus bring new possibilities, on the contrary, in the traditional banking sector (Nitsure, 2003).

From customers' perspective e-banking is a significant timesaver. Reduced costs and time to accessing bank services is the main advantage of e-banking for clients, the accessing cost of e-banking platform approximately to zero also transaction can be

made 7 days a week 24 hours a day without visiting bank branches and physical interaction (Kerem et al., 2003).

Internet prepares the ground for banks so that they can provide their customers with such banking services as invoice payment and money management 24/7 from anywhere. For instance, customers can receive information on their saving accounts, cash transfer between accounts and relationship with other banks via email (Mols, 1999). Moreover, it is possible to trade shares and debts receive facilities schemes, provide electronic invoices, international payments, offer electronic salary and compensation via the internet (Mattila et al., 2003). E-banking is an instrument which makes it possible to reduce costs, improve bank productivity and create added-value for customers (Laukkanen et al., 2008).

2.2.3: E-Banking Challenges

Trust is an issue with the banking industry. The majority of clients are hesitate to engage e-banking owing to security and privacy concerns, because the absence of physical interaction creates a strange situation. Which trust is a key element in e-banking (Lee & Turban, 2001). Thus, the absences of clients trust in both features, in the internet environment generally and e-banking attributes, remains, a barrier to apply e-banking. Aladwani (2001) has argued that users trust as a significant challenge in future for e-banking.

The nature of the internet environment generate uncertainty utilization of financial transactions and transfer sensitive information in an open infrastructure also perceived reliability of the underlying internet and related infrastructure with the increase media coverage about frauds on the internet. Client's trust in e-banking has some difficult dimensions, and one of the important e-banking challenges for that e-banking required to find method that support electronic relationship with clients (Yousafzai et al., 2009).

In addition, there are many key challenges facing the e-banking today. Most importantly, is the lack of perceived trust whereby clients are anxiety of offer their personal information and online or paying bills via internet, the quality of service

delivery is another challenge facing e-banking including both delivery reliability and speed which caused failure to apply e-banking in internet era (Nami, 2009).

The issue of client lack of trust with the internet especially among older in online payment have resulted in many clients to leave transaction in the implementation stage in KT process of the transaction process due to inconvenience, people has recently caught some attention because these clients believe that they are left at a weak position and become severe frequency in doing online transaction based on the experien in e-banking (Yang et al., 2007).

Karimzadeh and Dastgir (2012) identified that the investigation has prove trust issue in banking management, and knowledge are important according both employee and clients. In addition, clients more than employee believed that trust barrier, issue have more effect on e-banking development, also they indicate that the decision makers should consider focusing on the trust of clients by enhancing security policy, utilizing appropriate e-legislation and guarantee for every transaction so as to give greater confidence in clients of such transaction and promote e-banking usage. This is the challenges of e-banking from the angle of employees and bank clients. A study of e-banking challenges and opportunities (Angelakopoulos & Mihiotis, 2011) found that banks need expand to e-banking services in order to remain competitive advantage, to comply with development technology and to take advantage with the lower cost of e-banking transactions. the major problems they face are the low response rate from clients are trust, implementation of security policy and data protection plays important role in e-banking services, also they present that the relatively confidence of internet usage and unfriendly with electronic devices also problems regarding trust are the main issues that have a negatively influence on the e-banking services by clients in Greece.

However, users' trust in e-banking can be quantitatively translated into cost and possess potential challenges for most activities in economic (Gu et al., 2009; Ala'Eddin & Hasan, 2011; Kim et al., 2011). In an effort to overtaking the problems related with users' trust in e-banking, this research focuses on evaluating the trust factor that complements users' satisfaction. Trust factor has been chosen because trust has become the critical success factor for KT process in e-commerce (Cooper & Lichtenstein, 2010).

2.2.4: E-Banking Web Site

The internet is the motive engine of economy, has given fountainhead to online banking, a new and increasingly method of banking to access bank account, and obtain of services and information electronically for the most bank clients in the 21st century with online banks providing services and information, using internet and electronic technologies, leading to establish a digital value, China Merchants Bank was the first to run the electronic payment system in 1997 and subsequently, the e-banking rapidly spread in mainland China (Chu & Yao, 2009). The most banks firms are selecting to run their activities and provide advantages for all clients involved via the internet web site since this new medium is less cost and saving time, that conclude that banks can reduce their operation costs and broaden their market, also clients enjoyed of their financial services within convenient and with no limited office hours.

Alsulimani (2013) presents study for e-banking adoption mentions five key points which must be in a web site. These include:

1. **A professional layout for the web site:** If the web site has a poor or older design the customers will not feel free to participate or to do business or transactions through it.
2. **FAQs, detailed specifications and descriptions and comments:** Customers requiring some information about the web site may ask some questions which require answers which should be present in the web site as and when they are required.
3. **E-mail address:** The web site must contain e-mail addresses to provide customers with the ability to contact someone for help (i.e. customer support).
4. **Customer comments area:** Positive comments from customers about their experience with a web site service will increase trust for new users.
5. **Feedback:** It is very important to have feedback from the customers about their experience with the web site. This can be used to improve the services and to determine any defects in the services which offered.

Thus, in context of e-banking, it is reasonable to think that, the achievement of the expectations will drive to a rise in the intention to use the online services provided by web site in the future, so that the clients will visit the bank web site more frequently (Casaló et al., 2008).

2.2.5: E-Banking in Malaysia

The importance of internet and effect on increasing in each spot of daily life style, especially in e-services and business where internet can offer serious solutions for many of the issues. It changes how people live and manage their lives. Since the start of the new millennium to 2010 the growth internet user totally was 444.8% worldwide, the largest ratio of internet users (42.2%) in Asia. Malaysia, one of the Asian, was among the Top 10 of internet users in 2009 (Foon & Fah, 2011). In 2000, internet users in Malaysian were 3,700,000 and rose to 16,902,600 in a decade. Increase in ten years and involved 64.6% of the total population, this illustrated that there was a 356.8% (Internet World Stats, 2012). On 1 June 2000, banks began to provide online banking services to their customer (Hong et al., 2013). Presently, no statistics have been published concerning the number of e-banking user's in Malaysia but logically the number of e-banking user's increases over time. Thus, considerable attention was focused on the study related to trust on e-banking web sites among Malaysians e-banking users.

According to the report of Bank Negara Malaysia (BNM) and Communications and Multimedia Commission in Malaysia pointed out that the number of online banking subscribers had more than doubled from 2006 3.2 million to the third quarter in 2009 7.5 million (BNM, 2009). The internet has revolutionized the how banking is done, recognizing the significance of what is popularly known as e-banking, in June 2000 BNM gives permission to banks to operate banking activities via the internet (Ainin et al., 2005). Only banking firms authorized under the Banking and Financial Institutions Act 1989 and the Islamic Banking Act 1983 are allowed to provide e-banking services in Malaysia. These include 25 commercial banks and 7 Islamic banks (Lallmahamood, 2007).

E-banking is not only applied in Europe and United States of America. Recently, most bank firms have launched and developed such online services, also in developing countries such as India, Oman, and South Africa (Ainin et al., 2005). Malaysian banks have been established e-banking services since June 2000 when domestic banking institutions were approved to provide a full range of banking services and products through internet, were allowed registered locally foreign banks to establish communication web sites with effect from January 2001 and conduct transactional via web sites in January 2002 (BNM, 2000). This study will evaluate trust factor in KT via bank web site from the perspective of users and identify in which stage of KT process a high has related trust among e-banking users.

The main advantage of e-banking is less bank operational costs and increased efficiency (Laukkanen et al., 2008). According to (Lichtenstein & Williamson, 2006) customer satisfaction and improvement of services are the main advantages. Cost saving exercises by banks offering e-banking facilities has enabled them to offer services without the necessity of operational fees and also, for many customers, flexibility and convenience of services delivery are also important and expected from banks (Tan & Teo, 2000; Rotchanakitumnuai & Speece, 2003). Therefore, evaluating trust factor influencing the KT process in e-banking web sites in Malaysia is vital, also to determine in which stage of KT process in e-banking web site, because the result will be beneficial for banks to comprehend customer preferences and increase demand for e-banking web site.

Studies on e-banking are limited (Sohrabil et al., 2013). This study evaluates the trust factor that influences the KT process in e-banking web sites in Malaysian context, (Ndubis & Sinti, 2006; Sohrabil et al., 2013) also indicate that previous studies on e-banking remains inconclusive and, even in Malaysia, more evidence is necessary to confirm the trust factor for KT process. Therefore, the results of this research aim provide a considerable understanding of trust in stages of KT process.

2.3: Knowledge

Knowledge is a basic need and currently the world is witnessing an era in which knowledge is pivotal. The prime factor of the economy is that of knowledge streams (Sunassee & Sewry, 2003) and knowledge has been converted companies into a competitive advantage on which organizations can hope to surpass rather than relying on their physical assets. (Davenport & Prusak, 2000). Therefore, knowledge is accepted which it was described as strategic resource for organisations and its importance on the organisation's stability and capability within the competitive environment.

Knowledge defined as a "justified true belief" (Nonaka, 1994) and can be viewed as a temperament, a condition, an object, a process and capability of gain access to information (Azizan, 2011). In organizational vicinity, knowledge can enable organizations to obtain a competitive advantage if consider is an asset (Alavi & Leidner, 1999) and is of limited useful if it is not disclosed to others (Grant, 1996). KM enables organizations to take advantage the collective knowledge between individual of the organization and maintain competitive advantage. Banks must have the ability to compete successfully on financial trading markets and knowledge is an integral part of competing, banking institutions have substantial advantages due to information and services that has about domestic markets and clients requirements (Eller et al., 2008).

An organization that manages its knowledge effectively can improve the functioning of the organization (Lin et al., 2007). Knowledge divide into tacit knowledge and explicit knowledge, Tacit knowledge is individual, hard to constitute and not easily expressible, and includes beliefs and perspectives and explicit knowledge is formal, systematic, easily communicated and shared, and includes product specifications, manuals and reports (Nonaka, 1991).

2.4: Knowledge Management (KM)

In this research adapted view knowledge is a knowledge is a combination of values, experience and contextual information and expert insight, which is not only contained within peoples' minds but also exists in documents and information repositories and

can be demonstrated through their behaviors and actions, and applied to meeting an organization's needs, and is a process having a condition of access to information and that can generate new experiences and information (Gammelgaard & Ritter, 2000; Alavi & Leidner, 2001; Al-Alawi et al., 2007). Madu (1989) says that if integrated KT into a national development process, will insure to enable successful KT.

Alavi and Leidner (2001) divide KM processes into four classifications: knowledge creation, knowledge storage and retrieval, KT, and knowledge application. Knowledge creation is development process of new content or replacing existing content (Pentland, 1995).

Knowledge storage and retrieval involves the organizational knowledge that is stored in repository such as databases systems, documented organizational procedures, processes and other forms of storage for individual needs. KT is the sharing of knowledge that occurs between persons, from persons to explicit sources, from persons to groups, between groups, across groups, and from a group to an organization. Knowledge application is the use of knowledge to reach a competitive advantage (Alavi & Leidner, 2001).

This research focuses on a specific process via e-banking web site. What is transferred in this research context is bank knowledge resources (information and services) transmitted to and absorbed by e-banking clients via e-banking web sites which becomes meaningful to e-bank users only when they explicate and apply it in context.

Nonaka 1991; 1994 described KM processes in terms of four modes of knowledge creation: socialization, externalization, combination, and internalization. The first form of knowledge creation is socialization includes transfer of tacit knowledge from one entity to another (Holsapple & Joshi, 2002). A process that through shared experience the tacit knowledge can be created (Nonaka, 1994), through working with a advisor or expert skilled, observations and knowledgeable individual tacit knowledge can be transferred between individuals (Ford, 2001). Externalization is the process to transformation of tacit knowledge to explicit knowledge (Holsapple & Joshi, 2002), converting knowledge into document form, such as a manual, handbook and other

tangible form. Combination is the transformation of explicit knowledge into explicit knowledge (Holsapple & Joshi, 2002). A process of creating new explicit knowledge out of current explicit knowledge, for example, by reorganizing the information in a manual based on a new category. Internalization is the transference of explicit knowledge into tacit knowledge (Holsapple & Joshi, 2002). It is a process whereby an individual learns from the material they have read and can apply this new knowledge to a given situation.

According to Ansari et al, (2012) KM is an integrated methodical discipline to manage, identify and share all properties of the organization information including policies, procedures, database and documents.

Advantages and significance of using KM have been massively emphasis persisted in the literature such that (Drucker, 1993) alleged that the mystery behind the success of institutions and organizations in the twenty-first century is implementation of KM adequately, which include the re-use the current knowledge to solve same problems. KM maximizes performance, service to customers, increase coordination, and reduces the time duration from problem advent to solving the problems. It also create of value and creativity and leads to consolidation strategy of innovative organization, (Demerest, 1997; Gupara, 2000).

In the definition of knowledge adopted above, elements of this sequence are addressed, including the notion that knowledge is possessed by the web site user once what they have extracted from the web site, becomes meaningful when they explicate and apply it in context (Internalization).

2.5: Knowledge Transfer (KT)

KT was introduced by Teece in 1977 and then developed by many academics and by best expertise. Available literature focused mainly on success factors of KT (Wei'e, 2011), which can be Summed up in four aspects: KT attributes (Grant, 1996), inclusive, ambiguity and patterns of KT (Pedersen et al., 2000), such as written media and face to face communication, KT processes (Nonaka, 1994; Szulanski, 1996); for example,

mutual conversion between implicit knowledge and explicit knowledge, external environment affecting KT (Szulanski, 1996). The KT is "any exchange of knowledge between or among individuals, teams, groups, or organizations, whether intended or unintended" (King, 2006, p.538). For the purpose of this study, knowledge is scoped and defined to include those transfer knowledge resources (services and information) present, made explicit and available for users (citizens, employees, business sectors) via bank web sites, which become meaningful to web site users when they interpret and, when applied in KT, is the common term in the literature that describes knowledge exchange process.

KT is defined as a multilevel event that can be achieved on the individual in intra-organizational, or inter-organizational standard (Wilkesmann et al., 2009). Organizational knowledge is defined as a process of transferring through organizational units, teams, or organizations exchange, receives and are affected by the knowledge of others and their experience. (Van Wijk et al., 2008).

In order to create a sustained competitive advantage, an efficient KT can be a source of competitive advantage for e-banking or financial institutes should be deployed resources to in which enable the bank to implement strategies that increase its efficiency. For instance, communication technologies do not create sustained performance advantages since it is available to all banks, unless they are complementary merged with banks resources and human (Haiss & Schellander, 2010).

Movement of knowledge within a company can be categorized as knowledge transfer and is determined to mean the transference of knowledge from one location of the company to another (Cantoni, 2001). This primal definition can be misleading as it does not influence to either the outcome of KT for a company's competitive edge or to its incomprehensibility while the significance of data and its efficient management have constantly been stressed in the literature as a source of competitive advantage (Riesenberger, 1998; Lubit, 2001). As regards KT in banks minimal investigation has been conducted (Haiss & Schellander, 2010) and the current research primarily focuses on evaluating trust in KT process via e-banking web site.

The website expectations are to provide users with what might be termed a “self-service” by allowing users to address their knowledge needs (Azizan et al., 2011) particularly when the web- site supports delivery and during this phase key knowledge about customers, products, problems, and resolutions transcends the web and supplementary channels through managed service providers and business partners to customer enterprises (CSI, 2002). It should be noted that the knowledge and facilities are in situ to serve all users whether internal or external (United Nations, 2010). The provider must seek to ensure system security and privacy when the users need to conduct any bank transactions (Smith, 2008).

Azizan (2011) presented analysis of CSFs for KT in government via government education web sites, and produced a complete research to identifying and understanding sets of CSFs for KT via Malaysian and Australian governments’ education web sites, and recommended to applying the CSFs for KT in other areas such as health, finance and other ministries to validate the CSFs from the user perspective. Figure: 2 show the transferring knowledge between receiver and service provider.



Figure: 2 Transferring knowledge between user and provider.

2.6: Trust

E-banking technology offers many competences and gains transparency to many potential issues associated with trust. Malwares encapsulating e-banking web sites have increased over the last few decades. Information which should be kept confidential is entered by unauthorized individuals and can subsequently lead to financial losses to banking establishments. Data modification on personal information without consented

access could ultimately affect banks and their customers. Consequently, the consumer would rather make transactions utilizing a trusted medium.

Many authors have defined trust. It has been defined as a behavior (Mayer et al., 1995) and one explanation of trust is that it is a state of mind including the plan to accept openness founded on positive expectations of the intention or behavior of another under conditions of risk and interdependence (Rousseau et al., 1998). Trust is also referred to as the ability to depend on and have a positive outlook towards others (Swol & Snizek, 2005). Hong and Cho (2011, p.1) simply explain trust as 'assured reliance on the character, ability, strength, or truth of someone or something.' Despite this simplification, trust is possibly one of the most challenging terms whose principles are very rarely agreed upon by researchers within different academic disciplines. Such differences of opinion are inherited in the differences in aspects about the concept. Integrity in e-banking involves a consumer's presupposed reliance on the products or services (Flavian et al., 2006), whereas integrity in the context of politics or worldwide relations mirrors a situation where both parties will have trust in each other. In other words, trust is defined as the ability of a party to be transparent to the actions of another party founded on the expectation that the other will perform a particular function important to the trustor, regardless of the ability to oversee or control that other party (Chai & Kim, 2010). For that reason, the users who trust in e-banking may involve themselves in activities where possible risks exist (Gefen, 2000). Therefore, accepting trust involves taking a certain element of risk.

In e-banking, trust is still a dire issue because consumers face the task of conducting transactions online from electronic bank web sites, a product or service that is not visible or able to be scrutinized by personal contact. Trust plays a pivotal role in aiding customers overcome thoughts of risk and insecurity (McKnight et al., 2002). As trust concerns are major hurdles to the internet channel, without trust customers will not divulge personal information to banks (Hoffman et al., 1999). Exchange relationships are characterized by uncertainty, vulnerability, and dependence and trust is a governance mode (Hong & Cho, 2011). Because trust has been found to affect the initiate of consumers and to serve as a key determinant of long-term orientation in

customer e-banking relationships (Alsulimani, 2013), it has become critical for online banking to assess consumers' trust in KT flow.

E-banking is a new concept and trust in the system has come under scrutiny because of the lack of integrity in utilizing e-banking web sites. The lack of integrity in e-banking web site changes its use; moreover trust is among the primary critical success factors of e-banking user's satisfaction that influences transaction owing to lack of a human being or face to face interaction with the customer. Trust decreases fraudulent activity and increases the customer's awareness to e-banking (Alawneh & Hattab, 2009). A prime factor necessary to conduct e-banking is trust which is highly significant because most transactions are susceptible to unsatisfactory behaviors. There is a scarcity of constraint over the trustee. Therefore, a lack of integrity in e-banking web site can ultimately discourage the use of e-banking as the transaction is carried out via an open channel based personal data with high operational risks in selecting and keeping services applications (Kim et al., 2011).

Trust among e-banking web sites and clients can effectively promote KT. On the contrary, KT among e-banking web sites and clients will face hurdles of a higher magnitude if the trust and communication are insufficient (Jiabin et al., 2010). In addition, managing of the relationship between the bank and customer targets to establish a trusting relationship and thereby boosting a customer trust KT culture (Cooper et al., 2005).

Once customers perceive the e-banking web site as believable and trustworthy, they will be less wary about the effectiveness of the information and they will be more likely to be welcoming to the knowledge. Therefore, when the e-banking web site capability is high, the transferred knowledge is believed to be beneficial. Furthermore, when e-banking web site credibility is low, the clients tend to believe the knowledge transferred to be less persuasive and they may decrease it (Al-Salti & Hackney, 2011).

Trust is the greater important role in the online habitat than the physical environment (Wingreen et al., 2012) because "trust reduces uncertainty or expectations of opportunistic behavior" (Pavlou & Gefen 2004, p.45). It also reduces plans to use e-

banking (Gefen, 2002). In the words of Reichheld and Scheffer (2000, p.107) "Price does not rule the Web; trust does" When trust exists, "it allows partners to transcend risks to concentrate on long-term profits or gains" (Lee et al., 2007, p.729).

Online information may be processed to suit user's intention and as a consequence users are always worried about trust in online transactions. Online trust has been defined as the ability of a customer to be susceptible to the actions of an online store dependant on the expectation that the online store will perform a specific function which is important to the consumer, regardless of their ability to supervise or control the online store (Mayer et al., 1995; Alsulimani, 2013).

Keivani et al., (2012) illustrated by the study to scrutinize e-banking and propose strategies to encompass e-commerce. The results show an opportunity for the banks to lose customers will lead to the reduction of the usage of e-banking and also indicates non-existence of sufficient knowledge and trust have led to a decrease in using global e-banking. Education can increase usage of e-banking services among the banks' customers internationally.

2.6.1: Trust in knowledge transfer

The trust literature (Dirks & Ferrin, 2001) gives considerable evidence that trusting communication leads to a highly increased knowledge exchange. When trust levels are higher, customers are more willing to give beneficial knowledge (Levin & Cross, 2004; Cooper & Lichtenstein, 2010) and also more willing to listen to and absorb it (Srinivas, 2000; Cooper et al., 2005). Trust also makes KT less costly (Levin & Cross, 2004). These effects have been shown at the individual and organizational spheres of analysis in numerous surroundings.

Trust can be ascertained as a statement of confidence between parties during exchange, which means confidence does not harm or risk through other parties' actions, or confidence that is not exploited by any party (Arshad et al., 2010), trust influences the success of KT in e-banking environment. Thus, banks assuring that the trust factor satisfies their customers, will be more motivated and be integrated in the KT phase.

Feng and Zhang (2007) present research provides a clearer comprehension of the relationship by illustrating that communication, cooperative behavior and fear of losing unique value have a mediating effect on the relationship between trust and KT, and they found that the trust has an impact on KT. Specifically, trust enhances KT via improving communication, cooperative behavior, and decreasing fear of losing unique value.

Knowledge is a particularly sensitive issue within the context of bank relationships and these relationships can be damaged if the knowledge is not used correctly. The fear of knowledge misappropriation halts a customer's willingness to transmit sensitive knowledge (Saparito & Gopalakrishnan, 2009). For knowledge recipients, the way to obtain banking information is to contact a banking web site and transfer knowledge with its senders. In such exchange processes psychological or behavioral factors may include the learning attitude and the self-learning capability of knowledge recipients and the mutual trust between the factors which is important for them to exchange knowledge (Liu et al., 2010). Therefore, this research introduces trust factors into KT Model to trial the individuals' behavior in the KT steps by utilizing the e-banking web site.

Hitt et al., (2000) present study establishes critical factors for KT collaborations between university and industry in the emerging market context. The key findings are that trust is top of the success factors for KT, and the relationship is crucial to building confidence and integrity between parties.

Ansari et al., (2012) present study to identify effective variables to Success in Implementing KM, used a questionnaire to collect data, including 284 people about successful KM in different forums, and they found that the organization must supply the necessary basis for sharing the knowledge throughout implementation of KM and focus on the value of knowledge and they recommend that the banks must also focus on a trust principle based on cooperation between banks and clients.

Prior studies have studied the effects of other modes of trust on general KT (Lucas, 2005) and organizational behaviors (McAllister, 1995) but none has scrutinized the differential effects of trust in KT process based on stages of KT Model in e-banking

web site from user's perspective and ability to divide and utilize banking knowledge (Holste & Fields, 2010). This study is an extra sphere in the literature about hands-on comprehension of the KT process by exploration of the effects of trust in each stage of KT Model to apportion and utilize banking web site knowledge. By evaluating the relationships among trust factors and stages of KT process, this research attempts to provide bank managements with empirically based information that is beneficial in facilitating the transfer and exchange of knowledge among their customers (Smedlund, 2008).

2.7: Szulanski's KT Model

This study looks to test trust factor through the spectrum of KT, a modified version of Szulanski's, (2000). This Model has been selected because it is universally recognized and supported through application over numerous researches (cooper et al., 2006; Cooper & Lichtenstein, 2010; Azizan, 2011). It should be appreciated, however, that Szulanski's original KT Model is designed to describe internal KT. Cooper et al., (2006), however, have changed the Model to studies of CSFs for external KT.

Szulanski's, (1996; 2000) KT Model consists of four processes namely, initiation, implementation, ramp-up and integration. The initiation stage consists of all occurrences that lead to the decision to transfer information. This stage begins when the user has recognized a requirement for information and commences a search for knowledge to complete that requirement. Once the requirement for the information has been clarified, the feasibility of transferring that knowledge is explored.

The implementation stage begins with the decision to continue. Throughout this stage, knowledge flows between the source and the recipient. The implementation-related activities come to an end when the user begins to use the transferred knowledge, implementation stage relates to the technical problems more than knowledge transfers, which is the start of the ramp-up stage and during which the user is concerned with exhibiting and solving unanticipated issues that arise from using the new knowledge. Lastly, the integration stage starts once the user obtains satisfactory results with the transferred knowledge. The use of the transferred knowledge can then become

reutilized. Integration is concluded when previous knowledge is replaced by up-to-date knowledge or practices.

2.7.1: Stages of Szulanski's KT Model

The initiation stage comprises all happenings leading to a mindset to transfer banking information. At the IT support bank, knowledge is taken from bank web site as explicit knowledge whenever there is a related change such as new service performing support work (Cooper et al., 2006). For example when user need to conduct online transaction via e-banking web site, since the user believes that the transfer of knowledge via bank web site is more comfortable and safe (no transferring of knowledge is taking place). Issues affecting knowledge capture centers on difficulties in enabling sufficient access. Customer contacts access the e-banking web site and peruse for possible resolutions from the interior of the knowledge base, e-mail or chat. Optimal potential resolutions in the knowledge-base are identified by intelligent software.

During the implementation stage, the knowledge flows between the source and the recipient. For example actual transferring of bank knowledge between user and bank web site. The implementation related activities terminate when the recipient commences using the transferred information. Knowledge flows between the bank's web site and the customer who is able to understand received knowledge (Szulanski 2003; Simonin, 2004)

During the ramp up stage, the recipient will be focused on identifying and seeking solutions to issues which were not anticipated that will arise while using modern knowledge (Azizan et al., 2011). For example when user conducting transaction and face unexpected problem during transfer of bank knowledge. A customer commences using the resolution perhaps ineffectively at the beginning, but gradually identifies and resolves unanticipated problems (Szulanski, 2003). Customers should spend some time applying knowledge in order to acquire the contextual aspects (Simonin, 2004). If transmitted knowledge is not well understood by customers, it is most likely to be replicated (Szulanski, 2003) however well comprehended information is typically modified to the customer context (Williams, 2003). Even in an electronic bank web site

environment, the support banking must still have supporting processes in place for this stage to support customers when they need (Pujari, 2003).

The integration stage begins after the recipient achieves satisfactory results with the transferred knowledge which becomes institutionalized at the customer's side. For example, after conducting online transaction conducted via bank web site and user satisfied to do this transaction and will return to use the web site again in the future. The use of the transferred knowledge becomes routinized, and the integration stage is completed when old knowledge is replaced by new knowledge or practices, here the customer experiences similar issues as the support organization in transferring resolutions and best practices within its support team and product/service e-bank users (Szulanski, 2003; Azizan, 2011).

2.7.2: Barriers to Knowledge Transfer

Information and Communication Technology (ICT) can support KT and, it has been argued, substantially enhance its performance (Alavi & Leidner, 2001). However, there remains a potential barrier to effective KT. However it is enacted, (Szulanski, 2000) has examined how the features of the source of knowledge, the users, the subject and the information can all affect its transfer. (Szulanski, 2000) found that in the initiation stage of KT the reliability of the knowledge source can cause difficulties in transfer, whereas the recipient ability to absorb knowledge is affected by difficulties faced during the implementation stage. He further argues that throughout all the phases of the transfer process, causal ambiguity or difficulty in understanding the knowledge can be a barrier to transfer. The findings of a study by (Ko Kirsch & King, 2005) suggest that barriers to KT can be reduced when the sender and receiver have shared some common understanding, have an absorptive capacity and an arduous relationship, demonstrating the importance of a cooperative relationship between sender and receiver and the intrinsic motivational factors between sender and receiver.

Alavi and Leidner (2001) recognize several important issues impacting on KT; such as what knowledge is to be transferred; how to locate the knowledge that best leads to successful KT, organizational settings including social, cultural and technical attributes

can increase flows of knowledge between provider and searcher; and searchers are encouraged to search for knowledge externally so that the knowledge transferred to the organization has both internal and external origins.

Cooper et al., (2007a) categorized the barriers to KT as knowledge-based barriers, receiver-based barriers, sharer-based barriers and context-based barriers. Knowledge-based barriers are dependent on the type of knowledge being transferred; receiver-based barriers relate to the receiver's ability to understand the knowledge; sharer-based barriers involve the attitude of the people in terms of their trust to share their knowledge; and context-based barriers relate to the organizational context, which includes culture, technical attributes, expertise and company regulations.

2.7.3: Knowledge Transfer via E-service

This research focuses on the trust factor in KT via e-banking web sites and appears on the e-service knowledge resources (information and services) provided to users. The organization uses information to support the users of its daily activities and to make the information available to the public. By using web sites to transfer knowledge resources can reduce service processing costs and improve e-service delivery (Azizan et al., 2011).

2.8: Hypothesis

Trust is described as "trust is a willingness to accept transfer knowledge on the assumption that other parties will behave within accepted norms (Milovanovic & Nis, 2006). In the context of KT, trust is viewed as the evaluation measure of behavioral belief within the parameters of KT as being favorable or damaging. Individuals in an organization will undoubtedly have a higher intention to transfer their knowledge if they perceive KT is favorable (So & Bolloju, 2005). In the publication of (Hsu & Lin, 2008) it was found that there is an important relation between trust and the web site to transfer knowledge. Numerous researchers have also ascertained that trust towards KT is significant for KT intention (Lin & Lee, 2004; Bock et al., 2005). Therefore, we hypothesize:

H1: there is a positive relation between trust and initiative stage in KT process.

H2: there is a positive relation between trust and implementation stage in KT process.

H3: there is a positive relation between trust and ramp up stage in KT process.

H4: there is a positive relation between trust and integration stage in KT process.

The theoretical outline for this research is illustrated in Figure: 3 the dependent variable is KT process while the independent variable is trust.

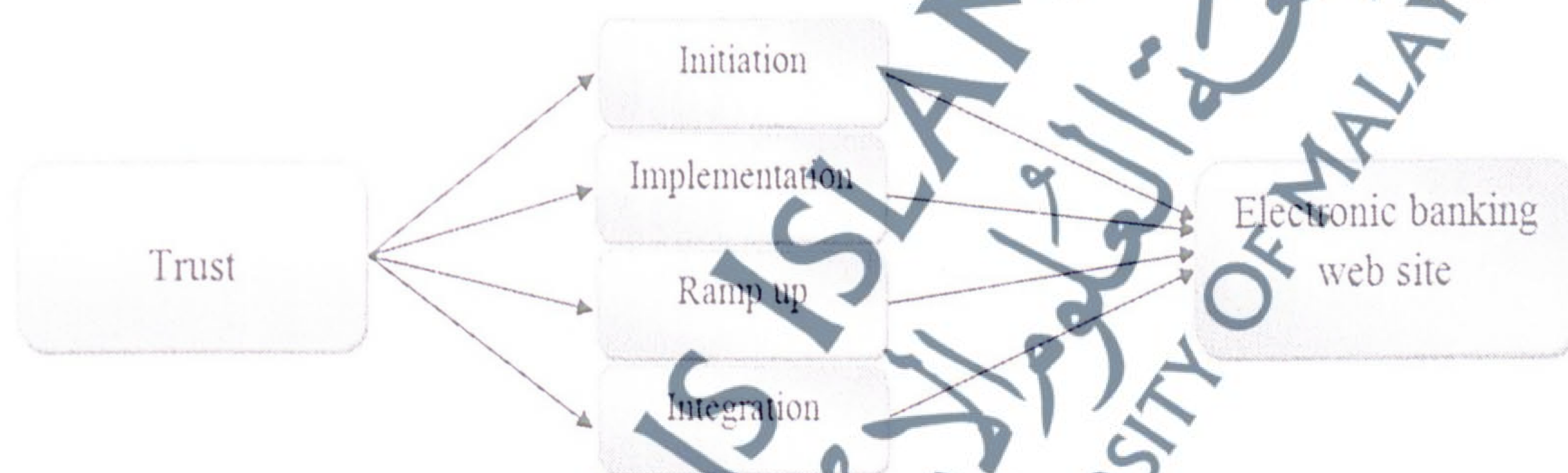


Figure: 3 Theoretical Framework

In this research, KT is defined as a process that includes "any exchange of knowledge between or among individuals, groups or organizations" (King, 2006, p.538). It is comprehended as a process by which knowledge is transferred to and absorbed by users (Garavelli et al., 2002).