ST.MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES

ASSESSMENT OF CUSTOMER SATISFACTION ON E-BANKING PRACTICE

(THE CASE OF UNITED BANK S.C. IN ADDIS ABABA)

By

Berhanu Tesfaye Misgana

ID NUMBER   SGS/0317/2008A

Advisor

Mohammed Mohammednur (Ass. Professor)

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A Thesis submitted to School of Graduate Studies, St.Mary's University in partial fulfillment of the requirements for the Degree of Master of Business Administration in General Management

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Approved by the board of examiners

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Declaration

I, the undersigned, declare that this student research paper is my original work, prepared under the guidance of Mohammed Mohammednur (Ass. Professor). All sources of materials used to this paper have been duly acknowledged.

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Endorsement

This Research has been submitted for examination with my approval as Candidate's advisor.

Name: Mohammed Mohammednur (Ass. Professor).

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Date: **June , 2017**

<u>Acknowledgment</u>

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List of Acronyms Used

UB…………………...........................United Bank

ATM…………………………………. Automated Teller machine

SMS…………………………………..…Short Message Service

POS……………………………….…. Point of Sale

<u>List of tables</u>

Abstract

E-Banking has become an important topic for financial institutes, especially since the business sector of financial services is related to conditions of uncertainty. Consequently, this research looks at the E-Banking practice of united bank s.c. The data were collected by questionnaire survey method and interview for those who are convenient for the researcher and the total population of those involved in E-banking practices and E-banking user were many, but those who are convenient for the study were taken and 387 questionnaires were distributed, but only 322 of them, 83% were returned. From the survey result establishing appropriate E-Banking environment is found to be very important for the well-being of the bank in order to maintain the existing customers and attract the new ones. In general, the mean value of the four E-Banking perspectives, it is found that there is a dissatisfactory E-banking practices with in united bank s.c For instance, security, availability, easy of use since it is technology related and processing activity of the bank in order to alleviate problems encountered by its customers should be further improved.

Key words:

- POS, ATM, E-Banking, UB

Contents

CHAPTER ONE

INTRODUCTION

1.1   Background of the Study

Banks play an important function in the economy of any country. They are the main intermediaries between those with excess money (depositors) and those individuals and businesses with viable projects but requiring money for their investment (creditors). Banks have at least the following functions: lending money, depositing others' money, transferring money locally or abroad and working as paying agent (Tefere, 2013).

When various banking products are made available to customers through an electronic distribution channel, it is collectively referred to as e-banking (Allen et al, 2001).

In the face of rapid expansion of electronic payment systems throughout the world, the Ethiopian financial sector cannot remain an exception in expanding the use of the system (Garedachew, 2010). E-banking plays a crucial role in the banking industry by creating value for banks and customers. E-banking has enabled banking institutions to compete more effectively in the global environment by extending their and services beyond the restriction of time and space (Turban, 2008).

Nowadays, people are so busy in their work lives, that they don't even have time to go to the bank for conducting their banking transactions. Thus, banks provide e-banking facility to their customers as an added advantage. These services enable people to carry out their banking transactions such as – see their account balances, pay bills, view records of transactions, transfer money to linked accounts with in the same bank, transfer money to specially selected unlinked Daniel (1999).

E-banking is one of the most recent channels of distribution used in the financial services organizations. This method was established in the mid-1990s, thereafter becoming more important

(Allen L. &Rai A., 1996). It has been widely used in developed countries. However, in developing economies, the spread is much limited. As suggested by Classens, Glaessner,

&Klingebiet (2002), developing countries in general have an advantage as they can learn from the experience of advanced economies. Today, almost all banks in Ethiopia are adopting electronic banking as a means of enhancing service quality of banking. It also increases customer satisfaction in banking services (Shittu, 2010).

In any business the main purpose is to satisfy its existing customers and to attract new customers. Satisfaction of customer is so basic that, it cannot be considered as a separate function in business.

According to Possel and Eitan (2005), improved customer satisfaction will lead to improved customer loyalty, which will eventually improve profit. In order to satisfy customers, companies have to focus on effective customer services to meet their needs. It is well understood that banks are service giving institutions. And the livelihood of such types of service giving institutions depends on their customers.According to Terrence and McDougall(1996),the rewards to firms that establish a loyal customer base have been well documented.That is, increased loyalty leads to lower costs of servicing the firm's customers, reduced marketing expenditure, increased business from the existing customer base and greater profits.Furthermore,Terrence and McDougall(1996) found out that improving customer satisfaction,and thereby retention rates,can come from a variety of activities available to the firm.

A number of researchers have discussed regarding e-banking practice and customer satisfaction. Some scholars have shown that many international internet users demonstrate similar behaviors and preferences across nations (Quelch and Klein, 1996). Some studies have examined the issues on the evolution of e-banking (Sohail and Shanmugham, 2003) and investigated the success factors in various e-delivery channels in banking scenario (Ong and Cheng, 2003). Some have investigated customer preferences of e-banking (Suganthi et al., 2001; Sohail and Shanmugham, 2003).

Empirical evidences has supported that customer satisfaction reduces the likelihood of defection and/or is positively related with retention (Anderson and Sullivan, 1993) repurchase intention (Mittal, Kumar and Tsiros,1999) and loyalty (Oliver ,2009) mentioned that satisfaction is not inherent in service of product. But satisfaction is mainly present in consumer's perception of the service or product attributes that relates to the specific individual. Therefore, different customers have expressed different levels of satisfaction for the same service encounter or experience.

This study examines the bank E-banking practice and the satisfaction outcomes for united bank customers.

1.2   Statement of the Problem

In a relatively short period of time, the Internet has moved from an occasional tool to one of the principal ways we communicate, entertain ourselves, and do work. One main advancement technology has brought to us is the introduction of online banking or E-banking.

Banks in Ethiopia are involved in tough competition to attract customers by delivering various services. It is better for customers to have broad choices to select best bank for them to satisfy their needs. For banks as well, they have to find the ways to satisfy customers and keep competitive advantages above other banks.

Commercial banks in Ethiopia have launched e-banking services as part of ensuring service excellence by reducing waiting time, errors, costs, and improve customer satisfaction.In pursuit of round the clock customer services and keep abreast with the developing global banking technology, almost all banks in Ethiopia are fast moving toward launching new technology based products and services such as internet banking, mobile banking, ATMs, POS etc.

United Bank is working hard to provide preferable products by its customers on E-Banking. The bank is exerting effort to improve its services, retain and attract customers and has initiated innovative measures, all in the interest of enhancing customer's satisfaction. These efforts which aim at bringing satisfaction to the customers seem to beineffective.United bank e-banking report in Addis Ababa show that total ATM card issued to customer is 107,364 card delivered 84,156 and active card users are 56,872. Total Mobile banking registered customers are 59,916 but active users are 5000 only. As per quarterly report of e-banking totalOnline (Internet) banking registered customers in Addis Ababa are 10,935 but active users are 604 customers only. Awareness creation to customer, like how they use E-Banking product of the bank is low by employees of the bank. As my observation customers are complaining on e-banking service of the bank, like dispute handling, card and pin delivery time and transaction processing on Internet banking…etc.

Electronic banking is conducted by the customer instead of a bank teller, so there is no face-to-face interaction. Some customers refuse to use these services because they feel they are entitled personal customer service. On the other hand, there are Customerswhich complain on the issues with security and accuracy. These complain have made some of the Customers not frequently use e-banks and consequently lead to an increase of queue inside the Bank. Queue inside the Bank will lead to unnecessary overcrowding of Customers inside the Bank which affects performance of the Bank. Therefore, this study aimed to asses United Bank's e-banking practices and customer satisfaction.

1.3   Research Questions

This research intends to answer the following research questions:
- Is E-banking accessible to the bank customers?
- What are the risks involved in using E-banking?
- What is the level of customer satisfaction in e-banking in United Bank s.c?
- What are the major challenges in e-banking activities to satisfy customers at the bank?

1.4   Objectives of the Study

1.4.1   General Objectives of the Study

The main objective of the study is to assess customer satisfaction in e-banking service in United Bank S.c Addis Ababa branches.

1.4.2   Specific Objectives

The specific objectives of the study was,
- To investigate the accessibility of E-banking servicesto the bank customers.
- To investigate the risk involved with e-banking service.
- To analyze the level of customer satisfaction on E-banking service.
- To find out the problems in e-banking service activities to satisfy the customers.

1.5   Significance of the Study

The study may help the following stakeholders:

Understand   customer satisfaction on e-banking services of united bank.Also Findings of this research are useful for the United Bank in formulating appropriate strategies to build customer satisfaction on e-banking services.
In addition, this study is expected to help other researchers who will be interested to conduct further study regarding the issue under investigation by providing useful information.
Finally the study provides recommendations for the bank to accelerate the practice of the system and to increase customer satisfaction through technological innovation.

1.6   Scope of the Study

The bank delivers e-banking services through all branches in Addis Ababa. Due to time constraint only Grade A branches in Addis Ababa are selected. The branches areselected under the assumption that a better application of e- banking services.So the scopewas delimited to E-banking service, including ATM, POS, Mobile banking and Internet banking and only to those selected Grade A branches   in Addis Ababa area.

1.7   Organization of the Study

The study is organized in five chapters. Chapter one deals about Background of the study .Introduction, statement of the problem, objective, scope and limitation and significance of the study. Chapter two, deals about literature review which emphasizes on correlation between the existing studies, researches, reports, etc. that would act as a basis for the proposed study. Chapter three deals aboutresearch methodology which elaborates and identifies all possible analysis based on the available data gathered. Chapter four, deals about data analysis and interpretation of the study and finally chapter five emphases on conclusion and recommendations of the study.

CHAPER TWO

LITERATURE REVIEW

2.1   Theoretical Literature

2.1.1   Definition of E-banking

E-banking has a variety of definitions all of which explains similar concept. The following section shows some of these definitions.

E-banking is a form of banking service where funds are transferred through an exchange of electronic signal between financial institutions, rather than exchange of cash, checks, or other negotiable instruments (Kamrul, 2009). E-banking also known as electronic funds transfer (EFT). It is simply the use of electronic means to transfer funds directly from one account to another rather than by check or cash (Malak, 2007).The term e-banking often refers to online/internet banking which is the use of the internet as a remote delivery channel for banking services (Furst&Nolle, 2002, p.5). E-banking is the use of a computer to retrieve and process banking data (statements, transaction details, etc.) and to initiate transactions (payments, transfers, requests for services, etc.) directly with a bank or with other financial service provider remotely via a telecommunications network (Yang, 1997). It should be noted that electronic banking is a bigger platform than just banking via the internet.

E-banking can be also defined as a variety of platforms such as internet banking or (online banking), TV-based banking, mobile phone banking, and PC (personal computer) banking whereby customers access these services using an intelligent electronic device, like PC, personal digital assistant (PDA), automated teller machine (ATM), point of sale (POS), kiosk, or touch tone telephone (Alagheband, 2006).

2.1.2   Forms of E-banking

There are many electronic banking delivery channels to provide banking service to customers. Among them ATM, POS, Mobile banking and internet banking are the most widely used and discussed below.

ATM

ATM is an electronic machine in a public place, connected to a data system and related equipment and activated by a bank customer to obtain banking services without going in to the banking hall. It allows customers to access banking services such as withdrawals, transfers, inquiries about account balances, requests for cheque books, account statements, direct deposits, foreign currency exchange etc. (Fenuga, 2010). Using an ATM requires an ATM card and a pass code, often referred to as a PIN (Personal Identification Number).

Internet banking

Internet banking is conducted by completing bank transactions by directly accessing the bank through the internet. Nowadays, internet banking customers can access many different services online, which makes physical banks open even after office hours. Internet banking allows customers of a financial institution to conduct financial transactions on a secure website operated by the institution. Internet banking can be conducted either by accessing the internet with a computer or by using a phone that has internet features (Alabar& Timothy, 2012).

POS

Point of Sale (POS) also sometimes referred to as Point of Purchase (POP) checkout is the location where a transaction occurs. A "checkout" refers to a POS terminal or more generally to the hardware and software used for checkouts, the equivalent of an electronic cash register. A POS terminal manages the selling process by a sales person accessible interface. The same system allows the creation and printing of the receipt (Shittu, 2010).

Mobile banking

Mobile banking (also known as M-Banking) is a term used for performing balance checks, account transactions, payments, credit applications and other banking transactions through a

mobile device such as a mobile phone or Personal Digital Assistant (PDA). The earliest mobile banking services were offered over SMS, a service known as SMS banking. Mobile banking is used in many parts of the world with little or no infrastructure, especially remote and rural areas. This aspect of mobile commerce is also popular in countries where banks can only be found in big cities, and customers have to travel several miles to the nearest bank. The scope of offered services may include facilities to conduct bank and stock market transactions, to administer accounts and to access customized information (Tiwari&Buse, 2007).

2.1.3. Service quality

The present business era is now named as "Quality Era" because perceived quality of the product is becoming the most important competition factor in business world (Bedi, 2010). It is now the most powerful competition weapon and organization's life giving blood. Perceived service quality refers to the consumer's global attitude or judgment of the overall excellence or superiority of the service. It is a result from comparisons by consumers of expectations with their perceptions of service (Caruana& Malta, 2002). That means it can be termed as the extent of matching or the degree of discrepancy to which the service delivered matches customer expectations (Parasuraman, Zeithmal, & Berry, 1988). Delivering quality service means conforming to customer expectations on a consistent basis (Thakur, 2011).

Today one of the most dominant topics of research in services is service quality. It is necessary for service providers to understand how customers evaluate the quality of service. When customers consume a product, they compare the quality of experience with their prior expectations, which leads to their satisfaction or dissatisfaction (Thakur, 2011). Therefore services marketing researchers based their work on developing a service quality concept focused on consumer behavior instead of using manufacturing quality concepts (Dhandabani, 2010). Thus it had been recognized that customers evaluate service quality by comparing the actual performance with service expectations that they held (Thakur, 2011).

2.2 Customer satisfaction

Customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is also defined as the number of customers whose reported experience with a firm exceeds specified satisfaction goals (Farris, Paul et al., 2010). Another definition of customer satisfaction refers to the extent to which customers are

happy with the products and/or services provided by a business. Further definition of customer satisfaction states that it is a term generally used to measure a customer's perception of a company's products and/or services (Ahmed, 2005). It's not a straight forward science. Customer satisfaction will vary from person to person, depending on a whole host of variables which may be both psychological and physical.

According to Saha& Zhao (2005), customer satisfaction is defined as a collection of outcome of perception, evaluation and psychological reactions to the consumption experience with a product/service. In other words, Saha and Zhao further defined customer satisfaction as a result of a cognitive and affective evaluation where some comparison standard is compared to the actually perceived performance. If the performance perceived is less than expected, customers will be dissatisfied. On the other hand, if the perceived performance exceeds expectations, customer will be satisfied.

In a competitive market place where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy (Carl & McDaniel, 2005). It is seen as a key performance indicator within business and is often part of a Balanced Scorecard. Therefore, it is essential for organizations to effectively manage customer satisfaction. To be able do this, organizations need reliable and representative measures of satisfaction.

In researching satisfaction, firms generally ask customers whether their product or service has met or exceeded expectations. Thus, expectations are a key factor behind satisfaction. When customers have high expectations and the reality falls short, they will be disappointed and will likely rate their experience as less than satisfying (John & Joby, 2003).

2.2.1 Customer Satisfaction in Banking

Customer satisfaction is a key determining factor why customers leave or stay with a bank. Fornell (1992) cited in Thakur (2011) noted that although customer satisfaction and quality appear to be important for all firms, satisfaction is more important for loyalty in service industries like bank. Because even if the customers appear to be satisfied, they may look for other bankers if they believe they might receive better service elsewhere (Reichheld, 1996) cited

in Thakur (2011). Thus the banking organizations need to know how to keep their customers. However, keeping customers is also dependent on a number of other factors. These include a wider range of service choices, greater convenience, better prices, and enhanced income (Thakur, 2011).

Ioanna (2002) cited in Thakur (2011) further proposed that differentiation is nearly impossible in a competitive environment like the banking industry. Banks everywhere are delivering nearly same services. Thus, bank management tends to differentiate their firm from competitors through service quality. Service quality is a crucial element which impact customers' satisfaction level in the banking industry. Generally in banking, quality is a multivariable concept, which includes differing types of convenience, reliability, services portfolio, and critically, the staff delivering the service (Storbacka et al., 1994) cited in Thakur (2011).

Minimum price with maximum usage and profit always breeds higher level of satisfaction (Jamal & Kamal, 2004) cited in Afsar (2010). When pricing is not suited to the needs of the customers, dissatisfaction usually occurs. In banking industry also, the interest rates on loans and charges on the usage of online services such as ATM machines and the processing fee is a major source of conflict between the bank and its customers. If customers think that the charges are more than it should become paring to their needs, they switch. Competition is now fierce in banking industry as it has become too easy to open an account in any other bank that results switching cost to be very minimal. But if a customer is satisfied, the loyalty injects automatically and the customer remains with the current banker for a longer and longer period of time (Fox &Poje, 2002) cited in Afsar (2010).

2.2.2 The Relationship between Service and Customer Satisfaction

The status or prestige of an organization is determined by the quality of the provided services. Organization of high quality level of its services has a high competitive position. Achieving a high level of services meet the needs of customers. Studies confirmed that service quality and customer satisfaction have strong relationship (Alagheband, 2006; Bedi, 2010; Keiningham, 2005). when the customer receives high quality service his behavior and attitude towards the organization will be positive and that would strengthen the relationship with the organization and

vice versa. Customer satisfaction is the most important criteria that enable organizatio ns to ensure the quality of their goods or services (Parasuraman et al., 1985).

In case of the banking sector, recognized standard scales to measure the perceived quality of a bank service is not available. Thus providing high quality service is being taken as an important weapon to survive and to gain and maintain competitive advantage (Bateson, 1985) cited in Thakur (2011).

For commodity like products, quality can be measured easily by its features. But quality of service depends heavily on the quality of the personnel of service provider or the provider himself. Studies on customers' switching from banks have found that they do so because they considered to be poorly serviced. Quality service improved customer satisfaction and reduced customer erosion (Thakur, 2011).service quality is the key to measure e-banking user satisfaction. Researchers have paid much attention to the close relationship between service quality and customer satisfaction (Parasuraman et al., 1985).

2.2.3 Measuring Customer Satisfaction

Customer satisfaction is measured at the individual level, but it is almost always reported at an aggregate level. Customer satisfaction is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and product/service to product/service. The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviors such as return and recommend rate. The level of satisfaction can also vary depending on other options the customer may have and other products against which the customer can compare the organization's products (David, 2010).

Most researchers found that service quality is the antecedent of customer satisfaction (Bedi, 2010; Kumar et al., 2010; Kumar et al., 2009; Naeem and Saif, 2009; Parasuraman et al., 1988). Quality customer service and satisfaction are recognized as the most important factors for bank customer acquisition and retention (Jamal, 2004; Armstrong and Seng, 2000; Lassar et al., 2000). Service quality is considered as one of the critical success factors that influence the competitiveness of an organization. A bank can differentiate itself from competitors by providing

high quality service. Service quality is one of the most attractive areas for researchers over the last decade in the retail banking sector (Avkiran, 1994; Stafford, 1996; Johnston, 1997; Angur et al., 1999; Lassar et al., 2000).

According to Tse& Wilton (1988) customer satisfaction is the consumer's response to the evaluation of the perceived discrepancy between prior expectations and the actual performance of the product. The service quality variables identified by (Parasuraman et al., 1994) are reliability, responsiveness, competence, accessibility, courtesy, communication, credibility, security, understanding and tangibility. Service quality leads to overall customer satisfaction. It is one of the service factors contributing to customers' satisfaction judgments and can be considered in multi- level and multi-dimensional (Caruana& Malta, 2002).

Yang, Jun, & Peterson (2004) identified five online service quality dimensions (responsiveness, reliability, competence, access and security) and their relationships with the customer satisfaction. Wolfinbarger&Gilly (2002) observed that reliability and fulfillment are the strongest predictors for customer satisfaction. Lui& Arnett (2000) identified five critical dimensions of online service quality in relations to customer satisfaction in the website. Among these, the quality of information that is relevant, accurate, timely, customized and complete are given priority for the customer satisfaction in the online service. Johnston (1997) identified attentiveness, responsiveness care and friendliness as the main sources of satisfactions (satisfiers) in banking services, and integrity, reliability, availability and functionality as the main sources of dissatisfaction. Khalil & Pearson (2007) have found that trust significantly affects attitude towards internet banking acceptance. To encourage internet banking adoption, banks need to develop strategies that improve the customer's trust in the underlying technology. The other factors include quick response, assurance, follow-up and empathy. Security, correct transaction, customer control on transaction (personalization), order tracking facilities and privacy are other important factors in the online service that affect the customer satisfaction. Joseph, McClure, & Joseph (1999) investigated the influence of internet on the delivery of banking services. They found six underlying dimensions of e-banking service quality as convenience and accuracy, feedback and complaint management, efficiency, queue management, accessibility and customization. Jun &Cai (2001) identified 17 service quality dimensions of Internet banking

service quality. These are reliability, responsiveness, competence, courtesy, credibility, access, communication, understanding the customer, collaboration, continuous improvement, content, accuracy, ease of use, timeliness, aesthetics, security and divers features. They also suggested that some dimensions such as responsiveness, reliability and access are critical for both traditional and internet banks.

Hua (2009) conducted an experiment to investigate how user's perception about online banking is affected by the perceived ease of use of website and the privacy policy provided by the online banking website. In this study, it also investigates the relative importance of perceived ease of use, privacy, and security. Perceived ease of use is of less importance than privacy and security. Security is the most important factor influencing user's adoption.

Jun et al (1999) revealed reliable/prompt responses, attentiveness, and ease of use had considerable impacts on both customers perceived overall service quality and satisfaction. It also indicated that there is a significant positive relationship between overall service quality and satisfaction. Yang & Jun (2002) redefined the traditional service quality dimensions in the context of online services, and suggested an instrument consisting of seven online service dimensions (reliability, access, ease of use, personalization, security, credibility, and responsiveness). Joseph et al (1999) considered banking service quality with respect to technology use, such as ATMs, telephone, and the internet and identified six dimensions. They were convenience/accuracy, feedback/complaint management, efficiency, queue management, accessibility, and customization.

Zeithaml et al (2000) developed SERVQUAL for measuring e- service quality. They identified 11 dimensions: access, ease of navigation, efficiency, flexibility, reliability, personalization, security/privacy, responsiveness, assurance/trust, site aesthetics, and price knowledge. eithaletal(2000)developed for easuringe-

servicequality.heyidentified11diensions:access,easeofnavigation,efficiency,flexibility,reliability, personalization,security/privacy,responsiveness,assurance/trust,siteaesthetics,andpriceknoledge. Extensive study on service quality conducted by researchers have proposed that service quality can be measured using the SERVQUAL instrument (Parasuraman, Berry &Zeithaml 1985, 1988). The attributes of initial SERVQUAL model were tangibles, reliability, responsiveness,

competency, courtesy, assurance, credibility, security, access, and understanding. Later reduced these ten dimensions into five by using a factor analysis (Parasuraman et al, 1988). These five dimensions are tangibles, reliability, responsiveness, and Empathy. The SERVQUAL instrument provides the computed disconfirmation approach whereby the difference between a customer's expectation and the actual performance is calculated (Dhandabani, 2010).

2.3   Definition and Feature of Independent Variable

Reliability: -Reliability refers to the ability to perform the promised service accurately and consistently. It involves accuracy in billing, keeping records correctly, and performing the service at the designated time. Reliability consists of providing services as promised, dependability in handling customers' service problems, prompt reply to customer enquiries, provide services at the promised time and maintaining error- free record. Reliability is the most important factor in conventional service (Parasuraman, Zeithaml, & Berry 1988).

Transaction efficiency:-Transaction efficiency is the ability of the customers to get any of e-banking service, find the desire product and information associated with it, and check out with minimal of effort. Transaction efficiency also can understand as performance of e-banking base on some elements: up to date information, response time, download time, complete product information, tutorial/demo ns tra t io n, and help function (Leelapongprasut et al, 2005)

Customer support: -Customer support includes before sell and after sell support. Before customer make decisions, the company should give some support to attract them, let customers feel they are at home. The relationship is like a good friend not like a business. After customers buy the services or products, company should solve the problem that customers met or respond to customers' questions immediately and according to the problems, company can ameliorate them. In the e-banking industries, support is also important. Not everyone is good at different technology so they need guide on how to use the service. Sometimes, after services on the e-banking, customers might have questions waiting to answer, so he or she also needs support. So support is very important for customers (Rangsan & Titida, 2013).

Service security:-Security is defined as the freedom from danger, risk, or doubt. It involves physical safety, financial security and confidentiality. It consists of employees who instill confidence in customers, making customers feel safe in their transactions, employees who are consistently courteous and employees who have the knowledge to answer customer question (Parasuraman, Zeithaml& Berry, 1985). Moreover, security is defined as personal and possessions safety of the customers. It also includes confidentiality maintained by service providers (Johnston, 1997).

Ease of use:-Ease of use is important in using e-banking, which related to customer apprehension about the efforts required to learn to use e-banking (David, 2010). It is considered as the factor influencing the adoption of e-banking, and related to an easy- to- remember pin codes and URL address, well- organized and usable software, easy of site navigability, concise and understandable contents, terms and conditions (Alagheband, 2006).

Performance: - Performance is the operating quality of each e-banking service and feature offered by banks. It includes whether e-banking services provide in multi- language or not, e-banking provide 24 houres-7 days service, allow to transfer funds between banks (Garvin, 1987).

Service content:-Service content is all information that is provided to customers. For electronic banking service, it means the content that banks provide to customers through their website, ATM & POS terminal and Mobile. High value added content is essential.

2.4   Empirical Evidences

2.4.1   Empirical Study-Worldwide

A study conducted by Masukujjaman, (2010) on quality of Categorized Service and Customer Satisfaction in Banking Industry. The main objectives of the study were to evaluate the customer satisfaction of the service quality and to assess whether bank services provided by the institutions are satisfactory to Bangladeshi customers especially in term of service categories like general banking, credit banking and foreign exchange banking services. The study also examined empirically the determinants of service quality in Bangladesh. A questionnaire for such purpose

was designed and different statistical methods were applied to analyze the collected data. From the study it was found that the overall service quality in private commercial bank in Bangladesh is moderate, where service quality in general banking services was better than the credit banking services and foreign exchange services though its quality was not too bad. However, the study was done in Bangladeshi. This study will be done in Ethiopia, specifically to assess e-banking practice and customer's satisfaction the case of united bank.

Construct in Retail Banking in India. This study investigates customer satisfaction as the most important factor behind loyalty in retail banking. Various study showed that satisfaction plays an important role to establish loyal customer base. Their study points out that satisfaction and loyalty relationship was critical for retail banks. Understanding the factors behind loyalty as well as the antecedents of customer satisfaction was an important issue for academic research as well as for marketing in financial services. The major aim of this study was to identify satisfaction as the major factor behind customer loyalty in retail banking. The research has been carried out through secondary research and primary research. Survey method were used for primary research. Personal contact approach through questionnaire had been introduced to conduct the survey. The findings reveal that satisfaction and loyalty were related to each other. Moreover, satisfaction has a positive and direct impact on loyalty in banking. The study was loyalty based. The study was good, but failed to study the effects of e-banking on customer's satisfaction. This study wants to fill a gap. Jaspal and Gagandeep (2011) conducted a study on determinants of Customer Satisfaction. The study examines customer satisfaction had been a common practice among banking and finance researchers over the years. The main reason for continued interest in this area of research was the ever changing banking business environment across the world. The objective of the present paper was to investigate the determinants of customer satisfaction of Indian (Universal) banks. Data was collected from a sample of 180 respondents using convenience sampling technique. Factor analysis results revealed that responsiveness, tangibles, services innovation, reliability and accessibility, assurance, pricing and other facilities, problem solving capability and convenient working hours are the main determinants of customer satisfaction. With all the potential of the study, the study failed to incorporate the concept of e-banking and customers satisfaction.

Amaoko (2012) in his research on the impact of ICT on banking operations in Ghana, ICT has contributed positively to the provision of banking services and growth of the Ghananian banking services and growth of the Ghananian banking industry. Internet banking and e-banking is not yet developed in Ghana. The study recommended that banks should develop user friendly systems and applications for general population Government and banks should play a key in enhancing ICT infrastructure, put in place incentives like tax reduction, make PC available and affordable for every Ghanian. Financial institutions should offer programs to reassure customer's safety with regards to ICT through sensitization, workshops and support the skills be a central monitoring unit permanently mannered by personnel to the operations of all the bank's ATM's so that shortage of funds, occasional shut downs, seizure of electronic cards etc are handled with dispatch. Lastly the banking institutions should also come out with more electronic products and services to reduce the turnaround time of customers, such products will give them the opportunity to sit at the comfort of their homes, workplaces and transact business with the banks.

2.4.2 Empirical Studies in Ethiopia

(Gardachew, 2010) conducted a research on the opportunities and challenges of e- banking in Ethiopia. The study was focused on analyzing the status of electronic banking in Ethiopia and investigates the main challenges and opportunities of implementing e-banking system. The author conducted a survey on the existing operating style of banks and identifies some challenges of using e-banking system, such as, lack of suitable legal and regulatory frame works for e-commerce and e- payments, political instability in neighboring countries, high rates of illiteracy and absence of financial networks that links different banks.

Wondossen & Tsegai (2005) also studied the challenges and opportunities of e-payments in Ethiopia; their objective was studying of e-payment practices in developing countries. The authors employed interview and on site observation to investigate challenges to e-payment in Ethiopia and found that, the main obstacles to the development of e-payments are, lack of customers trust in the initiatives, unavailability of payment laws and regulations particularly for e- payment, lack of skilled manpower and frequent power disruption. According to (Wondwossen & Tsegai, 2005), an adequate legal structure and security framework could foster the use of e- payments, which is contradicting with the finding of the previous study.

Furthermore (Assefa, 2013) conducted a study on the impact of e-banking on customer satisfaction in two privet banks in Gondar city. The researcher employed descriptive and inferential statistics in analyzing this study and it was limited to customers of two privet banks only. The results of the study implied that majority of users of e-banking are the young, the educated, salaried and students, business men and women are not actively using the service of e-banking, e-banking currently provided for saving and current accounts holders only, e- banking reduced frequency of bank hall for banking service, reduced waiting time for customers, there are customers who don't know the fee charged for being e-banking users , the bank customers satisfaction increased after being e-banking users, enabled customers to control their account movements and there is high opportunity to expand e-banking service in the city.

CHAPTER THREE
RESEARCH DESIGN AND METHODOLOGY

This chapter covers the following sections namely: the research design, the study area, sample size and sampling procedure, source of data, data collection procedures, analysis and presentation and the ethical consideration for the study.

3.1 Research Approach and Design

Survey design was used for this study in order to collect data from several sources through questionnaire and interview to study their opinion and perspective toward customer satisfaction on united banks e-banking activities. According to Kerlinger (1973) survey is the best research design for obtaining facts, beliefs and attitudes. Survey uses questionnaire as a tool for data collection. Exactly, this will be used to elicit information about the customer's satisfaction on united banks' electronic banking practices. Ajala (1996) proposed that descriptive survey is the best method where there is the need to capture people's opinion, experience, values and impressions about an issue.

The researcher preferred to use both qualitative and quantitative study approach. Qualitative analysis is the analysis of qualitative data such as text data from interview transcripts. In the qualitative research approach knowledge is constructed inductively. Quantitative data, on the other hand, helps in removing personal biases that are created during interviews and interpretations and further, generalizes findings to a larger group. By combining both of the approaches, the student researcher offset the weaknesses of either approach used individually.

3.2 Target Population

The total population of study is composed of managers, front line officers, E-banking department staff and active users of the E banking service under Addis Ababa city specifically big branches only, grade ''**A''** branches. The Total population of the study is 392.

3.3 Sample size

The study was conducted on 387 active E-banking customers.Also 5 E-banking department staffs were selected to interview.Special considerations were given to the knowledge and skills of the respondents in relation to the topic under study. Only customers will be selected randomly using statistical formulas.

Table.1 Sample size

NO.	TYPE OF POPULATION	POPULATION	SAMPLE SIZE
1	Active E-banking customers	12,500.00	387
	Total		**387**

Source: UB's quarter E-payment report

3.3.1 Sampling Procedure

Purposive sampling and convenience sampling method were used for this study. The purposive sampling allowed the picking of interview objects that fit the focus of the study (Osuala, 2001). Also, according to Kumekpor (1989) cited in Mensah (1997), with the purposive sampling, the sample units was selected not base on random procedure but intentionally selected for the study. This is based on the fact that they have certain characteristics that suit the study or because of certain qualities they possess, which are not randomly distributed in the universe but necessary for the study.

Therefore, purposive sampling method was used for branch selection and those who are directly related with electronic banking services. The active users of the e-banking service were also selected using convenience sampling by clustering only grade A branches as a target using a statistical formula a questionnaire wasalso distributed for 387 active users of e-banking.

3.3.2 Source of Data Collection

The researcher obtains data from primary and secondary data sources in order to obtain a reliable data and achieve the stated objectives of this study.

3.3.2.1 Primary Sources of Data

These primary sources of data were collected from the respondents through the use of questionnaires and Interview.

3.3.2.2 Secondary Sources of Data

Secondary data was obtained from documentary sources such as books, journals, newspapers, reports, articles and other research related to this study. These sources were very useful in the literature review. The literature reviewed serves as both theoretical and empirical base for the analysis of the data collected.

3.4 Methods of Data Collection

The main research instrument used for this study is the questionnaire and Interview . The sections contain a five point Likert Scale where respondents were asked to indicate the extent to which they agree/disagree with various statements. The Five-Point Likert'sscale was used. Also some higher official of the bank who are directly related with the job were also interviewed through an arranged meeting.

3.5 Data Analysis Method

The collected data were edited, sorted and coded in readiness for analysis. The collected and organized data were also classified and analyzed using the frequency tables with the help of the Statistical Package for Social Sciences (SPSS) to establish the relationship between customer satisfaction and e-banking practice of united bank. The analyzed data were presented in tables with frequencies and percentages in order to come up with systematic and well organized information for decision makers.

3.6 Reliability Measure the Questionnaire

Cronbach's alpha was employed to test the consistency and reliability of the questionnaire. ATM, ONLINE, POS, MOBILE had high reliabilities, all Cronbach's alpha=0.98. Cronbach's alpha value of more than 0.7 is acceptable and ensures the reliability of items while other research's suggested that Cronbach's alpha value of above 0.8 is preferably to be considered

reliable. Therefore the result of total items together and also each clustered items were reliable enough for further statistics and the items are highly consistent.

Table 2.Cronbach's Alpha Reliability test.

Cronbach's Alpha	N of Items
0.998	40

Source: Own survey, 2017

CHAPTER FOUR
DATA PRESENTATION AND ANALYSIS

Introduction

This chapter presents the results. As discussed in the preceding chapter this study aimed at examining the satisfaction of united bank's customers on its electronic banking services standing on the surveyed data and response gained from the respondents.

A total of 387 questionnaires were distributed to customers of e-banking. Out of the total 322 questionnaires were obtained (83 response rates). Several questions were asked related to the e-banking practice and their satisfaction to the E-banking customers of united bank in Addis Ababa.

4.1   Demographic Profile of Respondents

Table 3. Demographic Profile of E-banking Customers

No	Demographics		Frequency	Percentage
1	Gender	Male	223	69.3%
		Female	99	30.7%
2	Educational Levels	TVET	98	30.4%
		First Degree	206	64%
		Master Degree	18	5.6%
		Other	-	-
3	Experience using E-banking service	Less than one year	96	29.8%
		1-5 years	223	69.3%
		6-10 years	3	0.9%
4	Occupation	Office worker	150	46.6%
		Business person	164	50.9%
		Student	8	2.5%
		other	-	-
Total			**322**	**100**

Source: Own survey, 2017

The table above presents the profile of the respondents in the study. As shown in Table 3, 69.3% of the respondents are male and 30.7% are female. The number of males dominates in using united banks electronic banking services.

Most of the respondents are degree holders, almost 64% of them are degree holders and about 5.6% have above BA degree. From the respondents profile we can observe that the electronic banking is not user friendly for those who have no academic qualification. Likewise united bank's electronic banking customer category is concentrated on the elite social group.

From the surveyed date we have learned that most of the respondents who uses electronic banking service of united bank are business person around 50.9% of the respondents followed by office workers 46.6%.This implies that the service quality in providing Electronic banking service, which is customer satisfaction in united banks electronic banking services might determine the customers perception for other banking services of the bank.

With respect to experience, 69.3percent of survey respondents indicated that they had between 1-5 years of Electronic Banking exposures. The second larger number of respondents, 29.8 %,had only less than one year of E-banking exposure. Only less than 1% of the respondents indicated that they have more than 5 year's E-banking experience. From the respondents profile we can observe that most of the respondents have medium E-Banking experience and their experience is very viable for the researcher to find their honest opinion in their response. It will make the final output very concrete and reliable.

4.2 General Information of E-Banking Customers

Table 4.General Information of E-banking Customers

No	General information		Frequency	Percentage
1	Type of electronic banking service used by the customers	ATM	84	26.1%
		POS	9	2.8%
		Mobile banking	58	18%
		Internet banking	30	9.3%
		All	141	43.8%
2	How often the service is used	Daily	16	5%
		Sometimes	241	74.8%
		Once in a month	65	20.2%
3	Customers skills in using E-banking	Very advanced	59	18.3
		Advanced	56	17.4%
		Average	133	41.3%
		Basic	74	23%

Source: Own survey, 2017

As shown in Table 4, Almost 43.8%, the majority of the respondents use all type of electronic banking service, but off all other services customers prefer ATM service 26.1% uses only ATM services, followed by 18% of Mobile banking service users, the bank customers don't utilize its POS service, this shows the service is not widely available or the customers are not well aware to use the service.

Most of the respondents don't utilize the E-banking service on a regular basis form the response almost 75% of the respondents' uses the service sometimes. Only 5% of the respondents use the service daily. When looking at the level of their skill in using electronic banking service most of the respondents are averagely rated in using the technology. Around 41.3%, the remaining 23%, 18.3% and 17.4% are basic, very advanced and advanced respectively. Therefore, so far the service users are almost categorized at least have some knowledge about technology.

4.3 Results on Customer Satisfaction on E-Banking Services of United Bank S.C

The detailed discussion of the respondents regarding their satisfaction on united banks E-Banking practice has been discussed below.

4.3.1 ATM

Table 5. ATM

NO	Items	Frequencies	N	Valid %	Mean	SD
1	User friendliness of ATM system				2.88	1.09
		Strongly disagree	7	3%		
		Disagree	126	53.4		
		Neutral	-	-		
		Agree	94	39.8		
		Strongly Agree	9	3.8		
		Total	236	100		
2	I have confidence with cash availability of the bank's ATM				2.75	1.11
		Strongly disagree	15	6.4		
		Disagree	128	54.2		
		Neutral	1	0.4		
		Agree	83	35.2		
		Strongly Agree	9	3.8		
		Total	236	100		
3	I feel safe with accuracy of transaction by ATM				2.6	1.11
		Strongly disagree	15	6.4		
		Disagree	128	54.2		
		Neutral	1	0.4		
		Agree	83	35.2		
		Strongly Agree	9	3.8		
		Total	236	100		
4	Waiting time for ATM card preparation is tolerable				2.88	1.12
		Strongly disagree	11	4.7		
		Disagree	120	50.8		
		Neutral	2	0.8		
		Agree	91	38.6		
		Strongly Agree	12	5.1		
		Total	236	100		

NO	Items	Frequencies	N	Valid %	Mean	SD
5	Employee effectiveness in solving ATM problem				2.89	1.12
		Strongly disagree	14	5.9		
		Disagree	110	46.6		
		Neutral	8	3.4		
		Agree	94	39.8		
		Strongly Agree	10	4.2		
		Total	236	100		
6	Quick replacement of lost and damaged cards				2.83	1.09
		Strongly disagree	16	6.8		
		Disagree	108	45.8		
		Neutral	17	7.2		
		Agree	88	37.3		
		Strongly Agree	7	3		
		Total	236	100		
7	ATM machine locations are highly secured				2.96	1.11
		Strongly disagree	11	4.7		
		Disagree	109	46.2		
		Neutral	2	0.8		
		Agree	105	44.5		
		Strongly Agree	9	3.8		
		Total	236	100		
8	The ATM functions all the time				2.64	1.15
		Strongly disagree	28	11.9		
		Disagree	121	51.3		
		Neutral	1	0.4		
		Agree	78	33.1		
		Strongly Agree	8	3.4		
		Total	236	100		
9	I am satisfied with availability of advice on ATM usage and security				2.92	1.12
		Strongly disagree	10	4.3		
		Disagree	115	48.9		
		Neutral	5	2.1		
		Agree	93	39.6		
		Strongly Agree	12	5.1		
		Total	236	100		

NO	Items	Frequencies	N	Valid %	Mean	SD
10	ATMs are conveniently located				2.89	1.12
		Strongly disagree	12	5.1		
		Disagree	115	48.9		
		Neutral	4	1.7		
		Agree	94	40		
		Strongly Agree	10	4.3		
		Total	236	100		
11	Overall, I am satisfied with united bank ATM service				2.78	1.05
		Strongly disagree	9	3.8		
		Disagree	127	54		
		Neutral	11	4.7		
		Agree	81	34.5		
		Strongly Agree	7	3		
		Total	236	100	2.87	1.12

Source: Own survey, 2017

The table above indicates the descending order of ten questions and one overall question in terms of mean value. Mean value of eleven questions in general range from 2.6 to 2.96. The lowest mean value is 2.6 of question number three and Followed by mean value of 2.64 for question number eight, which are also less than grand mean value of 2.86, represent in a low level of response on measurement scale. The mean value of the first question is 2.88 which represent a weaklevel and negative response on measurement ofscale and relatively indicates that bank's ATM service is not as user friendly as the bank thinks. The mean value of second, third, fourth and fifth question are 2.75, 2.6, 2.88 and 2.89 which represent also a weakand negative response on the level of measurement scale. The grand mean value is 2.86 which also represent a week and negative response on measurement scale.

From the survey data we can learn that the bank doesn't replenish its ATM by frequently checking the ATM machine .With this we can learn that its customers are very disappointed. Also its employees are not cooperative or effective in solving ATM related problems that customer's encounter.

The standard deviation also shows lowest variability in response, almost all respondents respond the same way for questions raise on ATM services of united bank. This in turns indicates most respondents are dissatisfied with the service of united bank ATM service, due to lack of money, network, security, for its longer waiting time to get the card and many other factors.

4.3.2 Results on Customer Satisfaction on HiberOnline (Internet Banking)

Table 6.Hiber Online (Internet banking)

NO	Items	Frequencies	N	Valid %	Mean	SD
1	I am able to get the bank Internet Banking site quickly.				2.67	1.01
		Strongly disagree	8	4.7		
		Disagree	102	59.6		
		Neutral	1	0.6		
		Agree	60	35.1		
		Strongly Agree	-	-		
		Total	171	100		
2	I have confidence in the bank Internet Banking service.				2.6	0.96
		Strongly disagree	5	2.9		
		Disagree	112	65.5		
		Neutral	1	0.6		
		Agree	53	31		
		Strongly Agree	-	-		
		Total	171	100		
3	It is easy for me to find what I want on the bank Internet Banking site.				2.56	0.97
		Strongly disagree	8	4.7		
		Disagree	110	64.3		
		Neutral	2	1.2		
		Agree	51	29.8		
		Strongly Agree	-	-		
		Total	171	100		
4	Internet banking transactions with the bank are always accurate				2.67	0.99
		Strongly disagree	5	2.9		
		Disagree	106	62		
		Neutral	2	1.2		
		Agree	57	33.3		
		Strongly Agree	1	0.6		
		Total	171	100		

NO	Items	Frequencies	N	Valid %	Mean	SD
5	The bank Internet Banking site launches and runs immediately				2.54	0.98
		Strongly disagree	14	5.9		
		Disagree	110	46.6		
		Neutral	8	3.4		
		Agree	94	39.8		
		Strongly Agree	10	4.2		
		Total	236	100		
6	I feel safe with all my Internet banking transactions				2.6	0.98
		Strongly disagree	6	3.5		
		Disagree	106	62		
		Neutral	5	2.9		
		Agree	53	31		
		Strongly Agree	1	0.6		
		Total	171	100		
7	The bank quickly resolves problems I encounter with my Internet Banking transactions				2.6	0.96
		Strongly disagree	6	3.5		
		Disagree	108	63.2		
		Neutral	5	2.9		
		Agree	52	30.4		
		Strongly Agree	-	-		
		Total	171	100		
8	The bank Internet Banking service does have customer support staff available on e-mail and/or telephonically.				2.57	0.96
		Strongly disagree	6	3.5		
		Disagree	111	64.9		
		Neutral	3	1.8		
		Agree	51	29.8		
		Strongly Agree	-	-		
		Total	171	100		
9	Using the bank Internet Banking service does not require a lot of effort.				2.5	0.98
		Strongly disagree	9	5.3		
		Disagree	110	64.3		
		Neutral	1	0.6		
		Agree	51	29.8		
		Strongly Agree	-	-		
		Total	171	100		

NO	Items	Frequencies	N	Valid %	Mean	SD
10	The Internet Banking pages do not freeze, after I have entered my login credentials.				2.57	0.96
		Strongly disagree	6	3.5		
		Disagree	113	66.1		
		Neutral	1	0.6		
		Agree	51	29.8		
		Strongly Agree	-	-		
		Total	171	100		
11	Overall, I am satisfied with united bank online banking				2.56	0.95
		Strongly disagree	8	4.7		
		Disagree	108	63.2		
		Neutral	5	2.9		
		Agree	50	29.2		
		Strongly Agree	-	-		
		Total	**171**	**100**	**2.59**	**0.94**

Source: Own survey, 2017

Table 6, indicates the descending order of ten questions and one overall question in terms of mean value. There were one hundred seventy one valid responses for this section. The frequencies in table indicate that customers are generally dissatisfied with all issues of Internet banking service. Mean value of eleven questions in general range from 2.5 to 2.67. The lowest mean value is 2.5 of question number nine and Followed by mean value of 2.54for question number five, which are also less than grand mean value of 2.59, represent in a low level of response on measurement scale. The mean value of the third question is 2.56 which represent a weak level and negative response on measurement ofscale and indicates thatit is not easy to find what customers want on bank's internet site. The mean value of question number eight is 2.57 which indicates the bank don't have customer support staff either on e-mail or telephonically in the Internet banking service. The mean value of question number ten is 2.57 which indicate that bank's Internet banking pages interrupt quickly. The mean value of first, second, fourth, sixth and seventh question are 2.67, 2.6, 2.67,2.6 and 2.6which represent also a weak and negative response on the level of measurement scale. The grand mean value is 2.59 which also represent a week and negative response on measurement scale.

From the survey data we can learn that highest level of dissatisfaction with aspects of Internet banking service. Also bank's Internet banking site requires a lot of effort to obtain the service

with this customers are very disappointed. The standard deviation also shows lowest variability in response, almost all respondents respond the same way for questions on bank's Internet banking service and revealed their dissatisfaction on the service.

4.3.3 Results on Customer Satisfaction on Mobile Banking

Table 7. Mobile banking

NO	Items	Frequencies	N	Valid %	Mean	SD
1	The use of mobile banking has enabled me to accomplish my daily tasks quickly				2.93	1.01
		Strongly disagree	5	2.5		
		Disagree	100	50.3		
		Neutral	-	-		
		Agree	91	45.7		
		Strongly Agree	3	1.5		
		Total	199	100		
2	I fear using mobile banking because I think people will access my account				2.9	1.05
		Strongly disagree	4	2		
		Disagree	103	51.8		
		Neutral	-	-		
		Agree	89	44.7		
		Strongly Agree	3	1.5		
		Total	199	100		
3	I can access the service anytime and anywhere I go.				2.88	1.05
		Strongly disagree	6	3		
		Disagree	102	51.3		
		Neutral	3	1.5		
		Agree	85	42.7		
		Strongly Agree	3	1.5		
		Total	199	100		
4	Mobile banking is the cheapest way of making banking transactions				2.9	1.02
		Strongly disagree	4	2		
		Disagree	100	50.3		
		Neutral	6	3		
		Agree	87	43.7		
		Strongly Agree	2	1		
		Total	199	100		

NO	Items	Frequencies	N	Valid %	Mean	SD
5	Mobile banking service is complex than other electronic banking services so it will take me a lot of time to learn how to use it.				2.86	1.04
		Strongly disagree	6	3		
		Disagree	102	51.3		
		Neutral	7	3.5		
		Agree	81	40.7		
		Strongly Agree	3	1.5		
		Total	199	100		
6	The Mobile banking menu options are not enough for me, I would like to do more communication with my bank.				2.97	1.03
		Strongly disagree	3	1.5		
		Disagree	97	48.7		
		Neutral	4	2		
		Agree	92	46.2		
		Strongly Agree	3	1.5		
		Total	199	100		
7	Mobile banking is convenient and the easiest to use				2.96	1.03
		Strongly disagree	3	1.5		
		Disagree	99	49.7		
		Neutral	3	1.5		
		Agree	91	45.7		
		Strongly Agree	3	1.5		
		Total	199	100		
8	Overall, I am satisfied with United Bank Mobile banking service				2.89	1.01
		Strongly disagree	4	2		
		Disagree	100	50.3		
		Neutral	9	4.5		
		Agree	85	42.7		
		Strongly Agree	1	0.5		
		Total	**199**	**100**	**2.92**	**0.97**

Source: Own survey, 2017

Table 7, indicates the descending order of sevenquestions and one overall question in terms of mean value. There were one hundred ninety nine valid responses for this section.Mean value of eight questions in general range from 2.86 to 2.97. The lowest mean value is 2.86 of question

number five, which indicate that bank's mobile banking service complex than other electronic banking services and followed by mean value 2.88 this indicate that customers don't access bank's mobile banking service anytime and anywhere they go, like abroad. The frequencies in table indicate that customers are generally dissatisfied with all issues of Mobile banking service. The mean value of the second question is 2.9 which represent a weak level and less than grand mean value of 2.92 and indicates that customers fear using bank's mobile banking service due to peoples my access their account. The mean value of the fourth question is 2.9 which represent a weak level and less than grand mean value of 2.92 and indicates that mobile banking is not the cheapest way of making banking transaction. The mean value of first, sixth and seventh question are 2.93, 2.97 and 2.96, which represent also a weak and negative response on the level of measurement scale. The grand mean value is 2.92 which also represent a week and negative response on measurement scale.

From the survey data we can learn that highest level of dissatisfaction with aspects of Mobile banking service. Also bank's Mobile banking service not available anytime and anywhere.With these customers are very dissatisfied. The standard deviation also shows lowest variability in response, almost all respondents respond the same way for questions on bank's Mobile banking service and revealed their dissatisfaction on the service.

4.3.4   Results on Customer Satisfaction on POS Services

Table 8. POS

NO	Items	Frequencies	N	Valid %	Mean	SD
1	The availability of access to use POS machine 24 hours is adequate				2.6	0.99
		Strongly disagree	6	3.9		
		Disagree	97	62.6		
		Neutral	-	-		
		Agree	52	33.5		
		Strongly Agree	-	-		
		Total	155	100		

NO	Items	Frequencies	N	Valid %	Mean	SD
2	Using of POS machine is safe, secure & save time				2.77	1.01
		Strongly disagree	1	0.6		
		Disagree	95	61.3		
		Neutral	-	-		
		Agree	57	36.8		
		Strongly Agree	2	1.3		
		Total	155	100		
3	Using of POS machine is simple				2.76	0.99
		Strongly disagree	1	0.6		
		Disagree	95	61.3		
		Neutral	-	-		
		Agree	58	37.4		
		Strongly Agree	1	0.6		
		Total	155	100		
4	POS machine allows me to make my transaction simple & easy.				2.75	0.98
		Strongly disagree	1	0.6		
		Disagree	95	61.3		
		Neutral	-	-		
		Agree	59	38.1		
		Strongly Agree	-	-		
		Total	155	100		
5	I have received available aid when I face a problem using the POS machine.				2.68	1.00
		Strongly disagree	5	3.2		
		Disagree	95	61.3		
		Neutral	-	-		
		Agree	55	35.5		
		Strongly Agree	-	-		
		Total	155	100		
6	Using POS machine makes my lifestyle more convenient				2.75	0.98
		Strongly disagree	1	0.6		
		Disagree	95	61.3		
		Neutral	-	-		
		Agree	59	38.1		
		Strongly Agree	-	-		
		Total	155	100		

NO	Items	Frequencies	N	Valid %	Mean	SD
7	Cost of using POS machine is expensive for me.				3	3.45
		Strongly disagree	1	0.6		
		Disagree	95	61.3		
		Neutral	2	1.3		
		Agree	56	36.1		
		Strongly Agree	1	0.6		
		Total	155	100		
8	Overall, I am satisfied with United Bank POS service				2.7	0.96
		Strongly disagree	1	0.6		
		Disagree	96	61.9		
		Neutral	4	2.6		
		Agree	54	34.8		
		Strongly Agree	-	-		
		Total	155	100	2.76	1.08

Source: Own survey, 2017

It is well known that all banks in Ethiopia are competing head-to head in order to win the heart and minds of bank customers. POS service is one of the tools used for strategic battling against one another in the banking industry. United Bank, as one of the competing banks, has started POS banking to reach its customers beyond time and space limitation.

Table 8, shows the distribution of the level of satisfaction or dissatisfaction of customers on all the questions related with POS service. There were one hundred fifty five valid responses for this section. Mean value of eight questions in general range from 2.6 to 3.00. The lowest mean value is 2.6 of question number one, which indicate that the availability of bank's POS machine is inadequate and followed by mean value 2.68 this indicate that unavailability of aid when customers face a problem during transaction. The mean value of the fourth question is 2.75 which represent a weak level and less than grand mean value of 2.76 and indicates thatPOS machine not easy and simple. The mean value of the sixth question is 2.75 which represent a weak level and less than grand mean value of 2.76 and indicates that POS machine is not convenient. The mean value of second and third question is 2.77 and 2.76, which represent also a weak and negative response on the level of measurement scale. The mean value of question

number seven is 3.00 it indicates above grand value. The grand mean value is 2.76 which also represent a week and negative response on measurement scale.

From the survey data we can learn that there is dissatisfaction with aspects of POS Service. Also the bank's POS machines are not available almost anywhere. With these customers are very dissatisfied.

4.4   Interview Analysis

Interview was forwarded for united bank e-banking department staff members. Five staff members had been participated in interview.

1. What are e-banking department practices to satisfy customers?

Currently united bank offers Automated Teller Machine (ATM), Mobile banking, Point of Sales (POS) terminals and Internet banking but most of the users of e-banking are AMT and Mobile banking users, says one of e-banking department staff.

As per the e-banking department manager, United is among the few banks that provide card banking Services through ATM & POS. United is pioneer in providing money send/receive service on ATM. United has started rendering Master Card and VISA services and has also finalized arrangements to start offering China Union Pay card service soon. Also says "Our Bank is a pioneer Bank in the country to provide SMS and Internet Banking services to customers. Hibir Mobile and Hibir Online Banking services are available 24 hours link to account information with view of all banking transactions.

2. Do you think that your customers are satisfied with E- banking in your Bank?
Customers will expect their banks to be responsive to their needs over e-banking therefore we are seeking to address these needs and increase their level of satisfaction. However, despite the bank's effort to improve access for its customers by delivering such services, it is well aware of some problems are encountered by clients which makes them dissatisfied such as network failure, due to service breakdown from the country's sole telecommunications service provider,

ethio- telecom, and internal network problems, are the challenges faced by the United bank attributed to dissatisfaction of our customers.

3. What are the problems that encounter mostly by your department?

While the majority of the complaints are laid at the feet of ethio- telecom, lack of knowledge from customers end have also a share for the problem of brake dawn in ATM service. Inappropriate use of ATMs and cards such as inserting card upside down into the ATM's card slot, forgetting password of Mobile bankingand ATM which leads to the machine to capture card, transferring cards to a third party are among the problems by customers themselves.The bank work around the challenge to minimize this problem. We strongly believe that the technology has given more satisfaction and reduced the visit of branch now and then as customer gets it 24 hours per day and 7 days a week, standardized service, and quicker. But due to the above reasons, customers have faced tragedy because we couldn't deliver the service as exactly as we promise.

CHAPTER FIVE
CONCLUSION AND RECOMMENDATION

5.1 Summary of Findings

Banks have invested heavily in introducing and making e-banking service, with the objective of improving customer satisfaction and loyalty, ultimately contributing positively to income and profits.

On the basis of the assessment results have been obtained through quantitative and qualitative data analyses, the following major findings are identified for further consideration.

The study has been done through applying primary data and analyzing secondary data all the way through descriptive statistics to come up with better result. The descriptive statistics produces magnificent results using frequencies, means and percentages of both demographic variables and survey questions. The majority of the participant of the study was male on gender category. Most of the respondents are degree holders, most of the respondents who uses electronic banking services of united bank are business persons. With respect to experience, majority of respondents indicates that they have between 1-5 years of Electronic Banking exposures. Almost 43.8%, the majority of the respondents use all type of electronic banking service, but off all other services customers prefer ATM service 26.1% uses only ATM services, followed by 18% of Mobile banking service, united bank customers doesn't utilize its POS service. Most of the respondents does not utilize the E-banking service on a regular basis form the response almost 75% of the respondents uses the service sometimes. Only 16% of the respondents use the service daily.

When we summarize it based on the questioner, the following results have been obtained:

- Internet banking customers' were extremely dissatisfied with variables (questions) like: Using the bank Internet Banking service does not require a lot of effort, the bank Internet Banking site launches and runs immediately, it is easy for me to find what I want on the bank Internet Banking site, The bank Internet Banking service does have customer support

staff available on e-mail and/or telephonically and the Internet Banking pages do not freeze, after I have entered my login credentials.

- ATM customers' were extremely dissatisfied with variables (question) like:I feel safe with accuracy of transaction by ATM, TheATM functions all the time and I have confidence with cash availability of the bank's ATM

- Mobile banking customers' were very dissatisfied with variables (question) like: Mobile banking service is complex than other electronic banking services so it will take me a lot of time to learn how to use it and I can access the service anytime and anywhere I go.

- POS customers' were very dissatisfied with the variable (question) like: The availability of access to use POS machine 24 hours is adequate.

- Customer satisfaction is the major factor contributing to the success of service sector. E-banking has become a major facility sought after by the existing and potential customers. All the service sectors depend on customer and their satisfaction and the banks are no exception. One of the ways for achieving high customer satisfaction and gaining the loyalty of customers is for banks to offer high quality services.

5.2 Conclusion

It is well known that all banks in Ethiopia are competing head-to head in order to win the heart and minds of bank customers. E-banking service is one of the tools used for strategic battling against one another in the banking industry. United Bank, as one of the competing banks, has started e- banking service to reach its customers beyond time and space limitation.

Descriptive analysis ascertains that there is a great dissatisfaction by the banks electronic banking users. If we look at the responses of all respondents, on all questions related to electronic banking, the majority of respondents' response falls between 1 and 3 which is very low on a measurement scale.

Generally based on the findings the following conclusions have been drawn. The bank's ATM service is not as user friendly as the bank thinks, most customers are not confident with the bank ATM cash availability, Most customers feel insecure when they are going to use the ATM machine, due to the fact that the bank's guards spend the night in side and ATM users fear they might be smuggled since everyone know they have withdrawn a money and also Customers feel

the waiting time for ATM card preparation is much longer than other banks, since most customers have more than one bank's card, also the ATM does not function most of the time, due to network problem and customers are disappointed with this.

When we came to internet banking the bank's internet site is very difficult to access the service, it doesn't resolve problems quickly customers encounter with their Internet banking transactions, the bank does have Internet banking service support staff but, they are not all most all the time available to get support.

Using POS is safe compared to cash transactions, but it took a lot of time during transaction due to network, accessibility and lack of training by the operating persons. Using of POS machine is complicated, since most users are not advanced in using technology.

The use of Mobile banking enable customers to accomplish their daily tasks quickly, however the bank's customer's fear using mobile banking because they think people will access their account. Mobile banking is indeed the cheapest way of making banking transactions most respondents believe Mobile banking menu options are not enough, they would like to have more options in the future. Hence, Mobile banking is convenient and the easiest to use among the electronic banking services.

5.3   Recommendations

Based on the study results I would like to forward the following recommendations for the concerned bodies.

- United bank has to give additional emphasis to increase the satisfaction level of its e-banking customers.
- The bank must increase the availability of POS at various outlets, shops, supermarkets and shopping centers that its customer could possibly use in order to make their transaction simple and cash free to make them feel secured. On the other hand united bank must also make the POS system as user friendly as possible in order to make it likable, usable and preferable by its E-baking customers, otherwise customer goes the old way by carrying cash unnecessarily to their shopping.

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- The bank must also have in place a system for monitoring the overall composition and quality of its electronic banking service.

- United Bank has to work to increase the number of users from all aspects regardless of their educational status, occupation and gender. the survey results indicate that most of united banks electronic banking users are, males and the literates, but, when we came to the reality, most of our society are not categorized in this group, therefore as it has been said earlier the bank must strive to increase the number of E-banking users from all category before the competition get stiff.

- United Bank needed to increase the confidence of its customers as well as develop their skills and knowledge in using e-banking services through various mechanisms. Also employ the use of video presentations at its branches and on televisions to show how easy it is using the banks electronic banking services. Also it will help customers to be more familiar with the e-banking services.

- The bank better utilize all the necessary human and material resources towards achieving high level of e-banking service to satisfy its customers.

- United bank must deliver the ATM service as promised on time at shorter period of time as possible.

- United bank has to allocate or present as many number of ATMs and POSs as possible at convenient premises.

- Of all the variables the respondents have shown the highest level of indifference or dissatisfaction with aspects of Internet banking service. The bank's managers should improve the following aspects of Internet banking service:
  - ✓ Must ensure that there is proper advice given to customers on their requests.
  - ✓ Must Ensure that the bank meet all obligations and promises that are made on the website.

Therefore, United Bank has to strive to ensure that its customers who are using e-banking service in Addis Ababa are very satisfied. Customer satisfaction is potentially one of the most powerful weapons that the Bank can employ in its fight to gain a strategic advantage and survive in today's ever-increasing technology based competitive environment.

5.4   Limitation of the study

Financial regarding cost to cover the purchase of stationary and movements to meet respondents. Another problem was the lack of cooperation from the bank and customers. Some customers also claimed that they did not have enough time to seat down and reply to the questionnaires.

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St. Mary's university
School of Graduate Studies

Dear Respondents,

This questionnaire is designed to produce academic study report entitled "Assessment of E-banking practice on Customer Satisfaction in United bank". The information shall be used as a primary data in my research which I am conducting as a partial requirement of my study at St. Marry University for completing my MBA program. The study is purely for academic purpose and thus will not affect you in any way. Therefore, your genuine, frank and timely response is very important to the outcome of the study and you are kindly requested to complete all questions.

Thanks in advance

General Instructions:

1. No need of writing your name
2. Please indicate the following by ticking (x) on the spaces in front of the response options

If you need any questions to ask please do not hesitate to contact me at any time through the following address:

BerhanuTesfaye

Phone: 0912-722567

E-mail: btesfaye2011@gmail.com

Section I. Demographic profile of respondents

1. Gender

 (a) Male ☐ (b) Female ☐

2. Current level education

 (a) TVET ☐ (b) First degree ☐ (c) Master Degree ☐
 (d) Other _____

3. Experience on using United Bank E-banking service

(a) Less than one year ☐

(b) 1-5 years ☐

(c) 6-10 years ☐

4. Occupation

 (a) Office worker ☐ (b) Business person ☐ (c) Student ☐ (d) other _____

General Information

5. Which type of electronic banking service delivery do you use?

(a) ATM ☐ b) POS ☐ (c) Mobile banking ☐ (d) Internet banking ☐
(You can choose more than one option.)
6. How often do you use the E-Banking?

(i) Daily ☐

(ii) Sometimes ☐

(iii) Once in a month ☐

7. How would you rate your skills in using E-Banking?

(i) Very Advanced ☐

(ii) Advanced ☐

(iii) Average ☐

(iv) Basic ☐

Section II. This part of the questionnaire covers items related E- Banking (Active Mobile banking, Active Debit/ATM Card, Active Internet banking and Active POS). Please indicate how much you agree or disagree with each of the following statements by put (x) mark that best represents your opinion.

Dimensions	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
Hiber online (Internet banking) related questions					
1. I am able to get the bank Internet Banking site quickly.					
2. I have confidence in the bank Internet Banking service.					
3. It is easy for me to find what I want on thebank Internet Banking site.					
4. Internet banking transactions with the bank are always accurate					
5. The bank Internet Banking site launches and runs immediately					
6. I feel safe with all my Internet banking transactions					
7. The bank quickly resolves problems I encounter with my Internet Banking transactions					
8. The bank Internet Banking service does have customer support staff available on e-mail and/or telephonically.					
9. Using the bank Internet Banking service does not require a lot of effort.					
10. The Internet Banking pages do not freeze, after I have entered my login credentials.					
Overall, I am satisfied with United Bank Internet banking service					
Mobile banking related questions					
1. The use of mobile banking has enabled me to accomplish my daily tasks quickly					
2. I fear using mobile banking because I think people will access my account					
3. I can access the service anytime and anywhere I go.					
4. Mobile banking is the cheapest way of makingbanking transactions					
5. Mobile banking service is complex than other electronic banking services so it will take me a lot of time to learn how to use it.					

6. The Mobile banking menu options are not enough for me, I would like to do more communication with my bank.					
7. Mobile banking is convenient and the easiest to use					
Overall, I am satisfied with United Bank Mobile banking service					
ATM related questions					
1. User friendliness of ATM system					
2. I have confidence with Cash availability of the bank ATM					
3. I feel safe with Accuracy of Transaction by ATM					
4. Waiting time for ATM card preparation is acceptable					
5. Employee effectiveness in solving ATM problem					
6. Quick replacement of lost and damaged cards					
7.ATM machine locations are highly secured					
8.TheATM functions all the time					
9. I am satisfied with Availability of Advice on ATM usage and security					
10. ATMs are conveniently located					
Overall, I am satisfied with United Bank ATM service					
POS related questions					
1. The availability of access to use POS machine 24 hours is adequate					
2. Using of POS machine is safe, secure & save time					
3. Using of POS machine is simple					
4. POS machine allows me to make my transaction simple & easy.					
5. I have received available aid when I face a problem using the POS machine.					
6. Using POS machine makes my lifestyle more convenient					
7. Cost of using POS machine is expensive for me.					
Overall, I am satisfied with United Bank POS service					

Appendix B: Interview

1. What are e-banking department practices to satisfy customers?
2. Do you think that your customers are satisfied with E- banking in your Bank?

3. What are the problems that encounter mostly by your department?