**SAINT MARY'S UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**MASTERS OF BUSINESS ADMINSTRATION**

# AN ASSESSMENT OF FACTORS AFFECTING ADOPTION OF AGENT BNKING
## The case of Lion International Bank S.C. (Agent perspective)

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**June , 2017**

**Addis Ababa, Ethiopia**

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**A THESIS SUBMITTED TO St. MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES IN PARTIAL FULLFILLMENT OF THE REQUIREMENT FOR THE DEGREE OF MASTER IN BUSINESS ADMINSTRATION**

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# Statement of Declaration

I hereby declare that an assessment of factors affecting adoption of Agent Banking - **The case of Lion International Bank S.C. (Agents perspective)** Project is wholly the work of **Tamrat Assefa Dubale**. I have carried out the present study independently with the guidance and support of the research advisor, **Mohammed Mohammednur (Asst. Professor)**. Also any other contributors or sources have either been referenced in the prescribed manner or are listed in the acknowledgements together with the nature and the scope of their contribution. And the study has not been submitted for award of any Degree or Diploma Program in this or any other Institution. It is impartial fulfillment to the requirement of the program Master's Degree in General Management.


**TamratAssefa**

**Signature** _____

**Date:**        _____

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## BY

## Tamrat Assefa Dubale

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# ACRONYMS

| | |
|---|---|
| ATM | Automated Teller Machine |
| CBE | Commercial Bank of Ethiopia |
| CGAP | Consultative Group to Assist the Poor |
| FI | Financial Inclusion |
| GTP | Growth and Transformation Plan |
| ICT | Information Communication Technology |
| MAB | Mobile and Agent Banking |
| MFI | Micro Finance Institutions |
| M-Pesa | Mobile Money in Swahili |
| MNO | Mobile Network Operator |
| NGO | Non-Governmental Organizations |
| NBE | National Bank of Ethiopia |
| NGN | Next Generation Network |
| PEST | Political Economical Social Technological |
| POS | Point of Sale Terminal |
| SMS | Single Message System |
| SLA | Service Level Agreement |
| SPSS | Statistical Package for Social Studies |
| EFInA | Enhancing Financial Innovation & Access |

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# ABSTRACT

*This research aims to describe factors that affect the adoption of agency banking in Ethiopian banking industry taking Lion International Bank SC as specific case. In order to achieve the objective of this study and answer the research questions the researcher adopted descriptive research design. This descriptive study was conducted based on the data gathered from the Agents of Lion International Bank SC. The researcher reviewed various empirical and theoretical literatures in light of having an in-depth understanding on the subject matter. To gather relevant data to the study a Likert type scaled questionnaires with close ended questions were distributed to geographically select115 agents from three sub-cities in Addis Ababa. The research was conducted through assessing five major factors that can be taken as challenges for the adoption of Agent banking in Ethiopia. These barriers categorized as Technological factor, Organizational factor, Environmental factor, Factors from agent perspective and the ultimate customer perspectives. The data collected based on the above factors were analyzed using descriptive statistics supported by SPSS software. The findings of the research revealed that major challenges facing up the successful implementation of Agent banking system in the selected bank were trustworthiness of the technology, simplicity, resource, commitment of top level management, training, government support, legal framework, belongingness of Agent and public awareness regarding agency banking system. After due consideration of those findings the researcher recommend on major issues like awareness and customer sensitization, continues training , security and liquidity management for the stakeholders,The bank, The Agent, Ethio-telecom and National Bank of Ethiopia in connection with their roles.*

*Keywords: Agency banking, e-float, Adoption, Financial Inclusion*

# CHAPTER ONE

# INTRODUCTION

## 1.1. Background of the Study

The Ethiopian financial sector/policies have evolved through three stylized stages: first, financial repression and fostering state-led industrial and agricultural development through preferential credit (in the socialist regime); second, market-led development through liberalization and deregulation (post 1991); and third, financial inclusion through allowing private banks and MFIs (since second half of 1990s).Proclamation No. 84/1994 that allows the Ethiopian private sector to engage in the banking and insurance businesses and proclamation no. 40/1996 in1996 that allows the establishment of MFIs mark the beginning of a new era in Ethiopia's financial sector and opened the opportunity for an inclusive financial sector in Ethiopia(Zewdu, 2014).

Currently, the Ethiopian financial sector consists of 2 public banks, 16 private banks, 14 private insurance companies, 1 public insurance company, 31 microfinance institutions and over 8,200 Saving and Credit Cooperatives (SACCOs) in both rural and urban areas. The ownership structure of microfinance institution is mixed, with the big micro finance institutions partially owned by regional states, some by NGO's and some by private owners. The government-owned Commercial Bank of Ethiopia (CBE) is the dominant commercial bank and accounts for 70% of total assets of banks as of May 2013.Despite these developments; commercial banks are characterized by several problems in relation to access and cost of finance. IMF staff report for the 2013 (IMF 2013:20-21) stated that 'only 7.1 million have deposit accounts, i.e., less than 8% of Ethiopians have a bank account. World Bank has also identified bottlenecks for financial inclusion in the country. In its two times surveys, it identified that access to finance is a major constraint for formal and informal sectors in the country*(Zewdu, 2014).*

The Ethiopian government issued proclamation no. 40/1996 in 1996 that allowed the establishment of MFIs. Since then financial services to the unbanked have become a major area of interest for policy actors. The government takes financial inclusion as a policy objective and has been trying to build inclusive financial systems not only to address the previously excluded ones but also to mainstream financial institutions to reach out to the unbanked. The above credentials towards financial inclusion reveals the fact that the result achieved so far is quite low despite all the efforts made by the Government. However, cognizant of the actual reality and armed with the understanding that *"The use of technology and innovative financial service delivery channels such as mobile devices and agents have significant contribution in deepening financial service accessibility to the wider section of the population at an affordable price"*(NBE Directive, 2012), The National Bank of Ethiopia (NBE) issued a directive on "Regulation of Mobile and Agent Banking ServicesZ", Directive No.FIS/01/2012 which allows financial institutions to conduct the Mobile and Agent Banking Services.

The agency banking model is one in which banks provide financial services through non bank agents, such as grocery stores, retail outlets, post offices, pharmacies, or lottery outlets. Agency banking takes customers out of the bank halls to kiosks and villages. Investors have pumped billions into new platforms that offer agency banking services (Mulupi 2012).Agency Banking allows banks to expand services into areas where they do not have sufficient incentive or capacity to establish a formal branch, which is particularly true in rural and poor areas where as a result a high percentage of people are unbanked. Agency banking is quickly becoming recognized as a viable strategy in many countries for extending formal financial services into poor and rural areas in that agency banking enables clients to store, send and receive electronic money through local gents, rather than travelling to the nearest bank branch.

There are worldwide researches that studied specifically revolve on challenges on Agent banking. Unfortunately when we come to our country most researches made effort to explore challenges of adoption of agent banking in connection with Mobile Banking or Internet Banking rather than study the case separately. Researchers conducted a research regarding factors that determine adoption of internet banking in Ethiopia (Abenet, 2010). In his research, Abinet (2010), he tried to assess factors which affect internet banking with Agent banking rather than

focusing on agent banking. The other study was done by Anwar focusing on "Assessment of Factors Affecting Adoption of Agent Banking and Electronic Banking in Ethiopian Banking Industry" on which the factors centering on Electronic Banking(Anuwar, 2015), other researcher tried to focus on "The challenges and prospects of mobile and agent banking in Ethiopia" (Elfaged,2015) which gave emphasis on Mobile banking. All the above listed researchers do their research about Agent banking in connection with internet banking, electronic banking and Mobile banking. However, there must be a research which assesses the factors which affect the adoption of Agency banking specifically and brought recommendation regarding to make light of barriers for the adoption of this service.In this research paper the researcherassessed the factors affecting adoption of agent banking inthe case of Lion International bank SC.

## 1.2 Statement of the Problem

In this era of globalization, with increased competition around the globe in all sectors, a strong banking industry is important in every country and can have a significant effect in supporting economic development through efficient financial services. One of the solutions to take advantage from the current computation among financial providers is the accessibility of that financial institution throughout the country. The accessibility issue becomes the basic issue raised by customers, and therefore, financial institutions are struggling to open traditional branches to fulfill customer requests. However, when we come to cost wise, the major cost challenge of banks lies under branch establishment. The amount of money spent to establish traditional Bank Branch takes higher cost share from their total cost, due to this , banks are developing strategies and Models that will help them to deliver banking products and services by the most cost-effective channels. One of such channel is Agent banking. Agent banking is the provision of financial services to customers by a third party (agent) on behalf of a licensed deposit taking financial institution. Agent banking is a new concept in Ethiopia, but practiced globally as an important distribution channel for financial inclusion through Agents of the banks. After the commencement of the regulation by National Bank of Ethiopia (FIS/01/2012), many banks are licensed to offer this product and are making efforts to adopt the system. As a financial institution, Lion International Bank is one of the pioneers in providing Agent Banking service.

These Agents improves the bank's geographical coverage and competitiveness so that existing and potential customers can benefit from accessing banking services. It has enhancing customer services, effective distribution, improved operations, faster access to information and improved internal processes. This implies that customers benefited from frequency of going to the banking halls. Most of the countries that are using Agent banking service have got financial inclusion and better customer base through agency banking. When we come to Ethiopian case, there is slow adoption of Agent banking service.

Although Lion International Bank SC   is gaining a lot of advantage from the Agents, it has not used at maximum potential which has been targeted. Data collected from alternative channel division exhibits that only 54% of the deposit mobilization budget was succeed till June 2016. Even if the model is easy and approachable still there is a problem of adapting the system in the society.

Though various countries are using agent banking as a financial inclusion and reduction of number of unbanked society including Lion International Bank, these advantages and opportunities are not yet internalized in Ethiopian financial sectors,this study, therefore, tried to investigate the problemstowards the adoption of Agent banking in Ethiopia –Taking Lion International bank S.C. as a case.

## 1.3 Basic Research Questions

This study was guided by a number of questions aimed at bringing out the pertinent information to the study in line with is specific objectives. The study sought to answer the following questions;

1.  What are the barriers to the adoption of agency banking service in Ethiopia?

2.  How do customer service and quality of agents affecting adoption of agency banking in Ethiopia?

3.  What are the effects of Technological factors on the implementation of agency banking?

4.  How does regulation of agency related laws affect the implementation of agency banking?

5.  How does lack of training hinders implementation of agency banking?

## 1.4 Objectives of the Study

### 1.4.1General Objective

The main objective of the study is assessing the factors affecting adoption of agent banking in Ethiopian context –in the case of Lion International bank SC.

### 1.4.2 Specific Objectives

The Specific objectives include the following:

1. To describe the barriers to adopt agency banking service in the selected bank.
2. To describe how customer service and quality of agents affects adoption of Agency Banking in Ethiopia
3. To assess how Technological factors affect the implementation of agency banking.
4. To describe how regulation of governing body hinders implementation of agency banking.
5. To determine how lack of training affects adoption of agency banking.

## 1.5. Significance of the Study

Financial services can be accessible to various segments of the population by providing services beyond banks' traditional banking ways with more feasible, variable cost channel. (*Ignacio, 2009)*In light of the above noble notion, the findings of the study will have practical importance through providing significant insight for decision makers at LIB. This can help the above organ for valuable commitment towards expediting the implementation of Agent Banking through overcoming the challenges ahead. The study will also help Agents to review their service excellence and expand their customer base by adopting the result of this research. The study will increase and build on the existing knowledge of customers and update them the changes regarding agent banking services in Ethiopia.  The research also serves as a ground for further studies and the finding of the study will initiate other researchers to conduct a better and in-depth study on the area.

## 1.6. Scope of the Study

The adoption of this banking service might be the function of many organizations including NBE, Ethio-Telecom and other bodies. However, from time and financial constraints, this study will be confined to Agents perspective. Conceptually the modern banking services covers a wide functions including ATM, POS, Internet banking, agent banking and other alternatives. In this paper, Agent banking service was a major focus area among the above services, from the Financial Institution perspective. Even though some banks are operating with Agent banking this study was on the experience of Lion International Bank S.C. due to its progressive stage.

## 1.7. Organization of the Study

The research paper will be organized into five chapters. The first chapter deals with introductory part consisting of background of the study, statement of the problem, basic research questions, objective of the study, significance of the study, scope and limitation of the study. The second chapter will reviews literatures related to the study and deal various theoretical concepts that are related with Agent Banking were incorporated. The third chapter will contains methods and design of the research; the research design, sampling and sampling techniques, the subjects/participant of the study; sources of the data, data collection tools/instruments employed; the procedures of data collection; and the methods of data analysis used were discussed. The fourth chapter deals with the result and discussion part, data will be analyzed; the findings will be summarized and interpreted. And finally, the fifth chapter presents summaries of major findings, the conclusions and the possible recommendations.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.1 Overview of Agency Banking

### 2.1.1 Agency

It addresses the relationship where in a contract 'one or more persons (the principal(s)) engage another person, the agent, to perform some service on their behalf by delegating authority to make some decisions to the agent (Jensen and Meckling, 1976). Agency is a contract where by a person, the agent, agrees with another person (the principal) to represent him and perform on his behalf one or several legally binding acts (Ethiopian Civil Code art, 2199). As per the National Bank of Ethiopia Directive (FIS-01-2012) issued to regulate the Mobile and Agent Banking services **"agent"** means a person engaged in a commercial or business activity and has been contracted by a financial institution to provide the services of the financial institution on its behalf in a manner specified in these directives; and **"agent banking"** means the conduct of banking business on behalf of a financial institution through an agent using various service delivery channels as permitted under these directives (NBE Directive, FIS-01-2012).

### 2.1.2 Agency Banking

Agency Banking is a service outlet contracted by financial institution or mobile network operator to process client's transactions rather than a bank teller. It is the owner or an employee of the retail outlet who conducts the transaction and lets its client deposit, withdraw and transfer funds, pay their bills, inquire about an account balance, or a direct deposit from their employer, or receive government benefits. Banking agents can be pharmacies, super markets, conveniences stores, lottery outlets, post offices etc. (Ivatury& Layman, 2006).

Agent banking is also known as correspondent banking, this is a model for delivering financial services whereby a bank partners with a retail agent (or correspondent) in order to extend financial services in locations for which bank branches would be uneconomical. Agents can be

both banking (small banks) and non-banking correspondents (post offices, gas stations, and retail shops). Agent banking is a delivery channel that holds high potential for closing the location gap (DipoFatokun, 2010).

The services that may be provided by bank agents can be divided roughly into four categories:

- o Transmitting information
- o Processing information
- o Cash handling
- o Electronic funds transfer

Information transmission consists primarily of providing the customer with account information (e.g., balance inquiries and bank statements) and receiving account and loan applications, including transmitting know-your-customer (KYC) information. Information processing includes processing account and loan applications (and in some cases, opening accounts), analyzing the credit and other personal information of loan applicants, conducting KYC procedures (i.e., verification) for account opening applications and transactions, record keeping, and selling micro insurance. Cash handling refers to deposits ("cash in") and withdrawals ("cash out"), often limited to small values, to or from a customer's own account. Finally, electronic funds transfer may involve making bill payments, disbursing government benefits, and effecting payments (e.g., salary payments). Some countries permit agents to engage in all such activities; other countries are more restrictive. (K.Lauer,2011)

## 2.1.4 Financial Inclusion Defined

Financial inclusion is provision of a broad range of high quality financial products, such as savings, insurance, credit, pensions, and payment, which are relevant, appropriate and affordable for the entire adult population, especially those low income segments. Inclusive financial sector is characterized by the level of competition between them, the diversity of financial service providers and the legal and regulatory environments that ensure integrity of the financial sector and access for all (EFInA , 2015). It is the delivery of banking services at an affordable cost to the vast sections of disadvantaged and low income groups. Unrestrained access to public goods and services is the sine qua non of an open and efficient society. As banking services are in the nature of public good, it is essential that availability of banking and payment services to the

entire population without discrimination is the prime objective of the public policy*( V.Leeladhar, 2005).*

In addition to the above meaning Financial Inclusion Theory refers to the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular, at an affordable cost, in a fair and transparent manner, by mainstream institutional players (Chakrabarty, 2011).

## 2.2. Quality of Agents

The researcher was interested in three parameters for measuring the quality of agents. These parameters were, float management, experience in agency which was depicted by length of service as an agent and the type of business agents were engaged in.

### 2.2.1 Agent Floats

This is the cash at hand and bank balances set aside by the agent for agent banking operations. According to CGAP (2011).The top concerns among agents are low remuneration, liquidity management and network availability. The operation of the agency is such that a customer deposit at the agent means customer giving cash to the agent and is accounted by the bank by debiting the agent account at bank and crediting the customer's account at the bank . It is therefore not possible for an agent to receive a deposit unless the agent has sufficient credit in the bank. A customer withdrawal at the agent means the agent gives cash to the customer and the bank accounts by debiting the customer's bank account and crediting the agent's account at the bank. An agent then can only pay out a withdrawal if they have cash in their till at the shop. This means the agent has to have both cash in the bank and cash in till. This is a key challenge to banks as most agents are not able to balance the cash holding or have inadequate capital. For some reason banks have not been able to convince some businesses like large retail chains which could be ideal for agency banking. Some of the reasons given are the inability of the banks to provide reconciliation mechanism which has led to the chains loosing cash. The situation of float

is even worse for remote agents who have to travel to the banks to replenish their deposits when balances run low.

### 2.2.2  Age of agency:

Agents are expected to take time to establish themselves and the normal growth curve is expected to apply. This means lower foot print in the beginning of a new outlet that keeps on growing to maturity if the correct factors for growth are cultivated or closure or dormancy of agency if the right factors are not exhibited( Bosco K. 2014),.

### 2.2.3 Agent's type of core business:

The type of agent business is critical in number of ways. First the nature of business determines the hours of business. For example retail shops, supermarkets and hotels are known to open 365 day a year, they open early and close late. Chemists are known to open late in the day but extend late in the night. Majority of other businesses like the hard-ware shops open between 08.00hrs and 18.00 hrs. The more formal businesses like the SACCOs and microfinance have similar hours of business to those of banks and remain closed for businesses on weekends and public holidays (Malek M.2012).

## 2.3 Adoption of Innovations

An innovation is an idea, behavior, or object that is perceived as new by its audience. Any innovation goes through several stages before it becomes adopted. The process by which a new idea or a new product is acquired is known as adoption (Kibera&W-aruingi , 1998). There are five stages consumers go through before they adopt or reject a new product and these are awareness, interest, evaluation, trial and adoption. Diffusion of innovations seeks to explain how innovations are adopted in a population. It offers three valuable insights in the process of social change namely the qualities that make an innovation spread successfully, the importance of peer to peer conversations and peer networks, and it gives an understanding of the needs of different user segments. Scholars have recognized five qualities that determine the success rate of adopting an innovation. Some innovations are taken up very fast while others take a long time to gain acceptance.

There are five attributes upon which an innovation is judged (Rogers, 2003)

1. Quality : quality is relative advantage, which refers to the degree to which an innovation is perceived as better than the idea it supersedes by a particular group of users, measured in terms that matter to those users, for example economic advantage, social prestige, convenience, or satisfaction. The greater the perceived relative advantage of an innovation, the more rapid its rate of adoption is likely to be.

2. Compatibility: the second attribute is compatibility with existing values and practices and this refers to the degree to which an innovation is perceived as being consistent with the values, past experiences, and needs 5 of potential adopters. An idea that is incompatible with their values, norms or practices will not be adopted as rapidly as an innovation that is compatible.

3. Simplicity and ease of use: this is the third attribute and it is the degree to which an innovation is perceived as difficult to understand and use. New ideas that are simple to understand are adopted more rapidly than innovations that require the adopter to develop new skills and understandings.

4. Trainability: is the fourth attribute and it refers to the degree to which an innovation can be experimented with on a limited basis. An innovation that can be tried represents less uncertainty to the individual who is considering it.

5. The fifth quality is observable results. The easier it is for individuals to see the results of an innovation, the more likely they are to adopt it. Visible results lower uncertainty and also stimulate peer discussion of a new idea. According to Rodgers (2003) these five qualities determine between forty nine to eighty seven per cent of the variation in the adoption of new products. Wejnert (2002) states that although impersonal marketing methods like advertising and media stories may spread information about new innovations, peer to peer conversations and networks are important because adoption of new products or behaviors involves the management of risk and uncertainty. People we know that have successfully adopted the innovations themselves can give us credible reassurances that our attempts to change will not result in embarrassment, humiliation, financial loss or wasted time. Diffusion researchers believe that a population can be broken down into five different user segments based on their propensity to adopt a specific innovation namely innovators, 6 early adopters, early

majorities, late majorities and laggards. Each group has its own personality as far as its attitude towards a particular innovation goes.

**Innovation**

Denning (2004) describes innovation as a transformation of practice in a community. This statement carries with it the concept that a successful innovation is one that is taken up by a community with an accompanying adjustment to expected work methods and / or practices. There is an important distinction between the meaning of "invention" and "innovation". Carayannis, Alexander, & Mason (2006), state that invention is the development of a new idea that has useful application. Innovation is a more complex term, referring to how an invention is brought into commercial usage."

## 2.4. Theoretical Review

Agency banking theories look at the commercial bank as the principle and correspondent bank (agent banks) as the agent, which are retail establishments contracted by the banks and authorized by the central banks to render services for commercial banks.

### 2.4.1 Driving forces to embrace banks to agency banking:

Two theories are therefore relevant in explaining the main forces driving banks to embrace agency banking:

A.  Porter Theory of competitive advantage
B.  Innovation theory.

#### 2.4.1.1 Porter theory of competitive advantage

Michael porter proposed theory in 1985. Competitive advantage theory suggests that states and businesses should pursue policies that create high quality goods to sell at high prices in the market. Porter emphasizes productivity growth as the focus of national strategies (Porter, 2004). Competitive advantage stresses on maximizing economies of scales in goods and services that gain premium prices.

Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can include access to natural resources, such as high grade over or inexpensive powers, or access to highly trained and skilled personnel human resource. It is advantageous for any bank when it is a market leader because it has significant financial and perpetual benefits which then lead to consistency and focus on quality; it also enhances the use of the full range of banking tools to solidify performance and leads to ownership of core benefits with a balance of national and economic massages (Aryeeteve&Cludry 1998). The secret of gaining competitive advantage among the banking service providers is by building themselves as brand and target to retain brand loyalty and enhance brand presence where it is limited and this has been achieved by the use of agent banking in the unbanked locations. Branding helps banks to distinguish and differentiate themselves from competitors (Miller, M, and C 2003). Brand loyalty gives the brand stability of future sales and less costly to retain it.

**2.4.1.2. Diffusion of innovations theory**

Diffusion of Innovation (DOI) Theory, developed by E.M. Rogers in 1962, is one of the oldest social science theories (Rogers, 1995).  It originated in communication to explain how, over time, an idea or product gains momentum and diffuses (or spreads) through a specific population or social system. Researchers have found that people who adopt an innovation early have different characteristics than people who adopt an innovation later. When promoting an innovation to a target population, it is important to understand the characteristics of the target population that will help or hinder adoption of the innovation. There are five established categories of adopters, and while the majority of the general population tends to fall in the middle categories, it is still necessary to understand the characteristics of the target population. When promoting an innovation, there are different strategies used to appeal to the different adopter categories.

**Innovators** - These are people who want to be the first to try the innovation. They are venturesome and interested in new ideas. These people are very willing to take risks, and are often the first to develop new ideas.

**Early Adopters** - These are people who represent opinion leaders. They enjoy leadership roles, and embrace change opportunities. They are already aware of the need to change and so are very comfortable adopting new ideas. Strategies to appeal to this population include how-to manuals and information sheets on implementation. They do not need information to convince them to change.

**Early Majority** - These people are rarely leaders, but they do adopt new ideas before the average person. That said, they typically need to see evidence that the innovation works before they are willing to adopt it. Strategies to appeal to this population include success stories and evidence of the innovation's effectiveness.

**Late Majority -** These people are skepticalof change, and will only adopt an innovation after it has been tried by the majority. Strategies to appeal tothis population include information on how many other people have tried the innovation and have adoptedit successfully.

**Laggards** - These people are bound by tradition and very conservative. They are very skeptical of change and are the hardest group to bring on board. Strategies to appeal to this population include statistics, fear appeals, and pressure from people in the other adopter groups.
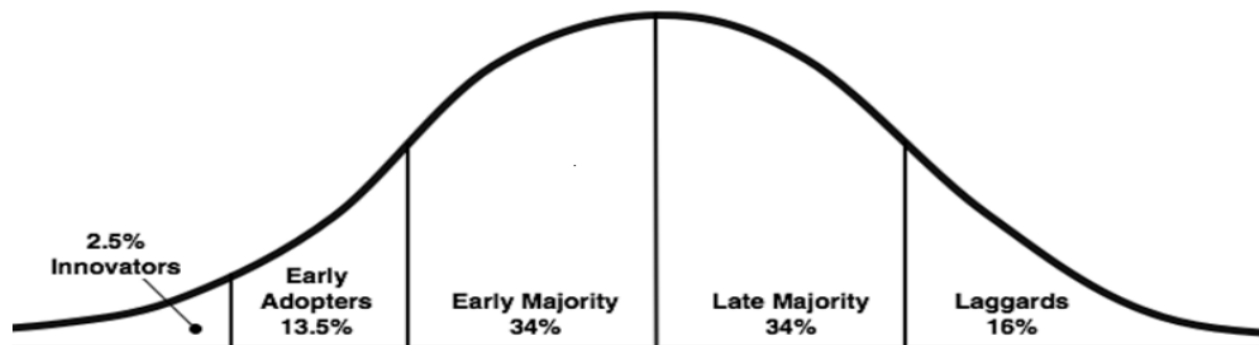


Source: Boston University School of Public Health 1972

Figure 2.1 Distribution of adopters

### 2.4.2 Models of Agent Banking

There are three widely practiced models to conduct the Mobile and Agent Banking business worldwide. These are: **The Bank-Led Mode, The Telco-Led (The Mobile Network Operator (MNO)-Led Model and The Mixed Model.**

➢ **The Bank-Led Model** is the one which Banks are granted vested right to run the mobile &Agent Banking business by the National Bank. The Regulation Agent Banking Services Directive No.FIS/01/2012 issued by National Bank of Ethiopia (NBE) clearly stated that Ethiopia has adopted the Bank Led Model. Accordingly, only commercial banks are allowed to provide the service in Ethiopia with prudent supervision by the National Bank of Ethiopia.

➢ **Telco-Led Model** is in which the service is implemented using through Telecom companies. Most successful countries in Mobile and Agent Banking business use this model. However, the issue of fund protection is one of the most challenging in the non-bank led model: Non-bank issuers are taking funds from the public, MNOs are not regulated/ supervised prudentially and what if the m-banking provider goes bankrupt, to whom claim presented. Unlike the Bank-Led model, the loose established mechanisms to protect users' funds make the risk of the Telco-Led model higher than the Bank-Led Model (Laurent, 2011).

➢ **Mixed Approach** Completely detaching the Telco-Led Model from implementation in fear of the risk will delay the pace of penetration/implementation of financial inclusion in one country. In this regard, the third Model, the Mixed Approach, may strike the balance between risk and penetration. For example, Nigeria is adopting the Bank-Led model while Kenya is implementing the Telco-led Model and currently Kenya has over 45,000 agents, (Oxford Policy Management, 2014). Therefore, the pace of addressing to the remote area through bank led model may not be as fast as the way the Telco-Led approach. However, the Bank-Led Model approach is better in managing the business and controlling the risk that may occur following availing the service at large scale to avoid complication of managing the risk.

➢ **BC/BF model** practiced by banks is a relatively new concept that has successfully been practiced in India. Banks increase their reach by engaging local "correspondents" and "facilitators" to offer their services. Facilitators are individuals while correspondents may be individuals or institutions. They help the bank reach more people in areas where bank branches do not exist or by easing traffic at existing branches. This channel is also meant to

distribute product information. But these advantages come with costs. Banks have to realize that, for the model to succeed, the BC‟ s /BF‟ s have to be compensated adequately so that they too see this as a business opportunity. Further, client fears and misconception about these four channels should be addressed. Banks will have to increase trust, provide enough incentives and use technology for adequate reporting. A policy oriented approach can be to let the corporate houses and non-banking financial companies which want banking licenses instead. Thus banks can continue to be responsible for KYC/AML and other norms to cover the risks to the system and BCs will have balance sheets large enough to plan sufficiently large technological investments (Malek M.2012).

### 2.4.3 The business case for Agency Banking

**Advantage of agency banking for banks:**

One of the key advantages of agency banking, whether via agency outlets or mobile agents, is that it drives growth in banking. This is because it is fast and easy to set up, and thus minimizes the capital expenditure of expansion. This in turn allows for the servicing of previously unbanked or under-banked people in remote areas while at the same time gaining the high volumes of transactions that are necessary to make it a viable business venture.

**Advantages of agency banking for agents:**

When using the agency outlet model there are also many advantages for the agent. Some of these include, increased walk in business due to the differentiated service, with the possibility of cross selling them on the agent's primary business. By encouraging clients to use the banking services and providing a withdrawal function at the POS the agent can reduce the amount of cash that they have to reconcile, secure and bank, saving them time and money. They also have the benefit of the potential strength of the bank's brand rubbing off on the agent.

**Advantages of agency banking for clients:**

Agency banking can also be very beneficial to the client, as we stated above it is often the first time the client has had access to formal financial services. On top of this having an agency bank in their neighborhood allows the client to save time and money that would otherwise have been spent traveling long distances to the nearest bank branch. It also allows them the comfort and familiarity of dealing with a local agent in an environment they are familiar with.

## 2.4.4 Challenges of Agency Banking for banks

There are a number of challenges that the banks need to address to maintain the Banker-Customer relationship and avoid losing customers (Peter M,etl,2016).The customer who is served by the agent remains the responsibility of the banks hence the need to protect the reputation of the bank. Some of the challenges that need to be addressed in this regard are:

1. Confidentiality – Every year Banks ensure that their staff members sign secrecy forms and maintain confidentiality for all customer information. This does not happen in many cases at the Agent level since the employees of the agents are not bank staff.

2. Security – Most of these agencies are in areas that are what would be considered 'high Risk'. The Bank needs to audit the security measures being taken by the agencies to ensure safety of the customer and the agent

3. Customer service to the bank customer – Service is a huge challenge for the banks as they need to train and retrain the agents so as to maintain high levels of customer service

4. Issues of Fraud – The agency staff will be a target by fraudsters as they are aware that they will not be able to easily identify fraudulent transactions, especially in the case of identification of documents for originality

## 2.4.5  Drivers of Mobile and Agent Banking

Mobile and Agent Banking business increased income through commission; **bank agents** are usually awarded commissions whenever they perform transactions on behalf of the bank. Increased customer traffic brings additional benefits to the agent; the increased traffic brought about by customers performing banking activities also translates to more people getting to know your business hence more sales, the question comes at the initial stage there might not be sufficient number of customer who frequently visit the agent premises *(Chiteli, 2013).*

Customers are also one of the drivers of Mobile and Agent Banking business. Most financial institution closes their doors early, but with agents, for as long as the business premise remains open, you can do your transactions, and this gives flexible hours. This has proven tobe very convenient especially for people who are busy during the day. The other benefits to customer are financial institution agents have proven to be cost-effective especially to people who live in rural areas that are far away from banks *(Veniard, 2010).*

Financial institutions have recorded an increase in their profits and Agent Banking is one of the main attributes to such huge profits. Banks are finding it cheaper to set up agents asopposed to opening a branch where they will incur extra costs of staffing, rent, electricity etc. With Agent Banking, the agent incurs almost all the costs. Agent banking has made it possible for bank products and services to penetrate areas that at first seemed impossible. With Agent Banking banks have reached even the smallest of villages. With regards to wide customer base Bank agents are paid commissions when they sign up new customers and this has led to an increase in the number of customers for banks. Banks are finding it effective to increase their customer numbers in this manner as opposed to using sales people *(Lehman, 2010).*(Abdulakdir W., 2014) When financial institution do not have branches that are close to the customer, the customer is less likely to use and transact with their service. However, the emergence of new delivery models as a way to bank has played a key role to drastically change the economics of banking by the poor. By using retail points as agents, banking providers can offer banking services in a commercially viable way since they are able to reduce fixed costs and encourage entrepreneurs to use the service more often and in the process provide access to additional revenue sources (Kumar et al, 2006).

At the end, we can conclude that mobile banking is an efficient tool, which can be used to facilitate financial transactions, payment transactions as well as crediting transactions. In order to enable a wide use of mobile banking it has to be of easy usage and applicable to all types of mobile phones. And of course, it has to be cheap for all mobile subscribers. In this way, mobile banking can have a large acceptance. However, challenges have to be considered, such as technological acceptance, trust, traditional ways of conducting financial transactions and the massive use of cash in developing countries. Nevertheless, we think that mobile banking is able to enhance economic development by facilitating financial transactions. However, it has to

be noted that mobile banking will not replace classic banking, but is only able to fulfill a niche, i.e. offering banking service to groups, who traditionally do not use a bank account. (Kumar et al, 2006).

## 2.5. Empirical Literature Review

The researcher tried to review related researches works pertaining to the topic in order to demonstrate through understanding of the research topic. Based on the objectives and main findings of each research works under consideration, the review tries to make a link between the theoretical and empirical reviews in light of the underlying themes towards the provision of mobile banking services; such as the various challenges posing to the business, the prospects towards the drivers of Mobile and Agent Banking services, the models employed by various countries and the success or failure factors behind such innovative banking services towards financial inclusion in such a way that addressing the concept behind the statement of the problem.

### 2.5.1 Factors affecting adoption of Agent Banking -International Aspect

Given the topography of Latin America—often a major obstacle to improving access to financial services—it is not a coincidence that agent banking schemes are blooming in the region. With a huge percentage of population concentrated in large cities, the minority living in remote rural areas do not receive enough attention in terms of infrastructure, communications development, and services. This is particularly evident in countries like Brazil or Peru, where these minorities account for millions of people, affecting equally both poor and better-off residents. The experience of Brazil offers valuable lessons for countries. A Brazilian agent is a service provider of a bank or other financial institution. Any institution that is supervised by the central bank can contract an agent, and anyone can become an agent as long as the bank takes the responsibility and the relationship is governed by a public contract. The success of this model is based on its pragmatic and flexible approach. While the oversight is focused on the financial institution, with the central bank getting access to all data on the agent, it also gives the financial institution enough freedom to articulate the relationship with the agent on its own terms.

Following its remarkable success, it seems unlikely that an audience such as this will be completely unfamiliar with M-PESA. To briefly summarize: M-PESA is a money transfer service, initially deployed in Kenya, which allows ordinary Kenyans to send money across the country (or indeed face to face), cheaply and reliably, using their mobile phones. M-PESA was developed and deployed by Vodafone, In partnership with Safaricom, the leading Kenyan mobile operator. Its been live for almost two and a half years, and, at last count, M-PESA had more than 7 million registered customers, who were transferring US$2 million a day between themselves. (Paul Makin mailto, 2010).

(Ahmed et al.2011) "Problems and Prospects of Mobile Banking in Bangladesh" have studied the problems and prospects of Mobile Banking in Bangladeshi. The objectives of the study were to find out the prospect of mobile banking in Bangladesh, to detect problems of mobile banking in Bangladesh and to make suggestion on the basis of finding. For this research primary data were used and the study adopts with descriptive in nature. The study finds out that the Push-Pull m-banking service which is offered through SMS (Short Message Service) can provide several banking services by sending SMS to bank server from any remote region in Bangladesh.

Fouzia and Subran (2010) haveconducted their study on "Push Pull Services Offering SMS Based m-banking System in Context of Bangladesh". The study found out that the Push Pull SMS banking service is an effective communication channel which saves time, provides multitasking opportunity, easy and familiar for the user and less costly and less risky system both for the user and the service providers.

Simeon and Bamidele (2012) by their study denoted as "Cashless Banking in Nigeria: Challenges, Benefits and Policy implications", have studied the challenges, benefits and policy implications towards the creations of cashless society in Nigeria. They have found that the shift towards a cashless Nigeria seems to be beneficial though it comes with high level of concerns over security and management of cost savings resulting from its implementation. Its objective is to examine the implication of cashless banking with a view to exposing the possible challenges and prospects it poses to the Nigerian economy whilst employing aggregated approach. Vis-à-vis the rising doubts with regard to the effectiveness of various economic policies in achieving developmental goals of Nigeria, the study presented significant recommendations.

## 2.5.2 Factors affecting adoption of Agent Banking -National Experience

Most local Banks are under project stage to embark on Mobile and Agent Banking business following the issuance of the NBE Directive No. FIS/01/2012 on Mobile and Agent Banking business in Ethiopia. Dashen Bank has already got the license from NBE and under pilot test stage and some are under process to submit request to NBE. So far only two Banks, United Bank and Lion Bank have announced very recently that they have already launched Mobile and Agent Banking service dubbed as "HibirWokil" and "Hello Cash". As the business is very immature to conduct further researches, the researcher was unable to get adequate local research works in the field except a thesis paper by (Abdulakdir W., 2014), submitted to St.Mary's University under the title "Prospects and Challenges on the Implementation of Mobile and Agent Banking in Ethiopia" and one research article posted on Birritu and written by HenokArega(2015) under the title "Mobile Banking in Ethiopia: Challenges and Prospects" where the research article is limited to only the mobile banking aspect of the business.(Wolela A., 2014)

The researcher found out that the challenges revolve around on: having competitive price with the traditional banking offerings, improper articulation of organizational structure, infrastructure issues like Telecom, Power and road, failure to realize interoperability among financial institutions and financial literacy level of the society. Moreover, the research identified that the strangest regulatory framework drafted by NBE has missing and ambiguous articles which casted shadow on the provision of Mobile and Agent Banking in Ethiopia. The research recommended the Mixed Model approach for Agent Banking business in Ethiopia and the requirement of experience sharing with countries following similar model with Ethiopia for the successful implementation of Mobile and Agent Banking.

Henok A. (2015), has conducted a study on "Mobile Banking in Ethiopia: Challenges and Prospect". He found out major challenges such as regulatory challenge where financial institutions are facing challenges on timely approval of new product, the lack of interoperability in the banking system which is very important to support multiple payment mechanisms and the limit set to mobile money (e-wallet account) is too small for both commercial banks and MFIs; hence it should be left to financial institutions to determine in accordance with their risk appetite.

Additionally, the research found out that poor network quality, low financial literacy level and lack of customization of mobile applications in local language were found to be challenges for the provision of Mobile banking service in Ethiopia.

### 2.5.3 Research Gap

In different parts of the world various research studies have been conducted on agency banking services (Hannsens& Schultz, 2001), (Korir, 2012) (Jappeli&Pangano 2001). In Ethiopian context most of the researchers focus on internet & Mobile banking system rather than doing research on agency banking services (Abenet, 2010), (Anuwar, 2015),(Elfaged, 2015). However, it is a need to focuses on factors affecting the adoption of agency banking services in Ethiopian banking context. This research study will gives light on factors affecting the adoption Agency banking in Ethiopia to fill the research gap in this regard. This study is, therefore, intending to fill the gap by describing the challenges to adopt agency banking services taking Lion International Bank as the study case.

# CHAPTER THREE

# RESEARCH METHODOLOGY

## 3.1 Research approach and Design

Research design is a conceptual structure with in which the research would be conducted. To answer the research question reveal that this study will use primarily descriptive method of research design. Descriptive research design is a scientific method which involves observing and describing the behavior of a subject without influencing it in any way. It sets out to collect, organize, and summarize information about the matter being studied (Punch, 2006).

In order to achieve the objective of this study, quantitative research approach was used through which data was collected through questionnaires. Quantitative approach is useful as it helps the researcher to prevent bias in gathering and presenting research data (Creswell, 2003).

Regarding research data instrument, a questionnaire was developed and pre-tested in order to obtain the information required. The questionnaires were developed and translated in Amharic in order to avoid ambiguity and distributed to targeted Agents of Lion International Bank S.C operating in Addis Ababa.

## 3.2. Total Population-Agents of Lion International Bank SC

According to the National Bank of Ethiopia 2015/16 annual report, there are Eighteen commercial banks operating in Ethiopia, which comprises two state owned and sixteen private commercial banks. However, only five banks (Dashen Bank, United Bank, Lion International Bank, Cooperative Bank of Oromia and Awash Bank) commenced the delivery of the Agency Banking services. Accordingly, the researcher will consider Agents of Lion International Bank SC operating in Addis Ababa.

According to the data collected from Alternative channel Division of Lion International bank SC there are 621 agents in Addis Ababa.

**Table 1: summary for No. of Agents**

| S.No | SUB-CITY | NO.OF AGENT | |
|------|----------|-------------|--|
| 1 | Akaki-Kality | 47 | |
| 2 | Addis Ketema | 15 | |
| 3 | Arada | 62 | |
| 4 | Bole | 158 | |
| 5 | Gullele | 31 | |
| 6 | Kolfe-Keranyo | 43 | |
| 7 | Kirkos | 61 | |
| 8 | Nifas-Silk Lafto | 94 | |
| 9 | Lideta | 41 | |
| 10 | Yeka | 69 | |
| | **TOTAL** | **621** | |

## 3.3 Sample size

The study of the total population is not possible and it is also impracticable (Singh, 2006). The practical limitation: cost, time and other factors which are usually operative in the situation stand in the way of studying the total population (Singh, 2006). In this study only three sub-cities which ware considered for sampling purpose by proximity for working place; Kirkos ,Nifas-Silk Lafto and Lideta sub cities. These sub cities contains a total of 196 agents and contributes 31.6% of a total agents in Addis Ababa.

Therefore, based on the above size of the population, sample size was determined using Slovin's sampling formula:

$$n = \frac{N}{(1+Ne^2)}$$

Where:    n = Number of Samples,

            N = Total Population and

            e = Error Tolerance

By using the above formula, the population size of this research was calculated from **196** Agents of Lion International Bank SC (LIB) in Addis Ababa. Specifically in the selected three sub-cities sample size was <span style="color:red">**115** respondents which were selected by having at least six month experience</span>. It is taken from the target population at 94 % confidence interval and 6% margin of error.

## 3.4 Source of Data

The researcher of this paper was done by using two major sources of data, primary and secondary data sources. Primary data was collected from original sources and collected from Agents of Lion International Bank SC which are operating in Addis Ababa specifically operating in selected three sub cities.

Secondary data was collected from documentary sources, which include books, reports, journals, policies, company's archive and related literature reviews.

## 3.5 Method of Data Collection

Primary data  was  collected through questionnaires with close ended questions which are used Likert rating scale of 1 to 5 where; Strongly Agree  = 5, Agree = 4, Neutral  = 3, Disagree  = 2 and Strongly Disagree = 1.  The questionnaire consists oftwo sections. The first section focus on the general  information about the Agents, while the second Section covered factors influencing the adoption of agency banking –the case of Lion International bank SC that further divided into two five  factors which are related with the research question.

## 3.6Method of Data Analysis

In this study, descriptive statistics was used and data were qualitatively analyzed by using frequency tables and percentageswith the help of Statistical Package for Social Scientists (SPSS) and supported by descriptive statement.

# CHAPTER FOUR

## DATA ANALYSIS, RESULTS AND DISCUSSION

## 4.1 Introduction

This chapter presents the analysis, results and the discussions part of the data collected from the agents focusing on the problems towards the adoption of Agent banking in Ethiopia –Taking Lion International bank S.C. as special reference. Descriptive statistical analysis was used to present and interpret the data collected on various variables of factors affecting adoption of Agent banking. Tables and charts are used along with Frequency and Percentages to display the results.

The researcher has distributed a total of 115 questionnaires for the Agents. Out of the total 115 questionnaires, 95 useable questionnaires were obtained to enable a meaningful analysis of the data with 82.6 % response rate. Statistical Package for the Social Sciences (SPSS) software is used to analyze the data. SPSS fit with quantitative approach were adopted in this research as it has many features that can provide appropriate outcome that lead to achieve the research purposes.

## 4.2 Demographic Information of the Respondents

The study sought to establish background information of the respondents in terms of Type of business, Year of service and Types of Agents.

#### Table 2: Demographic Characteristics of The respondents

| Demographic Characteristics | | Frequency | Percent |
|---|---|---|---|
| Type of Business | Sole Proprietor | 85 | 81.0 |
| | Plc | 10 | 9.5 |
| | **Total** | **95** | **90.5** |
| Year of Service | <1 Year | 51 | 48.6 |
| | 1-2 Years | 44 | 41.9 |
| | **Total** | **95** | **90.5** |
| Type of Agents | Agent | 66 | 59.0 |
| | Business Customer | 29 | 27.6 |
| | **Total** | **95** | **90.5** |

The business characteristic of the respondents indicated that majority of them were sole proprietors and contributes 89% of sample size and only 10% of Agents are other business characteristic like PLC and share companies. This gap shows there is concentration on sole business category.

The other characteristic of the respondents showed that, the service year of agents which can contributes for the adoption of agent. Since agent Banking service counts third year after commencement, the percentage shows most of agents entered to the market recent periods. When compared with total agents 54% of agents has one year of service. This indicates therecruitment has higher rate in the past year rather than the beginning year.

The above table shows the types of agents involved. In recruiting process most of agents are Normal Agents which doesn't have wide involvement in the service. These agents contribute 65% of the total agent.

## 4.3 Factors affecting Adoption of Agency Banking System in Ethiopia

There are factors that become challenges for adoption of Agent banking in Ethiopian banking industry. The researcher of this paper will address some factors that contribute major share in connection with adoption of agent banking which will specifically the challenges in regard to Lion International Bank sc. These factors are categorized in three groups as:

- ✓ Technological factors: which comprises 9 sub factors
- ✓ Organizational factors: which have 6 sub factors
- ✓ Environmental factors: which contains 10 issues
- ✓ Agents perspective: which contains 15 sub factors
- ✓ Ultimate customer aspect: which contains 8 sub factors

The Ethiopian banking industry is a bit late to adopt the agency banking system because of the above mentioned factors, and these factors are analyzed as presented here below

### 4.3. 1 Technological Factor

There are various issues raised when we take technology as factors that can be a barrier to adapt Agent Banking. These are Lack of confidence with the physical and logical security, simplicity & compatibility with the existing system are the main one.

**Table 3: Technological Factor**

| | | Frequency | Percent |
|---|---|---|---|
| 1.1 Lack of confidence with the physical security aspects considered as barrier for the adoption of Agency Banking | Strongly Agree | 36 | 34.3 |
| | Agree | 35 | 33.3 |
| | Neutral | 12 | 11.4 |
| | Disagree | 8 | 7.6 |
| | Strongly Disagree | 4 | 3.8 |
| | **Total** | **95** | **90.5** |
| 1.2 Lack of confidence with the logical security aspects considered as barrier for the adoption of Agency Banking | Strongly Agree | 25 | 23.8 |
| | Agree | 50 | 47.6 |
| | Neutral | 9 | 8.6 |
| | Disagree | 8 | 7.6 |
| | Strongly Disagree | 3 | 2.9 |
| | **Total** | **95** | **90.5** |
| 1.3 Lack of trust is considered as barriers for the adoption of Agency Banking in Ethiopia. | Strongly Agree | 37 | 35.2 |
| | Agree | 39 | 37.1 |
| | Neutral | 15 | 14.3 |
| | Disagree | 3 | 2.9 |
| | Strongly Disagree | 1 | 1.0 |
| | **Total** | **95** | **90.5** |

| | | | |
|---|---|---|---|
| 1.4 Lack of simplicity considered as barrier for the adoption of Agency Banking | Strongly Agree | 29 | 27.6 |
| | Agree | 30 | 28.6 |
| | Neutral | 27 | 25.7 |
| | Disagree | 7 | 6.7 |
| | Strongly Disagree | 2 | 1.9 |
| | **Total** | **95** | **90.5** |
| 1.5 Lack of technological compatibility considered as barrier for the adoption of Agency Banking | Strongly Agree | 30 | 28.6 |
| | Agree | 32 | 30.5 |
| | Neutral | 16 | 15.2 |
| | Disagree | 11 | 10.5 |
| | Strongly Disagree | 6 | 5.7 |
| | **Total** | **95** | **90.5** |
| 1.6 Daily withdrawal limit from Agent Bank has an impact on success of Agent Banking services. | Strongly Agree | 18 | 17.1 |
| | Agree | 46 | 43.8 |
| | Neutral | 17 | 16.2 |
| | Disagree | 10 | 9.5 |
| | Strongly Disagree | 4 | 3.8 |
| | **Total** | **95** | **90.5** |
| 1.7 Proximity and accessibility to a bank branch by the retail agent's impacts Agent Banking success. | Strongly Agree | 37 | 35.2 |
| | Agree | 36 | 34.3 |
| | Neutral | 14 | 13.3 |
| | Disagree | 5 | 4.8 |
| | Strongly Disagree | 3 | 2.9 |
| | **Total** | **95** | **90.5** |

| 1.8 Collaboration with other banks on various aspects e.g. receiving agents' deposits on behalf of other banks has an impact on provision of Agent Banking services. | Strongly Agree | 33 | 31.4 |
|---|---|---|---|
| | Agree | 32 | 30.5 |
| | Neutral | 19 | 18.1 |
| | Disagree | 9 | 8.6 |
| | Strongly Disagree | 2 | 1.9 |
| | **Total** | **95** | **90.5** |
| 1.9 The level of investment on new technology by the bank has an impact on adoption of Agent Banking | Strongly Agree | 28 | 26.7 |
| | Agree | 35 | 33.3 |
| | Neutral | 17 | 16.2 |
| | Disagree | 15 | 14.3 |
| | Strongly Disagree | | |
| | **Total** | **95** | **90.5** |

As indicated in table 2 above about physical security (e.g. robbery),most of the respondents (71%) replied that the physical security was one of factors that contribute for the adoption of Agent banking, in this regard they assume that since there is one apparatus assigned to them, if there is a loss of that apparatus the work will fail.

When we come to logical security (e.g. system breach, cracking etc.) most of the time agents released their pass word to their respective and there was probability of losing data. For this reason 75% of the respondent granted that logical security will be the barrier for the adaption of agent banking.

Regarding trust on technology, Respondent were asked their opinion about the effect of trust on the adoption of agent banking. For this question Responses, 80% of respondents replied that Lack of trust is considered as barriers for the adoption of Agency Banking while the remaining ones contributing for 20% which did not confirm with idea.

The simplicity of technology has it's own impact on the adoption of new entered technology package. As agent banking has it's own technological involvement, it's simplicity must be considered. According to the respondents of this research 62% of them displays response that Lack of simplicity considered as barrier for the adoption of Agency Banking.

One of the challenges regarding new technology is the compatibility of the new system with the existing system and work culture. The adoption of new technology had impact to enter to cash less system. The respondents in this regard has opinion that shows agreement on that technological compatibility considered as barrier for the adoption of Agency Banking by taking 65% of respondents.

Now a day there is no withdrawal or deposit limit floor in Ethiopia. This regulation was adjusted for the convenience of customers of who had saving or demand deposit. Since we had assumption that agent banking will be the main alternative for cash and non-cash transaction the limit set affecting the adoption of agent banking, the respondent who rates 68% shows this fact.

This questioner shows the degree to which respondents agree to the statement saying "Proximity and accessibility to a bank branch by retail agent impacts Mobile and Agent Banking success". Out of the total of 95 respondents, 73 of them revealed their agreement on the issue and they contribute about 77% of the total respondents. This share shows that the above factor can be considered as one success factor for Agent Banking service.


The rivalry against banks is increasing time to time. These competitions had positive and negative impacts in the industry. Positively there will be increment in the service quality and assuring customer focused services. The other side will be losing cooperative culture whenever there is challenge faced by one bank. This hindrance between banks brings a challenge to practice new service to the market, accordingly when we come to agent banking service all banks take their own way forwards regarding adaption of gent banking rather than finding a solution together. For instance the present agent banking system doesn't give service for other bank customers. Accordingly the respondents' exhibits about 69% opinion that Collaboration with other banks on various aspects e.g. receiving agents' deposits on behalf of other banks has an impact on provision of Agent Banking services.

One of the challenges faced by commercial banks is updating their system accordingly to survive in the market and increase their market share. To do this it's need to invest on newly borned and updated technologies. Accordingly, the researcher of this paper witnessed the above case based on the collected response which exhibits around 66.3% of the total respondents.

### 4.3. 2 Organizational Factor

In this major organizational factors are discussed. These consists resources and size of the bank, commitment of top level management and training are concentrated.

**Table 4: Organizational Factor**

| | | Frequency | Percent |
|---|---|---|---|
| 2.1 The resource and size of bank significantly influences adoption of Agent banking | Strongly Agree | 33 | 31.4 |
| | Agree | 32 | 30.5 |
| | Neutral | 19 | 18.1 |
| | Disagree | 9 | 8.6 |
| | Strongly Disagree | 2 | 1.9 |
| | **Total** | **95** | **90.5** |
| 2.2 Commitments of top level Management to adopt new technology influences adoption of Agent banking | Strongly Agree | 25 | 23.8 |
| | Agree | 34 | 32.4 |
| | Neutral | 15 | 14.3 |
| | Disagree | 15 | 14.3 |
| | Strongly Disagree | 6 | 5.7 |
| | **Total** | **95** | **90.5** |
| | | | |

| | | | |
|---|---|---|---|
| 2.3 The level of training given for the agent significantly impacts on the adoption of Agent Banking service | Strongly Agree | 22 | 21.0 |
| | Agree | 42 | 40.0 |
| | Neutral | 16 | 15.2 |
| | Disagree | 12 | 11.4 |
| | Strongly Disagree | 3 | 2.9 |
| | **Total** | **95** | **90.5** |
| 2.4 Operational procedures of the bank have influences for the adoption of Agent banking | Strongly Agree | 25 | 23.8 |
| | Agree | 34 | 32.4 |
| | Neutral | 15 | 14.3 |
| | Disagree | 15 | 14.3 |
| | Strongly Disagree | 6 | 5.7 |
| | **Total** | **95** | **90.5** |
| 2.5 Promotion strategy of the bank has impact on Agent Banking service | Strongly Agree | 42 | 40.0 |
| | Agree | 40 | 38.1 |
| | Neutral | 8 | 7.6 |
| | Disagree | 4 | 3.8 |
| | Strongly Disagree | 1 | 1.0 |
| | **Total** | **95** | **90.5** |
| 2.6 Managing credit and operational risk has impact on Agent Banking service | Strongly Agree | 27 | 25.7 |
| | Agree | 37 | 35.2 |
| | Neutral | 12 | 11.4 |
| | Disagree | 15 | 14.3 |
| | Strongly Disagree | 4 | 3.8 |
| | **Total** | **95** | **90.5** |

Resource is the major survival factor for Banks. A Bank which have a better resource can influence other financial institutions and can exercise it's power by expanding by size and market share. This can help it to exercise various services and product schemes. For this research consumption the results shows that resource and size of a bank has impact on the adoption of agent banking. For reference about 65% of respondent produces data that the resource and size of bank significantly influences adoption of Agent banking.

Top management support plays very important role in adoption of new technology. Policies and procedure of specific bank is sketched by top level management, accordingly the responsibility and commitment also be harmonized. According to table 3 above 60% of respondents declare that Commitments of top level Management is a factor to influences adoption of Agent banking .

Like financial resource, human resource also important factors in adoption of new technology. Maters what will be invested on Human Resource pays. One method of empowering human resource is training. Training becomes one of the pillar components in connection with new banking system. The results of the study presented in the table, shows the training has impact on the adoption of agent banking.

The operational procedures and policies are the main guide line for the accomplishment of day to day activities. These guidelines can safeguard the financial institution and customer as well. Sometimes the rigidity of these procedures can be barriers to adapt new technology. This may be evidenced by the above table that contributes 64% of the respondents agreed on thatOperational procedures of the bank have influences on adoption of Agent banking. .

The advertisement and promotion policy of the bank can influence the attraction of new services .the bank which participate in social responsibility can have more public ear than which advertise it's products only. According to the above idea promotion strategy has influence, and can be justified by the responses collected from the above respondents. Hence 66 % of respondents claim that Promotion strategy of the bank has impact on Agent Banking service.

One of the criteria for evaluation of the performance of Banks lies on how the bank manages credit and operational risks. The management must balance the availability of fund according to the risk level when disburse ,these level of managing the case influence how much the bank invest on new products, if the track is safe there will be extra funds to entertain these newly coming products. So as you can refer the opinion of the respondents 65% of the respondents believe Managing credit and operational risk has impact on  Agent Banking service .

### 4.3. 3 environmental Factors

The third major factor is environmental factors which contains sub factors like internet access, government support, regulatory guidelines and legal frame work.

**Table 5: environmental Factors**

| | | Frequency | Percent |
|---|---|---|---|
| 3.1 Delivering Agency Banking by using telephone is difficult due to low internet access in the Ethiopia | Strongly Agree | 44 | 41.9 |
| | Agree | 40 | 38.1 |
| | Neutral | 8 | 7.6 |
| | Disagree | 1 | 1.0 |
| | Strongly Disagree | 2 | 1.9 |
| | **Total** | **95** | **90.5** |
| 3.2 Lack of sufficient government support will affect customers willingness to use Agency Banking | Strongly Agree | 37 | 35.2 |
| | Agree | 39 | 37.1 |
| | Neutral | 10 | 9.5 |
| | Disagree | 6 | 5.7 |
| | Strongly Disagree | 3 | 1.9 |
| | **Total** | **95** | **90.5** |
| | | | |

| | | | |
|---|---|---|---|
| 3.3 Lack of available ICT infrastructure has impact on the adoption of Agency Banking | Strongly Agree | 53 | 50.5 |
| | Agree | 30 | 28.6 |
| | Neutral | 8 | 7.6 |
| | Disagree | 1 | 3.8 |
| | Strongly Disagree | 3 | 1.9 |
| | **Total** | **95** | **90.5** |
| 3.4 Lack of regulatory guidelines on Agent banking influences adoption of Agent banking. | Strongly Agree | 35 | 33.4 |
| | Agree | 35 | 33.3 |
| | Neutral | 15 | 14.3 |
| | Disagree | 7 | 6.7 |
| | Strongly Disagree | 3 | 2.9 |
| | **Total** | **95** | **90.5** |
| 3.5 Lack of legal frame work which enforce banks to use Agent banking service influences adoption of Agent banking. | Strongly Agree | 27 | 25.7 |
| | Agree | 39 | 37.1 |
| | Neutral | 8 | 7.6 |
| | Disagree | 17 | 16.2 |
| | Strongly Disagree | 4 | 3.8 |
| | **Total** | **95** | **90.5** |
| 3.6 The level of compatibility of bank loan service with agent banking service has impact on the adoption of Agent banking. | Strongly Agree | 29 | 27.6 |
| | Agree | 28 | 26.7 |
| | Neutral | 14 | 13.3 |
| | Disagree | 19 | 18.1 |
| | Strongly Disagree | 5 | 4.8 |
| | **Total** | **95** | **90.5** |

| | | | |
|---|---|---|---|
| **3.7 Competition influence has impact on the adoption of Agent banking.** | Strongly Agree | 20 | 19.0 |
| | Agree | 44 | 41.9 |
| | Neutral | 15 | 14.3 |
| | Disagree | 6 | 5.7 |
| | Strongly Disagree | 10 | 9.5 |

| | | | |
|---|---|---|---|
| **3.8 AML/CFT policy of the nation has impact on Agent Banking service** | Strongly Agree | 25 | 23.8 |
| | Agree | 29 | 27.6 |
| | Neutral | 14 | 13.3 |
| | Disagree | 18 | 17.1 |
| | Strongly Disagree | 9 | 8.6 |
| | **Total** | **95** | **90.5** |
| 3.9 The Bank led model of Agent Banking which was applied by NBE has impact on the adoption of Agent banking. | Strongly Agree | 26 | 24.8 |
| | Agree | 30 | 28.6 |
| | Neutral | 19 | 18.1 |
| | Disagree | 18 | 17.1 |
| | Strongly Disagree | 2 | 1.9 |
| | **Total** | **95** | **90.5** |
| 3.10 The level of risk acceptance by public has impact on the adoption of Agent banking. | Strongly Agree | 39 | 37.1 |
| | Agree | 34 | 32.4 |
| | Neutral | 9 | 8.6 |
| | Disagree | 8 | 7.6 |
| | Strongly Disagree | 5 | 4.8 |
| | **Total** | **95** | **90.5** |

Agent banking service is performed by using telecom internet access. The major challenge with ethio-telecom is the network problem. Since ethio-telecom is the sole provider of the access there are no alternatives for customers and organizations. 88.84% of the respondents magnifies the problem as a bottleneck for the adoption of agent Banking.

Government plays great role in connection with guiding and supporting financial sectors. As a governing body not only guiding rules but also supporting mechanism must be build. 80% of the respondents claim that Lack of sufficient government support will affect customers' willingness to use Agency Banking.

In addition to a  problem from ethio-telecom the IT structure had problem and the respondents contributes around 87%   of which claims Lack of available ICT infrastructure  has  impact on the adoption of Agency Banking.

Agent banking service is new type of service that can easily allow customer to transact through cell phone.  This new line of service is growing and needs guideline to manage and control the system. Lack of necessary procedures and guidelines become challenges for adaption of agent banking. This will be evidenced with the above table that among 95 respondents 69 of them strengthen the matter.

In any business firm there must be a legal framework which can be used as protect the business as well as public. There is a gap when we come to Agent banking. For this evidence the researcher collect data which shows 69.4% of the respondents approved Lack of legal frame work which enforce banks to use Agent banking service   influences adoption of Agent banking.

Agency banking service is a new type of product. Accordingly to internalize and take the advantage from the area agents must be supported as a motivation, banks can arrange loan for them  to expand their services, according to the researcher  of this paper find out that the level of compatibility of bank loan service with agent banking service has impact on the adoption of Agent banking. This was evidenced by which 60% of respondent answered accordingly.

If there is competitions among banks there will be better service and help the banks to become accessible. This can be as one factor for the adaption of Agent Banking. The above table shows

64 respondents which constitute 67.3% granted on the factor which contributes for adoption of Agent banking.

According to the policy which imposed by National Bank of Ethiopia to protect illegal money transfer (AML/CFT policy) ,have impact for the adaption of agency banking service. The respondent above 56% reports that the case is a factor to adopt agency banking.

Agency banking service can be governed by National bank of Ethiopia ,Ethio-telecom or mixed model. According to the researcher this can be the barrier for the adaption of agent banking. The data collected shows that the existing model becomes the factor for the adaption of agent banking by contributed by 59%.

One of factors that influence the adoption of agent banking is the risk acceptance by public. As culture, public needs branch transaction other than cash less transaction, this will be as one factor according to the researcher and 78% respondent

### 4.3. 4 Agents Perspective
This section contains factors affecting agent banking which categorized as agent perspective

**Table 6 factors from Agent perspective**

| | | Frequency | Percent |
|---|---|---|---|
| 4.1 The level of immediate response from head quarter affects the adoption of agent banking service | Strongly Agree | 31 | 29.5 |
| | Agree | 46 | 43.8 |
| | Neutral | 8 | 7.6 |
| | Disagree | 4 | 3.8 |
| | Strongly Disagree | 6 | 5.7 |
| | **Total** | **95** | **90.5** |

| | | | |
|---|---|---|---|
| 4.2 The level of agent treatment from head quarter affects the adoption of agent banking service | Strongly Agree | 40 | 38.1 |
| | Agree | 34 | 32.4 |
| | Neutral | 11 | 10.5 |
| | Disagree | 9 | 8.6 |
| | Strongly Disagree | 1 | 1.0 |
| | **Total** | **95** | **90.5** |

| | | | |
|---|---|---|---|
| 4.3 Recognition and reward. level of financial support from head quarter affects the adoption of agent banking service | **Strongly Agree** | **45** | **42.9** |
| | Agree | 35 | 33.3 |
| | Neutral | 10 | 9.5 |
| | Disagree | 2 | 1.9 |
| | Strongly Disagree | 3 | 2.9 |
| | **Total** | **95** | **90.5** |
| 4.4 The level of financial support from head quarter affects the adoption of agent banking service | Strongly Agree | 45 | 42.9 |
| | Agree | 35 | 33.3 |
| | Neutral | 10 | 9.5 |
| | Disagree | 2 | 1.9 |
| | Strongly Disagree | 3 | 2.9 |
| | **Total** | **95** | **90.5** |

| | | | |
|---|---|---|---|
| 4.6 The level of marketing support from head quarter affects the adoption of agent banking service | Strongly Agree | 30 | 28.6 |
| | Agree | 44 | 41.9 |
| | Neutral | 11 | 10.5 |
| | Disagree | 9 | 8.6 |
| | Strongly Disagree | 1 | 1.0 |
| | **Total** | **95** | **90.5** |
| 4.7 The criteria to recruit an agent will affects the adoption of agent banking service | Strongly Agree | 37 | 35.2 |
| | Agree | 38 | 36.2 |
| | Neutral | 11 | 10.5 |
| | Disagree | 6 | 5.7 |
| | Strongly Disagree | 3 | 2.9 |
| | **Total** | **95** | **90.5** |
| 4.8 The level of follow-up after recruitment by head quarter affects the adoption of agent banking service | Strongly agree | 38 | 36.2 |
| | Agree | 39 | 37.1 |
| | Neutral | 6 | 5.7 |
| | Disagree | 6 | 5.7 |
| | Strongly Disagree | 6 | 5.7 |
| | **Total** | **95** | **90.5** |
| 4.9 The level of cross selling of products of the agent will have impact on the adoption of Agent Banking service | Strongly Agree | 35 | 33.3 |
| | Agree | 38 | 36.2 |
| | Neutral | 10 | 9.5 |
| | Disagree | 10 | 9.5 |
| | Strongly Disagree | 2 | 2.0 |
| | **Total** | **95** | **90.5** |

| | | | |
|---|---|---|---|
| 4.10 The level of belongingness of the agent will have impact on the adoption of Agent Banking service | Strongly Agree | 35 | 33.3 |
| | Agree | 40 | 38.1 |
| | Neutral | 10 | 9.5 |
| | Disagree | 8 | 7.6 |
| | Strongly Disagree | 2 | 1.9 |
| | **Total** | **95** | **90.5** |
| 4.11 Proximity of an agent to customer has impact on Agent Banking service | Strongly Agree | 36 | 34.3 |
| | Agree | 41 | 39.0 |
| | Neutral | 7 | 6.7 |
| | Disagree | 9 | 8.6 |
| | Strongly Disagree | 2 | 1.9 |
| | **Total** | **95** | **90.5** |
| 4.12 The flexibility of service by an agent has impact on Agent Banking service | Strongly Agree | 22 | 21.0 |
| | Agree | 55 | 52.4 |
| | Neutral | 10 | 9.5 |
| | Disagree | 5 | 4.8 |
| | Strongly Disagree | 3 | 2.9 |
| | **Total** | **95** | **90.5** |

| …… Agents perspective | | Frequency | Percent |
|---|---|---|---|
| 4.13 The quality service provided by the agent has impacts on the adoption of Agent Banking service | Strongly Agree | 39 | 37.1 |
| | Agree | 38 | 36.2 |
| | Neutral | 9 | 8.6 |
| | Disagree | 6 | 5.7 |
| | Strongly Disagree | 3 | 2.9 |
| | **Total** | **95** | **90.5** |
| 4.14 Confidentiality regarding customer account has impacts on the adoption of Agent Banking service | Strongly Agree | 34 | 32.4 |
| | Agree | 36 | 34.3 |
| | Neutral | 17 | 16.2 |
| | Disagree | 4 | 3.8 |
| | Strongly Disagree | 4 | 3.8 |
| | **Total** | **95** | **90.5** |
| 4.15 Commission earned from the bank has impacts on the adoption of Agent Banking service | Strongly Agree | 41 | 39.0 |
| | Agree | 36 | 34.3 |
| | Neutral | 8 | 7.6 |
| | Disagree | 5 | 4.8 |
| | Strongly Disagree | 5 | 4.8 |
| | **Total** | **95** | **90.5** |

Agents needs follow-up and immediate communication when they need support from the bank. Since the service is new most agents are in need of supports regarding management of e-float or other operational transactions. Most of the respondents communicated are take the immediate response and treatment from the bank as a challenge for the adaption of agent banking. As you can see from the above table  80% of the respondents  replied that  the level of immediate respond and agent treatment from head quarter affects the adoption of agent banking.

Agent treatment is one of the methods that banks can use to build good relation with agents. Apart from routine follow up some times priority be given to agents like other corporate customers. When respondents were asked about this issue 78% of them are take the case as  a factor which affect  adoption of agent banking.

One of the methods to retain agents is give them recognition and reward. The type of reward may differ according to the type of business that the agent engaged. Accordingly the agents that expect the factor as barrier contributes 82% of the sample size.

Apart from the recognition there must be financial support for the agents to build the image as well as belongingness. Most of gents agreed on that The level of financial support from head quarter affects the adoption of agent banking service and out of 72% are categorized in this group.

Agents have physical cash limits that they can hold at a time. For this reason if there is excess or shortage of their limit the case must be managed accordingly. This support has it's own impact on the agent performance, so most respondent capitulate the case as important and 72% are categorized in this group.

As supporting by finance is important for the agent, marketing support is also needed. The financial institution has to make strategy which includes agent marketing strategy. The researcher get response in this regard 81% of respondent strongly claim that marketing strategy of financial institution has impact on the adaption of agency banking service.

 Some strong criteria from the bank or governing body, NBE can make fear on agent banks. The criteria must be flexible until the service will be adopted fully. That is why most

respondents replied  that The criteria to recruit an agent will  affects the adoption of agent banking service which contributes about 80%.

There must be consistent follow up after recruit the agent. The agent may retreat because of the absence of follow up; this factor was exhibited by respondents which contribute of  81% of a total respondents.

Agents have side business which they engaged, so there must be collaboration with the bank to help them to sell their products for the customers of the bank. This initiates the agent and builds belongingness. Lack of this type of engagement had   impact on the adoption of Agent Banking service; 82% of agents responded the case with agreement.

The level of belongingness can be developed by fulfilling some factors that can be barrier for the adaption of agent banking. To get sense of belongingness from agents the bank has to attach it's self with the problem of agent and has to find remedies. The respondents were asked whether belongingness of agent has impact on agent banking or not, and 79% of the respondent believe belongingness of agent has impact on agent banking.

The level of proximity has effect on the adaption, because now a days customers value their time. Instead of going to the branch they prefer to make transaction at the agent, that's why most respondents aware of proximity as a factor and responded their maximum level. The rate of respondent agrees are become 81 % of the total.

Some tasks needs flexibility regardless of the risk attached. And this flexibility will help to treat agents accordingly. 81% of the respondents of this research also agreed on the issue.

The respondents asked about whether the quality of service is a big deal or not. when we talk about quality it comprises various factors ,but here the researcher asks about  Service quality which provided to customer. In this regard 82% of respondents agreed that quality service is a factor for the adoption of agent banking service.

One of the values of banks is the theme of confidentiality. The personal or financial cases must be treated as confidential of the account holder. In this case leak of information regarding the customer has to be given attention and must be kept under custody. Lack of

confidentiality by the agent has impact on the adoption of agent banking. Accordingly out of 75 % respondents are granted and accepted the impact

One of the engagements of agent banking with the business is to get other income and promotional advantage. As the researcher denotes some respondent needs promotional materials than commission payments, and these agents contribute 80% of the respondents.

### 4.3. 5 Ultimate customer perspective

The core objective of all business is getting the market share after satisfying customers. The ultimate customer will be main focus in all studies. Below there are some factors which can be underlined in this category.

**Table 7 factors from customer perspective**

| | | Frequency | Percent |
|---|---|---|---|
| 5.1 Awareness of agency banking by the customer has impact on the adoption of Agent Banking service | Strongly Agree | 52 | 49.5 |
| | Agree | 37 | 35.2 |
| | Neutral | 4 | 3.8 |
| | Disagree | 1 | 1.0 |
| | Strongly Disagree | 1 | 1.0 |
| | **Total** | **95** | **90.5** |
| 5.2 Public response regarding new technology has impact on the adoption of Agent Banking service | **Strongly Agree** | **59** | **56.2** |
| | Agree | 29 | 27.6 |
| | Neutral | 6 | 5.7 |
| | Disagree | 1 | 1.0 |
| | Strongly Disagree | 95 | 90.5 |
| | **Total** | **95** | **90.5** |

| | | | |
|---|---|---|---|
| 5.3 The type of products given by the agent has impact on the adoption of Agent Banking service | Strongly Agree | 52 | 49.5 |
| | Agree | 33 | 31.4 |
| | Neutral | 8 | 7.6 |
| | Disagree | 2 | 1.9 |
| | | | |
| | **Total** | **95** | **90.5** |
| 5.4 The public culture regarding physical cash flow has impact on the adoption of Agent Banking service | Strongly Agree | 56 | 53.3 |
| | Agree | 31 | 29.5 |
| | Neutral | 5 | 4.8 |
| | Disagree | 2 | 1.9 |
| | Strongly Disagree | 1 | 1.0 |
| | **Total** | **95** | **90.5** |
| 5.5 The commission rate paid to the agent has impact on the adoption of Agent Banking service | **Strongly Agree** | **57** | **54.3** |
| | Agree | 30 | 28.6 |
| | Neutral | 8 | 7.6 |
| | **Total** | **95** | **90.5** |
| 5.6 The public trust on new technology has impact on the adoption of Agent Banking service | Strongly Agree | 59 | 56.2 |
| | Agree | 30 | 28.6 |
| | Neutral | 3 | 2.9 |
| | Disagree | 3 | 2.9 |
| | **Total** | **95** | **90.5** |

| | | | |
|---|---|---|---|
| 5.7 The policy of complaint resolution has impact on the adoption of Agent Banking service | Strongly Agree | 49 | 46.7 |
| | Agree | 41 | 39.0 |
| | Neutral | 4 | 3.8 |
| | Strongly Disagree | 1 | 1.0 |
| | **Total** | **95** | **90.5** |
| 5.8 The image of the bank to public has impact on the adoption of Agent Banking service | **Strongly Agree** | **54** | **51.4** |
| | Agree | 33 | 31.4 |
| | Neutral | 4 | 3.8 |
| | Disagree | 4 | 3.8 |
| | **Total** | **95** | **90.5** |

The major challenge in connection with agent banking is public awareness. As this research indicates the main challenge is public Awareness , 93% of the respondents noted that Awareness of agency banking by the customer has impact on the adoption of Agent Banking service

Most of the newly introduced technological products face challenge of rejection at first periods. The public awareness and response for new product and service had impact on the adoption. 93% of respondents assure that the Public response regarding new technology has impact on the adoption of Agent Banking service .

The types and diverse services rendered to public have impact on adoption of agent banking. If the agent only work on cash transaction customers who want to pay bills are obliged to go another option. In this regard customer needs diversified product in one place. Thus, the respondents give high attention for the question and confirm the effect of diverse product of agent service has impact on agent banking service with result of 90% rate.

As a culture most people prefers physical cash rather than electronics transfer , since there is a cash holding limit for agents they can't give service for such huge cash transfer and 85%  of respondentstaken the case  as a barrier .

Sometimes customers complain the service charge payment for agents, and they prefer to pay to the branch and this payment influence the adoption of Agent Banking serviceand 72% replied with agreement on the case.

Public awareness for new technology has impact on adaption of agent banking service, most of the time new products face a problem to penetrate to the market easily  because of the rejection of public , regarding this 85%  of respondents deliver their convention that new technology has impact on the adoption of Agent banking system.

The method and system of grievance resolution has impact on confidence of the service.  Respondents of this research put the case as  one important factor under customer aspect. they respond with higher rate which contributes   94% of respondents.

The image of the bank has great impact for the adaption of the service. Among 89% respondents has given priority factor for the adoption of agent banking.

# CHAPTER 5

## SUMMARY, CONCLUSION AND RECOMMENDATION

### 5.1 Summary of Major Findings

The research objective of this study was to assess factors that can be barriers for the adoption of Agent Banking in Ethiopian context –Taking Lion International Bank SC as a special reference. The researcher attempt to investigate factors that are potentially important for effective implementation of Agent banking business in Ethiopia. Accordingly, this part of the research summarizes the major findings of the study from the challenge that are faced by financial institution, agencies and public at large.

The study, found out the following challenges that influence the provision of Agent banking.

1. The first and most influential factor is Technological factor. Most of the respondents believed that the level of development of technological factors have great influence for the adoption of agent banking. The trustworthiness and simplicity of technology have significant impact on the adoption of the service. Under this major factor technological compatibility with the existing bank system also taken as barrier. The level of investment on new technology has taken as a sub factor that can interrupts the move.

2. The other major factor found was organizational factor the researcher witnessed matters like resource of the bank, commitment of top management and training are the main factors under this major factor. Resources plays great role not only for the acquisition but also for the implementation of new product in the market. The commitment of top management also has impact on the implementation of agent banking. The profit of commercial banks is increasing time to time. This undisturbed profit makes management to become reluctant by what they have and block their move. The other issue in this factor is training issue. Most agents are given orientation at time of commencing agent banking services. The technological or operational changes are not communicated to agents. These bring frustration on agents' task as well us block new entrants. The third category is environmental factor. Under this factor

the researcher discovered there is lack of government support and legal framework. Apart from sketching procedures and directives the governing body of financial institutions, National Bank of Ethiopia have to support tasks of Agents in there need. Since they become one source of financial inclusion and help to encourage savings they must recognized. The other factor that the researcher found is problem of belongingness. As researcher witnessed that most of agents are not taking the system as their own and overlook services.

3. The last factor that the researcher investigated was an issue from ultimate customer aspects. Here the big factor is public awareness. The awareness creation is not a onetime event. Every stake holder has responsibility to promote Agent banking service.

Generally, the findings of the study brought forward factors that affect the adoption of the agency banking in Banking industry in Ethiopia. The study identifies Barriers in selected three sub-cities agents of Lion International bank Sc as a sample and believed the factors which are raised are subjects of other agents. Hence the researcher takes this opportune moment to give some way forwards and recommendations in connection with the factors that are examined as barriers in adopting the agency banking services.

## 5.2 Conclusion

Agent banking is a banking service given by retailers or outlets contracted by a financial institution or a mobile network operator to process clients transactions. Rather than a branch teller, it is the owner or an employee of the retail outlet who conducts the transaction and lets clients' deposit, withdraw, transfer funds, pay their bills. Banking agents can be pharmacies, supermarkets, convenience stores, lottery outlets, post offices, and many more

These services are offered at the convenience of the customer with no restrictions to the agents as regards to their working hours. The locations of agents help to increase the geographical coverage of reaching to bank clients. Setting up operating Agent banks is less costly than traditional bank branches since it requires smaller investments in staff and infrastructure.

Most of developing countries are using Agent Banking not only as a source of financial inclusion but also a means of reducing unbanked society. After the proclamation of directive No.FIS /01/2012 by National bank of Ethiopia, some banks are entered to the market to provide Agent Banking service. unfortunately due to some internal and external barriers the service is not successful. The reasons that hinder the adoption of agent banking in Ethiopia derived from various cases. As this paper focus on barriers that influence the adoption of agent banking inLion International bank SC,the service is not well adopted by the society due to lack of technological

advancement in such way like trustworthiness, simplicity, and compatibility with the existing bank system. These technological factors hinder the system and made ambiguity for new entrant agents. The level of investment on new technology has taken as a sub factor that can interrupts the move. The commitment of top level management towards application of agent banking service and the provision of continuous training are amongst organizational factors.

Likewise lack of government support, legal framework and belongingness of agents are also factors. When we trace the public at large there is a knowledge gap regarding agent banking service. This shows there is a problem regarding awareness creation.

All respondents totally agreed on the opportunities that banks can get from empowering agents and by make them productive in connection with financial inclusion as well as extensive customer base. Therefore, based on the findings and other observations the researcher came up with the following recommendation to overcome the challenges and exploit the untapped opportunities in the hands of Agents.

## 5.3 Recommendations

Agency banking system is new development in Ethiopian Banking industry with significant impact in extending the banking services effectively and efficiently to achieve the required objectives with concerted efforts of all stakeholders. As a result of the above conclusions, the researcher recommends the following points:

### A. Recommendations to the Bank

❖ In-order to increase Agent banking transaction a lot of awareness and customer sensitization needs to be done. This can be done through advertisement and other marketing schemes.

❖ To ensure that agents certain minimum standards and comply with the agent agreement it is important to internalize guidelines and procedures, most agents don'thave clue regarding legal frameworks and procedures when signing the contract.so update agents in connection with legal issues through training is important.

❖ There must be continues training both becoming an Agent and take part in at least one annual re-training. Elements of the Agent training should include information on rights and responsibilities of being an agent, providing

appropriate customer service, explaining to customers how they can make a complaint and performance monitoring and the consequences of poor performance.so on job training must be applied in order to confront this problem.

❖ Agents may be further incentivized by settingup an annual prize for the best customer service by different packages like awards for best performer.

❖ The platform that Agent banking relies on should be reliable and able to handle multiple transactions at once. In addition, the cell phone allowed to agent must be increased.

❖ Agent performance must be monitoredindependent of any complaints from users.in order to check and balance whether the operations are done fits with the banks procedures and policies of NBE there must be monitoring by internal or external controllers.

### B. Recommendations to the Agent

❖ In-order to improve their services, bank Agents ought to ensure the privacy and security of the client is assured

❖ Agents are also recommended to havebetter understanding of the bank products and services that they do offer and toconsult with the supporting staff when in doubt, and the bank must avail updated information regarding it's products.

❖ To reduce risks of losses due to theft, it isadvisable that Agents insure their business and hire security firms if need be.

❖ Availability of float will ensure availability of services to offer, therefore, Agents ought to manage their cash liquidity well.to manage their liquidity problem its better to select home branch by proximity for fast service of cash delivery.

### C. Recommendations to Ethio-telecom

❖ Without an adequate development level and quality of a national ICT infrastructure, Agent banking adoption and use cannot do well, so Ethio telecom have to support banking industry by investing on ICT infrastructure development in order to improve service of the telecom and allow other alternative airtime services.

### D. Recommendations to NBE

❖ National Bank of Ethiopia, (NBE) needs to establish a comprehensive legal and regulatory frame works on the use of technological innovation and the use of third party retail agents in banking sector. This can be done by motivating agents to enter to the market and play their role in part of financial inclusion.

❖ National Bank of Ethiopia, (NBE) needs to establish the Mixed Model serves as a way out for Ethiopia mainly attributed to itsfundamental role. The recent bank led model doesn't performing well due to lack of support by ICT infrastructure, so to avert this loophole NBE allow mixed model which combines ethio- telecom and banks.

### E. Suggestion for further researcher

❖ Thisstudy described the factors affecting agency banking adoption among commercial banks specifically Lion international bank SC (agents perspective). But it does;nt consider the stake holders side like NBE, Ethio-telecom and customers perspective deeply. Therefore the researcher of this paper would like to suggest for further researchersto make on the areas that are mentioned above to catch the core barriers to adopt agent banking nationwide.

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**QUESTIONNAIRE FOR AGENTS**

**Tamrat Assefa Dubale**

**C/O St. Mary's University**

**Addis Ababa**

**May, 2017**

**Dear respondent,**

I am a post graduate student at Saint Mary's University, Addis Ababa. I am undertaking a research on the "**An assessment of factors affecting adoption of agent banking in Ethiopian context: The case of Lion International Bank S.C.",** in partial fulfillment to the requirement for the award of a Master of Business Administration (MBA) degree.

I therefore request for your kind assistance in completing the attached questionnaire to the best of your knowledge. The information you give will be treated with strict confidentiality and is solely for academic purposes. Even where a name is given, it will not under any circumstances appear in the final report. A copy of the final report will be availed to you upon request. Your assistance and co-operation will be highly appreciated.

Thank you.

TamratAssefa

*For further clarification or question please don't hesitate to contact the researcher at +251 91 1-421841 or email: jestameee@gmail.com*

**General Instruction**

This questionnaire contains two sections and five pages that will be expected to take approximately 15 to 20 minutes to complete. You are kindly requested to respond to the questions based on the instructions under each section. If you have any comments or want to provide further explanations, please use the space provided at the end of the questionnaire.

**Section I: Demographic profile of respondents**

Please indicate the following by ticking (√) on the spaces in front of the response options:

1. **Type of business:** **Sole** □ **Plc.**□ **SC** □
2. **Year of service:** **-1year** □ **1-2 year** □ **2-3 year** □
3. **Type of Agents** **Agent** □ **business customer** □

**Section II: Questionnaires related with factors affecting adoption of agent banking in Ethiopian context**

**Instruction:** Below are lists of statements pertaining to adoption of Agency Banking. Please indicate whether you agree or disagree with each statement by ticking ( √) on the spaces that specify your choice from the options that range from ''strongly agree" to ''strongly disagree". Each choice was identified by numbers ranged from 1 to 5.

**Note**: SA- Strongly Agree = 5, A- Agree = 4, N- Neutral = 3, DA- Disagree = 2, SD- Strongly Disagree = 1

| | Factors | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| | *I.* **Technological factors** | | | | | |
| 1 | Lack of confidence with the physical security aspects considered as barrier for the adoption of Agency Banking | | | | | |
| 2 | Lack of confidence with the logical security aspects considered as barrier for the adoption of Agency Banking | | | | | |
| 3 | Lack of trust is considered as barriers for the adoption of Agency Banking in Ethiopia. | | | | | |
| 4 | Lack of simplicity considered as barrier for the adoption of Agency Banking | | | | | |
| 5 | Lack of technological compatibility considered as barrier for the adoption of Agency Banking | | | | | |
| 6 | Daily withdrawal limit from Agent Bank has an impact on success of Agent Banking services. | | | | | |
| 7 | Proximity and accessibility to a bank branch by the retail agent's impacts Agent Banking success. | | | | | |
| 8 | Collaboration with other banks on various aspects e.g. receiving agents' deposits on behalf of other banks has an impact on provision of Agent Banking services. | | | | | |
| 9 | The level of investment on new technology by the bank has an impact on adoption of Agent Banking Services. | | | | | |
| | II. Organizational factors | | | | | |
| 1 | The resource and size of bank significantly influences adoption of Agent banking. | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 2 | Commitments of top level<br><br>Management to adopt new technology influences adoption of Agent banking. | | | | | |
| 3 | The level of training given for the agent significantly impacts on the adoption of Agent Banking service | | | | | |
| 4 | Operational procedures of the bank have influences for the adoption of Agent banking. | | | | | |
| 5 | Promotion strategy of the bank has impact on Agent Banking service | | | | | |
| 6 | Managing credit and operational risk has impact on Agent Banking service | | | | | |
| | III. Environmental factors | | | | | |
| 1 | Delivering Agency Banking by using telephone is difficult due to low internet access in the Ethiopia | | | | | |
| 2 | Lack of sufficient government support will affect customers willingness to use Agency Banking | | | | | |
| 3 | Lack of available ICT infrastructure has impact on the adoption of Agency Banking | | | | | |
| 4 | Lack of regulatory guidelines on<br><br>Agent banking influences adoption<br><br>of Agent banking. | | | | | |
| 5 | Lack of legal frame work which enforce banks to use Agent banking service influences adoption<br><br>of Agent banking. | | | | | |
| 6 | The level of compatibility of bank loan service with agent banking service has impact on the adoption of Agent banking. | | | | | |
| 7 | Competition influence has impact on the adoption of Agent banking. | | | | | |
| 8 | AML/CFT policy of the nation has impact on Agent Banking service | | | | | |
| 9 | The Bank led model of Agent Banking | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | which was applied by NBE has impact on the adoption of Agent banking. | | | | | |
| 10 | The level of risk acceptance by public has impact on the adoption of Agent banking. | | | | | |
| | IV. Agents perspective | | | | | |
| 1 | The level of immediate response from head quarter affects the adoption of agent banking service | | | | | |
| 2 | The level of agent treatment from head quarter affects the adoption of agent banking service | | | | | |
| 3 | The recognition and reward of agent affects the adoption of agent banking service | | | | | |
| 4 | The level of financial support from head quarter affects the adoption of agent banking service | | | | | |
| 5 | The level of support regarding cash replenishment and E-float management from Head office affects the adoption of agent banking service | | | | | |
| 6 | The level of marketing support from head quarter affects the adoption of agent banking service | | | | | |
| 7 | The criteria to recruit an agent will affects the adoption of agent banking service | | | | | |
| 8 | The level of follow-up after recruitment by head quarter affects the adoption of agent banking service | | | | | |
| 9 | The level of cross selling of products of the agent will have impact on the adoption of Agent Banking service | | | | | |
| 10 | The level of belongingness of the agent will have impact on the adoption of Agent Banking service | | | | | |
| 11 | Proximity of an agent to customer has impact on Agent Banking service | | | | | |
| 12 | The flexibility of service by an agent has impact on Agent Banking service | | | | | |
| 13 | The quality service provided by the agent has impacts on the adoption of Agent Banking service | | | | | |

| 14 | Confidentiality regarding customer account has impacts on the adoption of Agent Banking service | | | | | |
|----|---|---|---|---|---|---|
| 15 | Commission earned from the bank has impacts on the adoption of Agent Banking service | | | | | |
| | V. Ultimate customer aspect | | | | | |
| 1 | Awareness of agency banking by the customer has impact on the adoption of Agent Banking service | | | | | |
| 2 | Public response regarding new technology has impact on the adoption of Agent Banking service | | | | | |
| 3 | The type of products given by the agent has impact on the adoption of Agent Banking service | | | | | |
| 4 | The public culture regarding physical cash flow has impact on the adoption of Agent Banking service | | | | | |
| 5 | The commission rate paid to the agent has impact on the adoption of Agent Banking service | | | | | |
| 6 | The public trust on new technology has impact on the adoption of Agent Banking service | | | | | |
| 7 | The policy of complaint resolution has impact on the adoption of Agent Banking service | | | | | |
| 8 | The image of the bank to public has impact on the adoption of Agent Banking service | | | | | |

Please state any other comments you may have about Agent banking service in Ethiopia

_____

_____

_____

_____

Your participation and assistance is highly appreciated!

Thank you, again!

# ለባንክ ወኪሎች የቀረበ መጠይቅ

ታምራት አሰፉ ዱባለ

ቅድስት ማርያም ዩኒቨርሲቲ

አዲስ አበባ

ግንቦት, 2009

**ውድ የወኪል ባንክ አገልግሎት ሰጪ ተቋማት**

ስሜ ከዚህ በታች የሰፈረዉ የቅድስት ማሪያም ዩኒቨርሲቲ የድህረ- ምረቃ ተማሪ ስሆን የመመረቂያ ጽሁፌን ለማጠናቀቅ የሚረዳኝን የጥናት ጽሁፍ በወኪል የባንክ አገልግሎት ላይ እሰራሁ እገኛለሁ፡፡

ጥናቱ በኢትዮጵያ ያለዉ የወኪል ባንክ አገልግሎት ምን ደረጃ እንደደረሰ እና በስፋት ያለመተግበሩ ምክንያቶች ምን እንደሆኑ የሚገመግም ሲሆን የጥናቱ ትኩረት ደግሞ በአንበሳ ኢንተርናሽናል ባንክ ስር በአዲስ አበባ ከተማ ያሉ ሶስት ክፍለ ከተማዎች ማለትም የቂርቆስ ክ/ከተማ ፤የልደታ ክ/ከተማ እና የንፋስ ስልክ ላፍቶ ክ/ከተማ ስር ያሉ ወኪሎች ናቸዉ፡፡

በመሆኑም እርሶ በአንበሳ ኢንተርናሽናል ባንክ ስር ያሉ ወኪል የባንክ አገልግሎት ሰጪ እንደ መሆኖ ከዚህ ማስታወሻ ጋር አባሪ የተደረገዉን መጠይቅ ትኩረት ሰጥተዉ በመሙላት እና ያሎትን ተጨማሪ ሃሳብ በመግለጽ እንዲተባበሩኝ እጠይቃለዉ፡፡

ከሰላምታ ጋር

ታምራትአሰፉዱባለ

ለተጨማሪማብራሪያ

ስልክቁጥር251 91 1-421841 ወይም

ኢሜይል:jestameee@gmail.com

**አጠቃላይ መመሪያ**

ይህ መጠይቅ ሁለት ክፍሎች ሲኖሩት ጥያቄዎቹን ለመመለስ ከ 10-15 ደቂቃዎች ሊወስድቦት ይችላል። በመሆኑም ሁሉንም ጥያቄዎች በአትኩሮት እንዲመልሱልኝ እየጠየቅኩኝ ተጨማሪ አስተያየት ካሎት በመጨረሻ በተሰጠዉ ክፍት ቦታ እንዲያሰፍሩልኝ በትህትና እጠይቃለሁ።

**ክፍል I: አጠቃላይ መረጃ**

በተገቢዉ ቦታ ላይ ይህንን(√) ምልክት ያድርጉ:

4. የድርጅቶ አይነት: የግል ☐ ሃ/የተ/የግ/ማህበር.☐ አክሲዮንማህበር ☐
5. የአገልግሎ ትዘመን : < 1ዓመት ☐ 1-2 ዓመት☐ >2 ዓመት ☐
6. የወኪሉ አይነት: መደበኛወኪል ☐ ቢዝነስወኪል ☐

**ክፍል II:**

**በኢትዮጵያ የወኪል ባንክ አገልግሎት በስፋት ያለመተግበሩ ምክንያቶች ምንእንደሆኑ የሚገመግም የመጠይቅ ክፍል**

*መመሪያ*: ከዚህ በታች የወኪል ባንክ አገልግሎት በኢትዮጵያ በስፋት ያለመተግበሩ ምክንያቶች ምን እንደሆኑ የሚገመግሙ ጥያቄዎች ተቀምጠዋል። የእርስዎን መልስ በጥያቄዎቹ ትይዩ ይህንን ( √ ) ምልክት በማስቀመጥ ሃሳቦን በተቀመጡት ምርጫዎች መሰረት "በጣም እስማማለሁ" "እስማማለሁ" "ለዉጥየለዉም" "አልስማማም" ወይም "በጣም አልስማማም" በሚሉ ከ 1-5 በተገለጹአማራጮችእንዲመልሱልኝአጠይቃለሁ።

*ማስታወሻ*: 1፡ በጣም እስማማለሁ 2፡ እስማማለሁ 3፡ ለዉጥ የለዉም 4፡ አልስማማም 5፡ በጣም አልስማማም

| የመመዘኛሁኔታዎች | በጣም እስማማለሁ | እስማማለሁ | ለዉጥ የለዉም | አልስማማም | በጣም አልስማማም |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| **//.** **የቴክኖሎጂሁኔታዎች** | | | | | |
| 1 | ለወኪል ባንክ ስራ የሚጠቅሙ መሳሪያዎች ላይ የሚደረግ አካላዊ ጥበቃ አስተማማኝ አለመሆን የወኪል ባንክ ስራ እንዳይለመድ ሊያደርግ ይችላል | | | | |
| 2 | የመረጃ አገልግሎት ጥበቃ አስተማማኝ አለመሆን የወኪል ባንክ ስራ እንዳይለመድ ሊያደርግ ይችላል | | | | |
| 3 | በወኪል ባንክ ስራ ላይ እምነት ማጣት የወኪል ባንክ ስራ እንዳይለመድ ሊያደርግ ይችላል | | | | |
| 4 | የወኪል ባንክ ስራ ቀላልነት የወኪልባንክስራላይአስተዋጽአ ሊያደርግይችላል | | | | |
| 5 | አዳዲስየቴክኖሎጂዉጤቶችከስ ራዉጋርአለመጣጣምየወኪልባን ክስራእንዳይለመድሊያደርግይ ችላል | | | | |
| 6 | በወኪልባንክስራየተፈቀደዉየገ ንዘብየወጪገደብየወኪልባንክስ ራእንዳይለመድአስተዋጽኦሊያ ደርግይችላል | | | | |
| 7 | የወኪሎችለባንኩቅርንጫፍያላ ቸዉቅርበትናበስፋትየመገኘት ሁኔታየወኪልባንክስራእንዳይለ መድአስተዋጽኦሊያደርግይችላ ል | | | | |

| 8 | ከሌሎችባንኮችጋርያለግኑኝነትየወ ኪልባንክስራእንዳይለመድአስተዋ ጽኦሊያደርግይችላል | | | | | |
| 9 | ባንኩለአዳዲስየቴክኖሎጂዉጤቶ ችየሚያደርገዉየገንዘብድጋፍወ ኪልባንክስራእንዳይለመድአስተዋ ጽኦሊያደርግይችላል | | | | | |
| **II. ድርጅታዊ ሁኔታዎች** | | | | | | |
| 1 | የባንኩአቅም(ሃብት) እናጥንካሬየወኪልባንክአገልግ ሎትላይአስተዋጽኦሊያደርግይ ችላል | | | | | |
| 2 | የከፍተኛደረጀአስተዳደርአባላት ለወኪልባንክያላቸዉቁርጠኝነት የወኪልባንክስራእንዳይለመድአ ስተዋጽኦሊያደርግይችላል | | | | | |
| 3 | ለወኪልባንኮችየሚሰጠዉስልጠ ናየወኪልባንክስራእንዳይለመድ አስተዋጽኦሊያደርግይችላል | | | | | |
| 4 | በባንኩያለዉየአሰራርሂደትየወ ኪልባንክስራእንዳይለመድአስተ ዋጽኦሊያደርግይችላል | | | | | |
| 5 | ባንኩየሚጠቀምበትየማስታወቂ ያስልትየወኪልባንክስራእንዳይ ለመድአስተዋጽኦሊያደርግይች ላል | | | | | |
| 6 | በባንኩየተዘረጋዉየብድርናየስ ራክንዉንደጋፍችንየማስተዳ ደርስርአትየወኪልባንክስራእንዳ ይለመድአስተዋጽኦሊያደርግይ ችላል | | | | | |
| **III. የአከባቢሁኔታዎች** | | | | | | |
| 1 | የሞባይልኔትዎርክደካማመሆን የወኪልባንክስራእንዳይለመድአ ስተዋጽኦሊያደርግይችላል | | | | | |
| 2 | መንግስትአካላትድጋፍአለመኖ ርየወኪልባንክስራእንዳይለመድ አስተዋጽኦሊያደርግይችላል | | | | | |
| 3 | የቴሊኮምኔትዎርክአለመስፋፋ ትየወኪልባንክስራእንዳይለመ | | | | | |

| | ድአስተዋጽኦሊ.ያደርግይችላል | | | | | |
|---|---|---|---|---|---|---|
| 4 | የቁጥቁርመመሪያዎችአለመኖ ርየወኪልባንክስራእንዳይለመድ አስተዋጽኦሊ.ያደርግይችላል | | | | | |
| 5 | የህግማዕቀፍአለመኖርየወኪልባ ንክስራእንዳይለመድአስተዋጽኦ ሊ.ያደርግይችላል | | | | | |
| 6 | የወኪልባንክስራከባንክብድርጋ ርአለመኳጎንየወኪልባንክስራእ ንዳይለመድአስተዋጽኦሊ.ያደር ግይችላል | | | | | |
| 7 | የፋክክርተጽዕኖየወኪልባንክስራ እንዳይለመድአስተዋጽኦሊ.ያደ ርግይችላል | | | | | |
| 8 | ብሄራዊባንክያወጣዉየህገ- ወጥገንዘብዝዉዉርናሽብርተ ኝነትንበገንዘብመርዳትንየሚከ ለክለዉ ፖሊሲየወኪልባንክስራእ ንዳይለመድአስተዋጽኦሊ.ያደር ግይችላል | | | | | |
| 9 | በሃገራችንየተተገበረያለዉየባ ንክመርየወኪልባንክአገልግሎት የወኪልባንክስራእንዳይለመድአ ስተዋጽኦሊ.ያደርግይችላል | | | | | |
| 10 | የህብረተሰቡየአደጋተቀባይነት ባህሪየወኪልባንክስራእንዳይለ መድአስተዋጽኦሊ.ያደርግይችላ ል | | | | | |
| | **IV. የወኪልባንኩሁኔታዎች** | | | | | |
| 1 | ባንኩየሚሰጠዉፈጣንምላሽየወ ኪልባንክስራላይተጽዕኖሊ.ያመ ጣይችላል | | | | | |
| 2 | በዋናዉቢሮበኩልለወኪልባንኩየ ሚሰጠዉክብካቤየወኪልባንክስ ራላይተጽዕኖሊ.ያመጣይችላል | | | | | |
| 3 | ባንኩለወኪሉየሚሰጠዉዕዉቅና ናማበረታቾቾየወኪልባንክስራላይ ተጽዕኖሊ.ያመጣይችላል | | | | | |
| 4 | ባንኩለወኪሉየሚሰጠዉያገንዘብ ድጋፍየወኪልባንክስራላይተጽዕ ኖሊ.ያመጣይችላል | | | | | |

| 5 | በሞባይልየሚደረገዉየገንዘብእ ናየኤሌክትሪክመልእክትዝዉዉ ርለመጣጣምየበንኩአስተዋጽያ ወኪልባንክስራእንዳይለመድሊ ያደርግይችላል | | | | | |
|---|---|---|---|---|---|---|
| 6 | በዋናዉ መ/ቤትበኩልየሚደረገዉየገበያ ጥናትስትራቴጂየወኪልባንክስራ እንዳይለመድሊያደርግይችላል | | | | | |
| 7 | በባንኩየሚደረገዉየወኪሎችም ልመሳስርአትየወኪልባንክስራእ ንዳይለመድሊያደርግይችላል | | | | | |
| 8 | ወኪልባንኮችከተመለመሉበኋላ የሚደረገዉየክትትልደረጃወኪል ባንክስራእንዳይለመድሊያደርግ ይችላል | | | | | |
| 9 | ወኪልባንኮችሌሎች አገልግሎቶችንለወኪልባንክተ ጠቃሚዎችየማቅረብሁኔታየወ ኪልባንክስራእንዳይለመድሊያ ደርግይችላል | | | | | |
| 10 | የወኪልባንኩያለዉየእነነትስሜ ትየወኪልባንክስራእንዳይለመ ድሊያደርግይችላል | | | | | |
| 11 | ወኪልባንኩ ለ ደንበኛዉያለዉቦታቅርበትየወ ኪልባንክስራላይአስተዋጽኦሊያ ደርግይችላል | | | | | |
| 12 | የወኪልባንኩለደንበኛዉየሚሰጠ ዉየስራተማፋነትየወኪልባንክ ስራላይአስተዋጽኦሊያደርግይች ላል | | | | | |
| 13 | ለደንበኛዉየሚሰጠዉጥራትያለ ዉአገልግሎትየወኪልባንክስራላ ይተጽዕኖሊያደርግይችላል | | | | | |
| 14 | ወኪልባንኩየደንበኛዉንመረጃየ መጠበቅደረጃየወኪልባንክስራላ ይአስተዋጽኦሊያደርግይችላል | | | | | |
| 15 | ባንኩለወኪልባንኩየሚከፍለዉየ ኮሚሽንተመንየወኪልባንክስራላ ይተጽዕኖሊያደርግይችላል | | | | | |
| | **V. የደንበኛዉሁኔታ** | | | | | |

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|---|---|---|---|---|---|---|
| 1 | ስለወኪልባንክአገልግሎትበማህ በረሰቡዉስጥያለዉግንዛቤየወኪ ልባንክስራሳይአስተዋጽኦሊያደ ርግይችሳል | | | | | |
| 2 | በማህበረሰቡዉስጥያለዉየአዲስ ቴክኖሎጂግንዛቤየወኪልባንክስ ራሳይአስተዋጽኦሊያደርግይችሳ ል | | | | | |
| 3 | ወኪልባንኮችየሚሰጧቸዉአገል ግሎቾች ብዛትየወኪልባንክስራሳ ይአስተዋጽኦሊያደርግይችሳል | | | | | |
| 4 | በማህበረሰቡዉስጥያለዉየገንዘ ብዝዉዉርባህልየወኪልባንክስራ አገልግሎትሳይአስተዋጽኦሊያደ ርግይችሳል | | | | | |
| 5 | የአገልግሎትክፍያዎችተመንየ ወኪልባንክስራሳይአስተዋጽኦሊ ያደርግይችሳል | | | | | |
| 6 | የማህበረሰቡእዳዲስቴክኖሎጂዎ ችሳይዕምነትማጣትየወኪልባንክ አገልግሎትእንዳይለመድሊያደ ርግይችሳል | | | | | |
| 7 | በወኪልባንኩሳይያለሉ ቅሬታዎች አፈታትሁኔታየወኪልባንክስራ ይአስተዋጽኦሊያደርግይችሳል | | | | | |
| 8 | ባንኩበህብረተሰቡዉሥጥያለዉ ገጽታየወኪልባንክስራሳይተጽዕ ኖሊያደርግይችሳል | | | | | |

እባክዎትስለወኪልየባንክአገልግሎትያሎትንተጨማሪኃሳብወይምእስተያትቢገልጹልን፦

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**ጊዜሰጥተዉጥያቄዎቻችንንስለመለሱልንእናመሰግናለን**

## SPSS Frequency Table

### Type of Business

|  |  | Frequency | Percent | Valid Percent | Cumulative Percen |
|---|---|---|---|---|---|
|  | Sole Proprietor | 85 | 81.0 | 89.5 | 89. |
|  | Plc | 10 | 9.5 | 10.5 | 100. |
|  | Total | 95 | 90.5 | 100.0 |  |

### Year of Service

|  | Frequency | Percent | Valid Percent | Cumulative Percen |
|---|---|---|---|---|
| <1 Year | 51 | 48.6 | 53.7 | 5 |
| 1-2 Years | 44 | 41.9 | 46.3 | 10 |
| Total | 95 | 90.5 | 100.0 |  |

### Type of agents

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
|  | Agent | 66 | 59.0 | 65.3 | 65 |
|  | Business Customer | 29 | 27.6 | 30.5 | 95 |
|  |  |  |  |  | 100 |
|  | Total | 95 | 90.5 | 100.0 |  |

**Lack of confidence with the physical security aspects considered as barrier for the adoption of agency banking**

|  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| Strongly Agree | 36 | 34.3 | 37.9 | 3 |
| Agree | 35 | 33.3 | 36.8 | 7 |
| Neutral | 12 | 11.4 | 12.6 | 8 |
| Disagree | 8 | 7.6 | 8.4 | 9 |
| Strongly Disagree | 4 | 3.8 | 4.2 | 10 |
| Total | 95 | 90.5 | 100.0 | |

**Lack of confidence with the logical security aspects considered as barrier for the adoption of Agency Banking**

|  | Frequency | Percent | Valid Percent | Cumulative Perc |
|---|---|---|---|---|
| Strongly Agree | 25 | 23.8 | 26.3 | 2 |
| Agree | 50 | 47.6 | 52.6 | 7 |
| Neutral | 9 | 8.6 | 9.5 | 8 |
| Disagree | 8 | 7.6 | 8.4 | 9 |
| Strongly Disagree | 3 | 2.9 | 3.2 | 10 |
| Total | 95 | 90.5 | 100.0 | |

**Lack of trust is considered as barriers for the adoption of Agency Banking in Ethiopia.**

|  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| Strongly Agree | 37 | 35.2 | 38.9 | |
| Agree | 39 | 37.1 | 41.1 | |
| Neutral | 15 | 14.3 | 15.8 | |
| Disagree | 3 | 2.9 | 3.2 | |
| Strongly Disagree | 1 | 1.0 | 1.1 | 1 |
| Total | 95 | 90.5 | 100.0 | |

**Lack of simplicity considered as barrier for the adoption of Agency Banking**

|  | Frequency | Percent | Valid Percent | Cumulative Perce |
|---|---|---|---|---|
| Strongly Agree | 29 | 27.6 | 30.5 | 30 |
| Agree | 30 | 28.6 | 31.6 | 6 |
| Neutral | 27 | 25.7 | 28.4 | 90 |
| Disagree | 7 | 6.7 | 7.4 | 9 |
| Strongly Disagree | 2 | 1.9 | 2.1 | 100 |
| Total | 95 | 90.5 | 100.0 | |

**Lack of technological compatibility considered as barrier for the adoption of Agency Bank**

|  |  | Frequency | Percent | Valid Percent | Cum |
|---|---|---|---|---|---|
|  | Strongly Agree | 30 | 28.6 | 31.6 |  |
|  | Agree | 32 | 30.5 | 33.7 |  |
|  | Neutral | 16 | 15.2 | 16.8 |  |
|  | Disagree | 11 | 10.5 | 11.6 |  |
|  | strongly Disagree | 6 | 5.7 | 6.3 |  |
|  | Total | 95 | 90.5 | 100.0 |  |

**ollaboration with other banks on various aspects e.g. receiving agents' deposits on behalf of other banks has an impact o provision of Agent Banking services.**

|  | Frequency | Percent | Valid Percent | Cumulative Percer |
|---|---|---|---|---|
| Strongly Agree | 33 | 31.4 | 34.7 | 3 |
| Agree | 32 | 30.5 | 33.7 | 6 |
| Neutral | 19 | 18.1 | 20.0 | 8 |
| Disagree | 9 | 8.6 | 9.5 | 9 |
| Strongly Disagree | 2 | 1.9 | 2.1 | 10 |

**Proximity and accessibility to a bank branch by the retail agent's impacts Agent Banking su**

|  |  | Frequency | Percent | Valid Percent | Cum |
|---|---|---|---|---|---|
|  | Strongly Agree | 37 | 35.2 | 38.9 |  |
|  | Agree | 36 | 34.3 | 37.9 |  |
|  | Neutral | 14 | 13.3 | 14.7 |  |
|  | Disagree | 5 | 4.8 | 5.3 |  |
|  | Strongly Disagree | 3 | 2.9 | 3.2 |  |
|  | Total | 95 | 90.5 | 100.0 |  |

**The level of training given for the agent significantly impacts on the adoption of Agent Banking service**

|  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| Strongly Agree | 22 | 21.0 | 23.2 | 23.2 |
| Agree | 42 | 40.0 | 44.2 | 67.4 |
| Neutral | 16 | 15.2 | 16.8 | 84.2 |
| Disagree | 12 | 11.4 | 12.6 | 96.8 |
| Strongly Disagree | 3 | 2.9 | 3.2 | 100.0 |
| Total | 95 | 90.5 | 100.0 |  |

**Daily withdrawal limit from Agent Bank has an impact on success of Agent Banking servi**

| | | Frequency | Percent | Valid Percent |
|---|---|---|---|---|
| | Strongly agree | 18 | 17.1 | 18.9 |
| | Agree | 46 | 43.8 | 48.4 |
| | Neutral | 17 | 16.2 | 17.9 |
| | Disagree | 10 | 9.5 | 10.5 |
| | Strongly Disagree | 4 | 3.8 | 4.2 |
| | Total | 95 | 90.5 | 100.0 |

**Commitments of top level Management to adopt new technology influences adoption of Agent b**

| | | Frequency | Percent | Valid Percent |
|---|---|---|---|---|
| | Strongly Agree | 25 | 23.8 | 26.3 |
| | Agree | 34 | 32.4 | 35.8 |
| | Neutral | 15 | 14.3 | 15.8 |
| | Disagree | 15 | 14.3 | 15.8 |
| | Strongly Disagree | 6 | 5.7 | 6.3 |
| | Total | 95 | 90.5 | 100.0 |

**The resource and size of bank significantly influences adoption of Agent banking.**

| | Frequency | Percent | Valid Percent | Cumu |
|---|---|---|---|---|
| Strongly Agree | 24 | 22.9 | 25.3 | |
| Agree | 41 | 39.0 | 43.2 | |
| Neutral | 21 | 20.0 | 22.1 | |
| Disagree | 9 | 8.6 | 9.5 | |
| Total | 95 | 90.5 | 100.0 | |

**The level of investment on new technology by the bank has an impact on adoption of Agent B**

| | | Frequency | Percent | Valid Percent | C |
|---|---|---|---|---|---|
| | Strongly Agree | 28 | 26.7 | 29.5 | |
| | Agree | 35 | 33.3 | 36.8 | |
| | Neutral | 17 | 16.2 | 17.9 | |
| | Disagree | 15 | 14.3 | 15.8 | |
| | Total | 95 | 90.5 | 100.0 | |

**Delivering Agency Banking by using telephone is difficult due to low internet access in the Eth**

|  |  | Frequency | Percent | Valid Percent | Cu |
|---|---|---|---|---|---|
|  | Strongly Agree | 44 | 41.9 | 46.3 |  |
|  | Agree | 40 | 38.1 | 42.1 |  |
|  | Neutral | 8 | 7.6 | 8.4 |  |
|  | Disagree | 1 | 1.0 | 1.1 |  |
|  | Strongly Disagree | 2 | 1.9 | 2.1 |  |
|  | Total | 95 | 90.5 | 100.0 |  |

| **Lack of sufficient government support will affect customers willingness to use  Agency Bank** | | | | | |
|---|---|---|---|---|---|
|  |  | Frequency | Percent | Valid Percent | Cu |
|  | Strongly Agree | 37 | 35.2 | 38.9 |  |
|  | Agree | 39 | 37.1 | 41.1 |  |
|  | Neutral | 10 | 9.5 | 10.5 |  |
|  | Disagree | 6 | 5.7 | 6.3 |  |
|  | Strongly Disagree | 3 | 1.9 | 2.1 |  |
|  |  |  |  |  |  |
|  | Total | 95 | 90.5 | 100.0 |  |

| **Operational procedures of the bank have influences for the adoption of Agent banking.** | | | | | |
|---|---|---|---|---|---|
|  | Frequency | Percent | Valid Percent | Cumula |  |
| Strongly Agree | 25 | 23.8 | 26.3 |  |  |
| Agree | 39 | 37.1 | 41.1 |  |  |
| Neutral | 20 | 19.0 | 21.1 |  |  |
| Disagree | 7 | 6.7 | 7.4 |  |  |
| Strongly Disagree | 4 | 2.9 | 3.2 |  |  |
|  |  |  |  |  |  |
| Total | 95 | 90.5 | 100.0 |  |  |

| **Managing credit and operational risk has impact on  Agent Banking service** | | | | | |
|---|---|---|---|---|---|
|  |  | Frequency | Percent | Valid Percent | C |
|  | Strongly Agree | 27 | 25.7 | 28.4 |  |
|  | Agree | 37 | 35.2 | 38.9 |  |
|  | Neutral | 12 | 11.4 | 12.6 |  |
|  | Disagree | 15 | 14.3 | 15.8 |  |

| | | Frequency | Percent | Valid Percent | |
|---|---|---|---|---|---|
| | Strongly Disagree | 4 | 3.8 | 4.2 | |
| | Total | 95 | 90.5 | 100.0 | |

| Promotion  strategy of the bank has impact on  Agent Banking service | | | | |
|---|---|---|---|---|
| | | Frequency | Percent | Valid Percent |
| | Strongly Agree | 42 | 40.0 | 44.2 |
| | Agree | 40 | 38.1 | 42.1 |
| | Neutral | 8 | 7.6 | 8.4 |
| | Disagree | 4 | 3.8 | 4.2 |
| | Strongly Disagree | 1 | 1.0 | 1.1 |
| | Total | 95 | 90.5 | 100.0 |

| Lack of available ICT infrastructure  has  impact on the adoption of Agency Banking | | | | | |
|---|---|---|---|---|---|
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| | Strongly Agree | 53 | 50.5 | 55.8 | 55.8 |
| | Agree | 30 | 28.6 | 31.6 | 87.4 |
| | Neutral | 8 | 7.6 | 8.4 | 95.8 |
| | Disagree | 4 | 3.8 | 4.2 | 100.0 |
| | Total | 95 | 90.5 | 100.0 | |

| Lack of legal frame work which enforce banks to use Agent banking service   influences adoption of | | | | | |
|---|---|---|---|---|---|
| | | Frequency | Percent | Valid Percent | Cumu |
| | Strongly Agree | 27 | 25.7 | 28.4 | |
| | Agree | 39 | 37.1 | 41.1 | |
| | Neutral | 8 | 7.6 | 8.4 | |
| | Disagree | 17 | 16.2 | 17.9 | |
| | Strongly Disagree | 4 | 3.8 | 4.2 | |
| | Total | 95 | 90.5 | 100.0 | |

| The level of immediate response from head quarter affects the adoption of agent banking s | | | | |
|---|---|---|---|---|
| | | Frequency | Percent | Valid Percent | Cu |
| | Strongly Agree | 31 | 29.5 | 32.6 | |
| | Agree | 46 | 43.8 | 48.4 | |
| | Neutral | 8 | 7.6 | 8.4 | |
| | Disagree | 4 | 3.8 | 4.2 | |
| | Strongly Disagree | 6 | 5.7 | 6.3 | |
| | Total | 95 | 90.5 | 100.0 | |

| Lack of regulatory  guidelines on Agent banking   influences  adoption of Agent banking. | | | | |
|---|---|---|---|---|
| | Frequency | Percent | Valid Percent | Cumulative Perce |
| Strongly Agree | 34 | 32.4 | 35.8 | 3 |
| Agree | 35 | 33.3 | 36.8 | 7 |
| Neutral | 15 | 14.3 | 15.8 | 8 |
| Disagree | 7 | 6.7 | 7.4 | 9 |
| Strongly Disagree | 4 | 2.9 | 3.2 | 9 |
| | | | | 10 |
| Total | 95 | 90.5 | 100.0 | |

| AML/CFT policy of the nation has impact on  Agent Banking service | | | |
|---|---|---|---|
| | | Frequency | Percent | Valid Percent |
| | Strongly Agree | 25 | 23.8 | 26.3 |
| | Agree | 29 | 27.6 | 30.5 |
| | Neutral | 14 | 13.3 | 14.7 |
| | Disagree | 18 | 17.1 | 18.9 |
| | Strongly Disagree | 9 | 8.6 | 9.5 |
| | Total | 95 | 90.5 | 100.0 |

| Competition influence has impact on the adoption of Agent banking. | | | | |
|---|---|---|---|---|
| | | Frequency | Percent | Valid Percent | Cu |
| | Strongly Agree | 20 | 19.0 | 21.1 | |
| | agree | 44 | 41.9 | 46.3 | |
| | Neutral | 15 | 14.3 | 15.8 | |
| | Disagree | 6 | 5.7 | 6.3 | |
| | Strongly Disagree | 10 | 9.5 | 10.5 | |
| | Total | 95 | 90.5 | 100.0 | |

**The Bank led model of Agent Banking which was applied by NBE has impact on the adoption of Agent banking.**

| | Frequency | Percent | Valid Percent | Cumulative Perce |
|---|---|---|---|---|
| Strongly Agree | 26 | 24.8 | 27.4 | |
| Agree | 30 | 28.6 | 31.6 | |
| Neutral | 19 | 18.1 | 20.0 | |
| Disagree | 18 | 17.1 | 18.9 | |
| Strongly Disagree | 2 | 1.9 | 2.1 | |
| Total | 95 | 90.5 | 100.0 | |

**The level of compatibility of bank loan service with agent banking service has impact on the adoption o**

| | | Frequency | Percent | Valid Percent | |
|---|---|---|---|---|---|
| | Strongly Agree | 29 | 27.6 | 30.5 | |
| | Agree | 28 | 26.7 | 29.5 | |
| | Neutral | 14 | 13.3 | 14.7 | |
| | Disagree | 19 | 18.1 | 20.0 | |
| | Strongly Disagree | 5 | 4.8 | 5.3 | |
| | Total | 95 | 90.5 | 100.0 | |

**The level of risk acceptance by public has impact on the adoption of Agent banking**

| | | Frequency | Percent | Valid Percent | C |
|---|---|---|---|---|---|
| | Strongly Agree | 39 | 37.1 | 41.1 | |
| | Agree | 34 | 32.4 | 35.8 | |
| | Neutral | 9 | 8.6 | 9.5 | |
| | Disagree | 8 | 7.6 | 8.4 | |
| | Strongly Disagree | 5 | 4.8 | 5.3 | |
| | Total | 95 | 90.5 | 100.0 | |

**The recognition and reward of agent affects the adoption of agent banking service**

| | | Frequency | Percent | Valid Percent | Cumula |
|---|---|---|---|---|---|
| | Strongly Agree | 42 | 40.0 | 44.2 | |
| | Agree | 37 | 35.2 | 38.9 | |
| | Neutral | 8 | 7.6 | 8.4 | |
| | Disagree | 5 | 4.8 | 5.3 | |
| | Strongly Disagree | 3 | 2.9 | 3.2 | |

| The level of agent treatment from head quarter affects the adoption of agent banking service | | | | |
|---|---|---|---|---|
| | Frequency | Percent | Valid Percent | Cumulati |
| Strongly Agree | 40 | 38.1 | 42.1 | |
| Agree | 34 | 32.4 | 35.8 | |
| Neutral | 11 | 10.5 | 11.6 | |
| Disagree | 9 | 8.6 | 9.5 | |
| Strongly Disagree | 1 | 1.0 | 1.1 | |
| Total | 95 | 90.5 | 100.0 | |

| The level of financial support from head quarter affects the adoption of agent banking service | | | | |
|---|---|---|---|---|
| | Frequency | Percent | Valid Percent | Cumulative |
| Strongly Agree | 45 | 42.9 | 47.4 | |
| Agree | 35 | 33.3 | 36.8 | |
| Neutral | 10 | 9.5 | 10.5 | |
| Disagree | 2 | 1.9 | 2.1 | |
| Strongly Disagree | 3 | 2.9 | 3.2 | |
| Total | 95 | 90.5 | 100.0 | |

| The level of support regarding cash replenishment and E-float management from Head office affects the | | | | |
|---|---|---|---|---|
| banking service | | | | |
| | Frequency | Percent | Valid Percent | |
| Strongly Agree | 26 | 24.8 | 27.4 | |
| Agree | 52 | 49.5 | 54.7 | |
| Neutral | 13 | 12.4 | 13.7 | |
| Disagree | 4 | 3.8 | 4.2 | |
| Total | 95 | 90.5 | 100.0 | |

| The level of marketing support from head quarter affects the adoption of agent banking se | | | | |
|---|---|---|---|---|
| | Frequency | Percent | Valid Percent | Cu |
| Strongly Agree | 30 | 28.6 | 31.6 | |
| Agree | 44 | 41.9 | 46.3 | |
| Neutral | 11 | 10.5 | 11.6 | |
| Disagree | 9 | 8.6 | 9.5 | |
| Strongly Disagree | 1 | 1.0 | 1.1 | |
| Total | 95 | 90.5 | 100.0 | |

| The criteria to recruit an agent will affects the adoption of agent banking service | | | | |
|---|---|---|---|---|
| | Frequency | Percent | Valid Percent | Cumu |
| Strongly Agree | 37 | 35.2 | 38.9 | |
| Agree | 38 | 36.2 | 40.0 | |
| Neutral | 11 | 10.5 | 11.6 | |
| Disagree | 6 | 5.7 | 6.3 | |
| Strongly Disagree | 3 | 2.9 | 3.2 | |
| Total | 95 | 90.5 | 100.0 | |

| The level of follow-up after recruitment by head quarter affects the adoption of agent banking | | | | |
|---|---|---|---|---|
| | Frequency | Percent | Valid Percent | C |
| Strongly agree | 38 | 36.2 | 40.0 | |
| Agree | 39 | 37.1 | 41.1 | |
| Neutral | 6 | 5.7 | 6.3 | |

| | | Frequency | Percent | Valid Percent | Cumulative |
|---|---|---|---|---|---|
| | Disagree | 6 | 5.7 | 6.3 | |
| | Strongly Disagree | 6 | 5.7 | 6.3 | |
| | Total | 95 | 90.5 | 100.0 | |

| The level of cross selling of products of the agent will have impact on the adoption of Agent Bank | | | | | |
|---|---|---|---|---|---|
| | | Frequency | Percent | Valid Percent | Cumula |
| | Strongly Agree | 35 | 33.3 | 36.8 | |
| | Agree | 38 | 36.2 | 40.0 | |
| | Neutral | 10 | 9.5 | 10.5 | |
| | Disagree | 10 | 9.5 | 10.5 | |
| | Strongly Disagree | 2 | 2.0 | 2.2 | |
| | Total | 95 | 90.5 | 100.0 | |

| The level of belongingness of the agent will have impact on the adoption of Agent Banking service | | | | |
|---|---|---|---|---|
| | Frequency | Percent | Valid Percent | Cumulative Percent |
| Strongly Agree | 35 | 33.3 | 36.8 | 36.8 |
| Agree | 40 | 38.1 | 42.1 | 78.9 |
| Neutral | 10 | 9.5 | 10.5 | 89.5 |
| Disagree | 8 | 7.6 | 8.4 | 97.9 |
| Strongly Disagree | 2 | 1.9 | 2.1 | 100.0 |
| Total | 95 | 90.5 | 100.0 | |

| Proximity of an agent to customer has impact on Agent Banking service | | | | | |
|---|---|---|---|---|---|
| | | Frequency | Percent | Valid Percent | Cur |
| | Strongly Agree | 36 | 34.3 | 37.9 | |
| | Agree | 41 | 39.0 | 43.2 | |
| | Neutral | 7 | 6.7 | 7.4 | |
| | Disagree | 9 | 8.6 | 9.5 | |
| | Strongly Disagree | 2 | 1.9 | 2.1 | |
| | Total | 95 | 90.5 | 100.0 | |

## The quality service provided by the agent has impacts on the adoption of Agent Banking service

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| Strongly Agree | 39 | 37.1 | 41.1 | 41 |
| Agree | 38 | 36.2 | 40.0 | 81 |
| Neutral | 9 | 8.6 | 9.5 | 90 |
| Disagree | 6 | 5.7 | 6.3 | 96 |
| Strongly Disagree | 3 | 2.9 | 3.2 | 100 |
| Total | 95 | 90.5 | 100.0 | |

## The flexibility of service by an agent has impact on Agent Banking service

| | Frequency | Percent | Valid Percent | Cumulative Perc |
|---|---|---|---|---|
| Strongly Agree | 22 | 21.0 | 23.2 | 2 |
| Agree | 55 | 52.4 | 57.9 | 8 |
| Neutral | 10 | 9.5 | 10.5 | 9 |
| Disagree | 5 | 4.8 | 5.3 | 9 |
| Strongly Disagree | 3 | 2.9 | 3.2 | 10 |
| Total | 95 | 90.5 | 100.0 | |

## Confidentiality regarding customer account has impacts on the adoption of Agent Bankin

| | Frequency | Percent | Valid Percent |
|---|---|---|---|
| Strongly Agree | 34 | 32.4 | 35.8 |
| Agree | 36 | 34.3 | 37.9 |
| Neutral | 17 | 16.2 | 17.9 |
| Disagree | 4 | 3.8 | 4.2 |
| Strongly Disagree | 4 | 3.8 | 4.2 |
| Total | 95 | 90.5 | 100.0 |

## Commission earned from the bank has impacts on the adoption of Agent Banking ser

| | Frequency | Percent | Valid Percent | |
|---|---|---|---|---|
| Strongly Agree | 41 | 39.0 | 43.2 | |
| Agree | 36 | 34.3 | 37.9 | |
| Neutral | 8 | 7.6 | 8.4 | |
| Disagree | 5 | 4.8 | 5.3 | |
| Strongly Disagree | 5 | 4.8 | 5.3 | |
| Total | 95 | 90.5 | 100.0 | |

## Awareness of agency banking by the customer has impact on the adoption of Agent Bankin

| | Frequency | Percent | Valid Percent | |
|---|---|---|---|---|
| Strongly Agree | 52 | 49.5 | 54.7 | |

| | | Frequency | Percent | Valid Percent | Cum |
|---|---|---|---|---|---|
| | Agree | 37 | 35.2 | 38.9 | |
| | Neutral | 4 | 3.8 | 4.2 | |
| | Disagree | 1 | 1.0 | 1.1 | |
| | Strongly Disagree | 1 | 1.0 | 1.1 | |
| | Total | 95 | 90.5 | 100.0 | |

**The type of products given by the agent has impact  on the adoption of Agent Banking s**

| | | Frequency | Percent | Valid Percent | Cum |
|---|---|---|---|---|---|
| | Strongly Agree | 52 | 49.5 | 54.7 | |
| | Agree | 33 | 31.4 | 34.7 | |
| | Neutral | 8 | 7.6 | 8.4 | |
| | Disagree | 2 | 1.9 | 2.1 | |
| | Total | 95 | 90.5 | 100.0 | |

**Public response regarding new technology has impact  on the adoption of Agent Banking service**

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| Strongly Agree | 59 | 56.2 | 62.1 | |
| Agree | 29 | 27.6 | 30.5 | |
| Neutral | 6 | 5.7 | 6.3 | |
| Disagree | 1 | 1.0 | 1.1 | 1 |
| Total | 95 | 90.5 | 100.0 | |

**The public culture regarding physical cash flow has impact  on the adoption of Agent Banking service**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| | Strongly Agree | 56 | 53.3 | 58.9 | 5 |
| | Agree | 31 | 29.5 | 32.6 | 9 |
| | Neutral | 5 | 4.8 | 5.3 | 9 |
| | Disagree | 2 | 1.9 | 2.1 | 9 |
| | 23.00 | 1 | 1.0 | 1.1 | 10 |
| | Total | 95 | 90.5 | 100.0 | |

| The policy of complaint resolution has impact on the adoption of Agent Banking servi | | | | |
|---|---|---|---|---|
| | Frequency | Percent | Valid Percent | Cumul |
| Strongly Agree | 49 | 46.7 | 51.6 | |
| Agree | 41 | 39.0 | 43.2 | |
| Neutral | 4 | 3.8 | 4.2 | |
| Strongly Disagree | 1 | 1.0 | 1.1 | |
| Total | 95 | 90.5 | 100.0 | |

| The commission rate paid to the agent has impact on the adoption of Agent Banking ser | | | | |
|---|---|---|---|---|
| | Frequency | Percent | Valid Percent | Cumula |
| Strongly Agree | 57 | 54.3 | 60.0 | |
| agree | 30 | 28.6 | 31.6 | |
| Neutral | 8 | 7.6 | 8.4 | |
| Total | 95 | 90.5 | 100.0 | |

| The public trust on new technology has impact on the adoption of Agent Banking service | | | | |
|---|---|---|---|---|
| | Frequency | Percent | Valid Percent | Cumulative Percent |
| Strongly Agree | 59 | 56.2 | 62.1 | 62.1 |
| Agree | 30 | 28.6 | 31.6 | 93.7 |
| Neutral | 3 | 2.9 | 3.2 | 96.8 |
| Disagree | 3 | 2.9 | 3.2 | 100.0 |
| Total | 95 | 90.5 | 100.0 | |

| The image of the bank to public has impact on the adoption of Agent Banking service | | | | |
|---|---|---|---|---|
| | Frequency | Percent | Valid Percent | Cumulative Percent |
| Strongly Agree | 54 | 51.4 | 56.8 | 56.8 |
| Agree | 33 | 31.4 | 34.7 | 91.6 |
| Neutral | 4 | 3.8 | 4.2 | 95.8 |
| Disagree | 4 | 3.8 | 4.2 | 100.0 |
| Total | 95 | 90.5 | 100.0 | |

# Statement of Certification

This is to certify that **Ato Tamrat Assefa Dubale** has carried out his research work on the topic entitled **an assessment of factors affecting adoption of Agent Banking (Agents Prospective) case study on Lion International Bank SC.** The work is original in nature and is suitable for submission for the award of Master's Degree in business administration.

**Advisor: Mohammed Mohammednur( Asst. Professor)**

**Signature**_____

**Date:** _____