



ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

**ASSESSMENT ON CUSTOMER PERCEPTION OF INTERNET BANKING
SERVICE QUALITY: THE CASE OF COMMERCIAL BANK OF ETHIOPIA
(Selected Branches in Addis Ababa)**

BY

KALKIDAN BEKELE

JUNE, 2016

ADDIS ABABA, ETHIOPIA

**ASSESSMENT ON CUSTOMER PERCEPTION OF INTERNET BANKING
SERVICE QUALITY: THE CASE OF COMMERCIAL BANK OF ETHIOPIA
(Selected Branches in Addis Ababa)**

BY

KALKIDAN BEKELE

ID NO. SGS/0297/2007A

**THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF
GRADUATE STUDIES, IN PARTIAL FULFILMENT OF THE REQUIREMENTS
FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION**

JUNE, 2016

ADDIS ABABA, ETHIOPIA

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

**ASSESSMENT ON CUSTOMER PERCEPTION OF INTERNET BANKING
SERVICE QUALITY: THE CASE OF COMMERCIAL BANK OF ETHIOPIA**
(Selected Branches in Addis Ababa)

BY: KALKIDAN BEKELE

APPROVED BY BOARD OF EXAMINERS

Dean, Graduate Studies

Signature

Advisor

Signature

External Examiner

Signature

Internal Examiner

Signature

Acknowledgments

First and foremost, I would like to thank my Almighty GOD for giving me power to do this paper. Second, my gratitude is extended to my advisor, Tesfaye Wolde (PhD) for his continuous support and assistance from the beginning to the end of this research project. Next, I would like to thank my family and friends who made a tremendous contribution in making this project successful. Finally, my gratitude is extended to my best friend Ms. Fasika Genzebe for her unwavering support and cooperation while conducting this research work.

Table of Contents

Acknowledgements.....	i
Table of Contents	ii
List of Tables	iii
List of Figures	iv
Acronyms	v
Abstract	vi
Chapter One: Introduction	1
1.1. Background of the Study	1
1.2. Statement of the Problem	2
1.3. Research Questions.....	3
1.4. Objectives of the Study	3
1.4.1. Main Objective.....	3
1.4.2. Specific Objectives.....	4
1.5. Scope of the study& Limitation of the study	4
1.5.1. Scope of the study	4
1.5.2.Limitation of the study	4
1.6. Significance of the Study	4
1.7. Operational Term Definition.....	5
1.8. Structure of the paper.....	5
Chapter Two: Review of related literature.....	6
2.1 Internet Banking	6
2.2. Customer Perception.....	7
2.2.1 Customer Perception & Customer Satisfaction	9
2.3 Service Quality	10
2.3.1 Service Quality Defined.....	10
2.3.2 Perceived Service Quality	11
2.4. E-Service Quality.....	12
2.4.1 Measuring e-service quality.....	12
2.4.2 E-SERVQUAL.....	14

2.4.2.1. Efficiency.....	15
2.4.2.2. Reliability	15
2.4.2.3. Responsiveness	16
2.4.2.4. Fulfillment	16
2.4.2.5. Privacy	17
2.4.3 Customer Satisfaction & Service Quality	17
2.5 Empirical Studies	18
Chapter Three: Research Design and Methodology.....	21
3. Research Methodology	21
3.1. Research Design.....	21
3.2. Sampling Design	21
3.2.1. Population of the study	21
3.2.2. Sampling Design & Size.....	22
3.3. Source of Data	23
3.4. Instruments & Procedures of Data Collection	23
3.5. Data Analysis & Interpretation	23
3.6. Ethical Consideration	23
3.7. Reliability Test	24
Chapter Four: Data Analysis, and Interpretation.....	25
4. Data analysis and Interpretation.....	25
4.1 Background information of respondents	25
4.2 Research Data Analysis	26
4.3 Comparison of e-service quality dimensions	37
4.4 Qualitative Analysis	38
Chapter Five: Summary of Findings, Conclusions, and Recommendations.....	40
5. Summary, Conclusion and Recommendation	40
5.1 Summary of findings	40
5.2 Conclusion	42
5.3 Recommendations	44
Reference	46
Appendices	

List of Tables

List of tables	Page
Table3.1. Status of Questionnaires Distributed to CBE IB customers	22
Table3.2. Reliability Test.....	24
Table4.1. Background information of respondents	25
Table4.2. Perception of customers on efficiency dimension	27
Table4.3. Perception of customers on responsiveness dimension	29
Table4.4. Perception of customers on fulfillment dimension.....	31
Table4.5. Perception of customers on reliability dimension	33
Table4.6. Perception of customers on privacy dimension	35

List of Figures

Figure 1.1 Structure of the paper.....	5
Figure 2.1 Perception process.....	8
Figure 2.2 Expectation Dis- confirmation theory.....	9
Figure 2.3 Conceptual framework	20
Figure 4.1 Comparison of e- service quality dimensions.....	37

Acronyms

No	Acronyms	Description
1	ATM	Automated Teller's Machine
2	CBE	Commercial Bank of Ethiopia
3	E-Banking	Electronic Banking
4	IB	Internet Banking
5	E-SQ	Electronic Service Quality
6	WEBQUAL	Website Quality
7	WOM	Word of Mouth
8	A.A	Addis Ababa

ABSTRACT

Now a days, Banks are enforced to develop alternative service channels due to technological changes to fulfill the customer desire, to gain competitive advantage, to reduce their costs, to maximize the profitability, to enhance the market share, to achieve the customer loyalty and to improve their financial service through innovation products. Commercial bank of Ethiopia has introduced internet banking service and other innovative products in order to get the above listed benefits. However from the total 11.5 million account holders, only 8,759 account holders are using the service. So it is necessary to measure the quality performance of web service using different techniques such as E-SERVQUAL model developed by Zeithaml (2000). The study used this technique to measure the quality of internet banking service and to provide an insight of customer perception towards the internet banking service quality. The purpose of this study is to assess the quality of internet banking service and to identify the gap in order to maximize the usage of the service and satisfy the customers and attract new customers. In this research, descriptive research method was used to investigate research objectives and questions and both primary and secondary sources of data were used. The researcher applied purposive sampling technique to collect the data. A total of 366 questionnaires were distributed to the internet banking users of the 23 grade 4 branches in A.A. The data were analyzed using descriptive statistics and qualitative data analysis. From the data collected & results of the analysis, the study concluded that privacy dimension shows the highest positive customer perception. But responsiveness dimension reveals the least customer perception result. Therefore, the bank should realize a competent advantage by emphasizing privacy on the quality of the internet banking service along others dimensions and the bank should improve the responsiveness by giving emphasis on employee training.

Keywords: *Customer perception, E-service quality, Internet banking*

Chapter One

1. Introduction

1.1. Background of the study

This chapter consists of the background of the study, statement of the problem, research questions, objectives of the study, the significance of the study and limitation & delimitation of the study.

Commercial bank of Ethiopia (CBE) is the biggest and oldest financial institution and currently it has over 1000 branches across the country. Today, more than ever before, CBE aggressively expanded its presence in all directions of the country. CBE has remained potent & is in the lead in terms of assets, deposits, and customer base. (CBE: Company profile dated 30 June, 2015). To improve its service, retain & attract customers, CBE has introduced innovative products like automatic teller machine, mobile banking, internet banking and other improved banking facilities among others, all in the interest of enhancing customers comfort. In addition to the normal services given by the bank, it started new internet banking services to reduce the waiting time, save customer time & increase customer satisfaction. Internet banking service allows a customer to transfers from one individual account to another, to request cheque book & gives detail information about their account, it benefits customers by giving access to self-service banking 24/7.

Due to the rapid change in technology & the entry of the private banks, a number of new products & delivery channels have been introduced. Despite these possibilities, in one's bank security, concerns, preference of human interference & the like impede the growth of internet banking. One of the determinants of success of a firm is how the customers perceive the resulting service, as the perceived service quality is the key driver of perceived value (Collart, 2000). It is the perceived value, which determines customer satisfaction. Many firms including banking industries begin to track their customer's. Spreng & Olshariky (1993) stated that customer satisfaction or dissatisfaction is considered to be the result of a comparison between the pre-use expectations that a customer has about the product or service and the post-use perception of product or service performance.

Beckett, Hower & Howcroft (2000) stated that the development of new forms of the technology-based self-service sector has created highly competitive market conditions for bank providers. However, the changed market conditions demand banks to the better understanding of consumers' needs (Beckett et al.2000). Banks are embracing new & cost-effective delivery channel. Delivering alternative service is

the one way of retaining and attracts customers. Technology plays a major role in the development of alternative channels & interaction between customers & banks. The Internet is revolutionizing the bank industry to conduct its business through online familiarly called as internet banking. It offers personalized service through the web portals. Internet banking involves a use of the internet for delivery of banking product and services. It provides enormous benefits to the customer like access his account at any time and from any location with easy & least cost. (Beckett, Hower & Howcroft, 2000)

Zeithmal et al. (2000) developed the e-SERVQUAL for online service quality measurement, seven dimensions were established: reliability, compensation, responsiveness, efficiency, contact, fulfillment, and security/privacy. To compete in the global world of internet banking it is essential to provide the customer with best possible services (Mefford, 1993). Giving the services through the internet is not enough but providing the quality service is the main thing. Therefore, it is important to understand the customer perception towards IB service quality provided by CBE, whether it is able to achieve its service quality according to the needs of customers.

1.2. Statement of the problem

Commercial bank of Ethiopia (CBE) is the largest bank & its customers made it so, without them the bank will end to exist. It is important to understand the customer need & test their preference to satisfy them. There are more than 11.5 million account holders in CBE; from those only 8,759 customers are using the internet banking service. In addition to this, from the total number of 8,759 online customers only 1,936 customers are active users and 6,823(78%) are inactive users. (CBE, Internet Banking Status Report, Nov13, 2015). The aim of this study is to assess the customer perception towards internet banking service quality that CBE provide to maximize the number of active internet banking users, attract new users, to meet and satisfy the need of the customers.

Customers have become knowledgeable & this has gradually led to a greater degree of customer sovereignty when making a choice. Customer's choice of the internet banking service based on several factors such as assurance, trust & appeal, responsiveness, easy to use, accessibility, fulfillment, speed & accuracy, & contact. Those factors determine the internet banking service quality (Barnes & Vidgen, 2003), so CBE has to consider & measure those factors to improve the internet banking service and maintain the competitive advantage by satisfying the customer need.

The customer is the judge of quality. Understanding customer needs, keeping pace with changing marketing, measuring their satisfaction & building relationship is important to the firm because satisfaction and dissatisfaction information's lead to the right improvement, product design, workforce training activity that can create satisfied customers who reward the company with loyalty. In other word, the company must show constant sensitivity to emerging customer and market requirements.

Since the internet banking service is new service and there is no research related to this topic in Ethiopian banks context, customers may be satisfied by this service or may be dissatisfied. Therefore, this study assessed the customer perception of IB service quality, find out if there are factors or variables that have a big impact on their particular perceptions, give the recommendation if any that could help banks to improve the service and sustain a strong relationship with their customers in CBE.

1.3. Research Questions

1. What is the level of customer perception towards the internet banking service quality?
2. What are the Internet banking service quality deficiency areas?

1.4 Objectives of the study

1.4.1. General Objective

The major objective of this study is to assess the customer perception of Internet banking service quality in the case of CBE in selected branches in A.A

1.4.2. Specific Objectives

The specific objectives of this study are:

1. to identify the level of customer perception towards the internet banking service quality;
2. to identify the gap that exists in the internet banking service quality provided by CBE.

1.5. Scope of the study and Limitation of the study

1.5.1. Scope of the study

The research geographically focused on grade four branches in A.A due to time & cost constraint. However, internet banking customers at grade four branches and at grade one, two, three branches do not

differ significantly in their service quality perception because the web-site that they are using is the same. The research conceptually focused on the customer perception of Internet banking service quality, the population of this study is 4,260 internet banking users who are found in A.A and the respondents of this research were the Internet banking users of grade four branches. Methodologically, the research used descriptive research design and purposive sampling method.

1.5.2. Limitation of the study

The study focused on the selected braches of commercial bank of Ethiopia. However if it involved more branches, the findings of the study would be generalized. This is not so the case due to time and money constraints, which are the major limitation of the study.

1.6. Significance of the study

First, customers are always the reason for the firm existence. So this paper assessed and analyzed the customer perception of the Internet banking service quality in CBE. Therefore, the result of this study will mainly help the company to fix its problem thereby improving its Internet banking service quality. Moreover, this research can be used as a reference material for further investigation with more sample size, time scope, & resource assigned. It can also serve as a starting-point for upcoming research in the area of consumer's perception of Internet banking service quality in CBE.

1.7. Operational Terms Definitions

Electronic banking (E-banking) – is a banking activity by which a customer may perform banking transactions electronically by using techno based services (Automatic teller machine, mobile banking, telephone banking, internet banking and others).

Internet Banking (IB) - is an innovative service delivery channel that offers diversified financial services like fund transfer, cheque book requests, and other financial services.

E-SERVQUAL - A well-known scale developed by Zeithmal et al. (2000) for measurement of e-service quality.

Customer-The people who are using Internet banking (IB) service in CBE.

Customer Perception-Zeithmal and Bitner (1996:103) describe customer perceptions as the subjective assessments of actual service received or experienced and whether they are satisfied with the quality of the service. When customers evaluate whether the quality of service meets their expectations, they always consider their service perceptions relative to expectations.

1.8. Structure of the paper

The research will organized in five chapters as presented in figure 1.

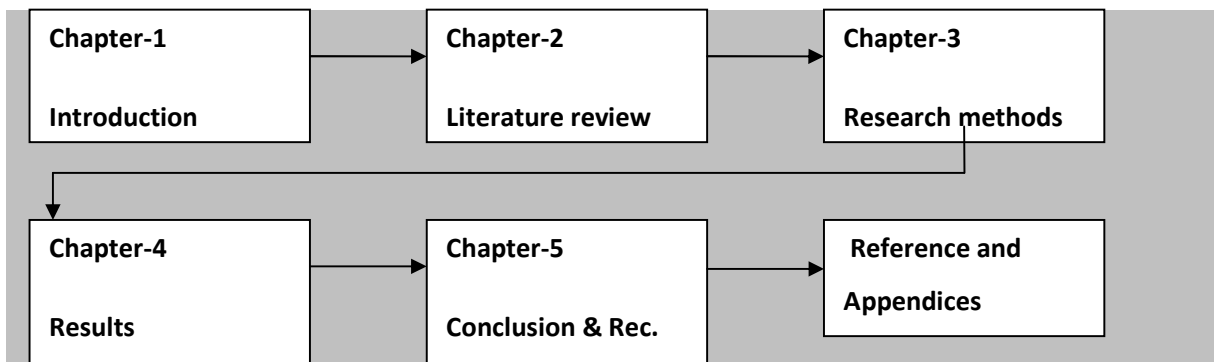


Figure 1.1: Structure of the paper

Chapter Two

2. Review of related literature

2.1. Internet Banking

Internet banking is a banking product or service, e. g loans, transfers, account information, payments etc. Internet banking is a delivery channel that is affected by internet connectivity, technological interface (banking website) and responsiveness (feedback) of the system. As a self-service delivery channel, the internet offers the “anytime” and “anywhere” value. (Wu et al. 2006).Singh(2004) purports that the impact of the internet on business is revolutionary; this has set in motion a revolution in banking in what is referred to as internet banking (Abor, 2004). According to Wang et al.(2003), the internet technology is rapidly changing the design and delivery of personal financial services. Laukkanen (2007) concur that banking is one of the area’s most affected by the internet and has changes unprecedented in the history of financial services. Internet banking is fast catching up with banking practices around the world and holds some advantages for both service providers and customers (Qureshi, T.M. 2008).

Internet banking represents a paradigm shift in marketing (Bauer et al., 2004); it enables new channels and new ways to collaborate and communicate (Fetscherin & Lattemann 2008). Research in banking is now shifting from technological development to user-focused investigation spurred by heavy investment in internet technology (Wang et al 2003). Singh (2004) adds that the nature of banking make it fit naturally and perfectly on the internet.

Recent studies give the indication that internet consumer banking may be more effective than traditional consumer banking with higher profits (Williamson, 2006). Hutchinson & Warren (2003) reports that statistics indicates that other forms of e-banking such as ATM, telephone banking & home banking present constitute over so present of all banking transactions. They identified four drivers of internet banking.

1. Customers increasing demand
2. Increasing demand competition
3. Banks exploitations of new ways to reduce cost & achieve efficiently

4. Global deregulation of financial markets.

Jayawardhena & Foley (2000) believe that internet banking is the answer to the inherent problems of traditional banking as it has the potential to expand banking business and that technology, especially the internet platform, is a key driver of internet changes in the banking sector.

2.2. Consumer perception

Perceptions are defined in various ways. Strydom, Jooste, and Cant (2000:84) define customer perception as the process of receiving, organizing and assigning meaning to information or stimuli detected by the customer's five senses and opine that it gives meaning to the world that surrounds the customer. Perceptions are also described as the end result of a number of observations by the customer. Customers perceive services in terms of quality of services provided and the satisfaction level attained.

Understanding perception and the factors determining how consumers view products and services are central to effective marketing (Berkman, Lindquist, and Sirgy, 1997). Schiffman and Kanuk (1994) stated about consumer perception saying "as diverse individuals, we all tend to see the world in our own special ways." Reality to an individual is mere that individual's perception of what is "out there"- of what has taken place. Individuals act and react on the basis of their perceptions, not on the basis of objective reality. Thus, to the marketer, consumers' perceptions are much more important than their knowledge of objective reality. For if one thinks about it, it's not what actually is so, but what consumers think is so that affects their actions, their buying habits, their leisure habits, and so forth. And because individuals make decisions and take actions based on what they perceive to be the reality, it is important that marketers understand the whole notion of perception and its related concepts so they can more readily determine what factors influence the consumer to buy."

Zeithaml and Bitner (1996:103) describe customer perceptions as the subjective assessments of actual service received or experienced and whether they are satisfied with the quality of the service. When customers evaluate whether the quality of service meets their expectations, they always consider their service perceptions relative to expectations. Perception emerged after customer experienced the service. Perception is always considered relative to expectation. Customers' perception equals to how customers perceive the service. Zeithaml *et.al.* (2006) stated that customers perceive services in terms of quality of the service and how they satisfied the overall with their experiences. Customers' perceptions are formed

subsequent to their experience of the services received from an organization. Furthermore, the level of previous customer experience with certain services that serve by other firms can impact on customers' perception of service quality.

Perception is part of consumer behavior and a concept in its own right (Belch & Belch, 2009). In marketing, perception is defined by Creamer (2007) as a process by which an individual receives, selects, organizes and interprets information to create a meaningful picture of the world (Creamer, 2007). "Perception refers to a consumer's awareness and interpretation of reality" (Babin & Harris, 2010, p. 41). The perception of the consumer depends on internal factors such as beliefs, experiences, needs, moods and expectations. The needs are defined as a motivating source that requires action for its satisfaction and is finite; in contrast wants to arise from desires and are boundless (Need, n. d.). Further, consumer perception is influenced by the characteristics of a stimulus (like intensity) and by the context in which it is seen or heard (Belch & Belch, 2009). Stressing the importance of prior experience, Pickens (2005, p. 52) holds that "the person interprets the stimuli into something meaningful to him or her based on prior experiences". This interpretation or perception may be substantially different from reality (Pickens, 2005). Importantly, perception refers to a given point in time and may change over time (Lamb, Dunne, & Dunne, 2011). Belch & Belch (2009) stated that the perception process is divided into three processes (Figure 1).

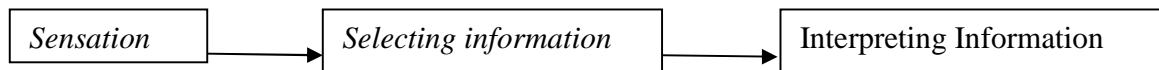


Figure 2.1. : Perception processes based on Belch & Belch (2009)

The *Sensation* is the immediate response of the sense to a stimulus such as a brand name or package and is used to create a representation of the stimulus. *Selecting information* is the next process. Determinants of whether stimuli will be attended to and how they will be interpreted by internal psychological factors like consumer's personality, needs, experience and motives. These psychological inputs explain why some people focus on things and other ignore them. In the next step, the *information interpretation* process, information will be organized, categorized and interpreted. This process is individualized and influenced by internal psychological factors (Belch & Belch, 2009).

2.2.1. Consumer perception and customer satisfaction

Ricklies (2006) stated that customer perception is important as the value a customer perceives when buying a product or service goes beyond the usability or functionality. There is a set of emotional values like social status, exclusivity, friendliness, responsiveness or the degree to which the expectations are met. It is important to understand the feeling and emotional involvement in perception which, in today's competitive marketplace, is becoming ever more important for gaining a sustainable competitive advantage (Recklies, 2006). By focusing on consumer perception private banks might create competitive advantage by giving consumers the feeling that private banking services delivered their expected function and fulfilled their needs. If the customer perceptions meet expectations, the expectations are confirmed and the customer is satisfied (Hoffman & Bateson, 2010). The statement of Hoffman and Bateson (2010) is based on the expectation disconfirmation theory originated from Oliver (1980). The disconfirmation theory is one of the most commonly accepted theories of consumer satisfaction (Babin & Harris, 2010). Expectations and perceived performance lead to post-purchase satisfaction. This is mediated through negative and positive disconfirmation between expectations and performance. If a product or service is better than expected (positive disconfirmation) it will result in post-purchase satisfaction or, vice versa if a products or service is worse than expected (negative disconfirmation) the consumer will be dissatisfied (Oliver, 1980). Important for achieving customer satisfaction is also to create and to maintain successful relationships (Reichheld & Sasser, 1990). This applies especially in service industries for which credence qualities are high (Ennew & Binks, 1996). It has to be mentioned that both perception and consumer satisfaction are part of consumer behavior but are independent concepts (Belch & Belch, 2009; Harrell, 1986). Satisfaction/dissatisfaction is a post-purchase evaluation and a stage in the consumer decision process.

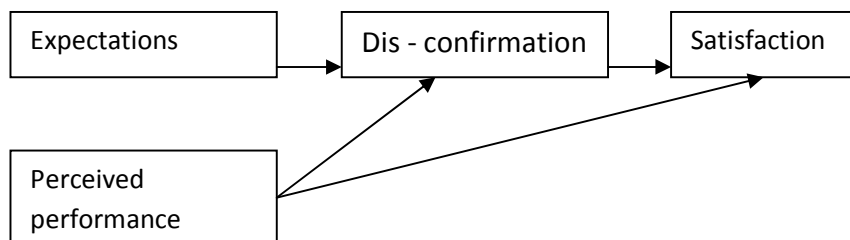


Figure 2.2. : Oliver's (1980) Expectation disconfirmation theory – figure created by Nevo (2005)

2.3. Service Quality

2.3.1. Service quality defined

The service quality from the customer's perspective means how well the service meets or exceeds the customer satisfaction. Because of the customer-oriented market, service quality is generally defined from the customer's perspective, which is usually termed as perceived service quality (Fisk, Grove & John 2004:153). Fisk et al (2008:153) define service quality from the service provider's perspective as the degree to which the service's features comply with the organization's specifications and requirements; from the customer's perspective, this implies whether the service meets or exceeds his or her expectations. More specifically, the service provider must be quality-oriented, and the system must be designed to support that mission by being controlled and delivered correctly while making the profit for the organization. The customer's overall judgment of service quality can be an evaluation of both the process and the outcome, compared with the customer's own expectations and desired benefits. However, different provider-based and customer-based perspectives of service quality can be generated by subsequent encounters with the profit-oriented organization. Thus, this leads to an important concept in assessing quality from perceived service quality. Service quality has been defined as the degree and direction between customer service expectations and perceptions (Newman, 2001). Perceived service quality is defined as the evaluation of the service across the episodes when compared to some explicit or implicit standard (Storbacka et al., 1994). Further, it can be seen as how well a service satisfies the expectations of customers (Bouman and Wiele, 1992).

The importance of service quality is seen to the effect that it has on the organization as a whole. It is seen in the following ways:

- 1) Service quality has an effect on customer satisfaction (Arasli et al., 2005; Zeithaml and Bitner, 2000; Kandampully, 1998). Using the confirmation model, satisfaction will be experienced by the customer, should the perceptions (of the actual experience) exceed the expectations of customers.
- 2) Service quality has an effect on customer loyalty (Heskett, 2002; Kandampully, 1998). Loyalty is experienced by the organization when the perceived service quality experienced by the customers exceeds that which is offered by the competitors. The delivering of service quality to customers is required in the long term if the organization is to experience the benefits of customer loyalty (Kandampully, 1998).

- 3) Service quality creates the competitive advantage for organizations and is associated with successful organizations (Kandampully, 1998). It has been said that many organizations sell a similar product of similar quality and that the differentiator between them is the service quality that is offered to the customer (Arasli et al., 2005).
- 4) Service quality affects relationships and relationship marketing, as customers are willing to build relationships with organizations that provide service quality (Zeithaml and Bitner, 2000).
- 5) Service quality has an effect on profitability and costs (Buttle, 1996). As service quality impacts on customer satisfaction, this also impacts on customer retention, reduction of costs and increased profitability (Zeithaml et al., 2006).

2.3.2. Perceived service quality

The term perceived service quality has been frequently used by practitioners and academicians in the past few decades, whereas there hasn't been any generally accepted definition yet. The consensus about perceived service quality is that it is a consumer's evaluative judgment or impression regarding a service provider's overall performance or excellence (Parasuraman et al., 1985, 1988; Cronin & Taylor, 1994; Boulding et al., 1993). Parasuraman, Zeithaml, and Berry (1996) and Oliver (1980) defined PSQ as a global judgment of the service, thus treating it as a cognitive construct. Perceived service quality refers to the customer's evaluation of an organization's service based on his or her overall experience of the continuous service encounter (Woodruffe 1995:106; Fisk et al 2008:153). Parasuraman, Zeithaml, and Berry (1985) define service quality as the overall evaluation of a specific service determined by comparing the firm's performance with the customer's general expectations of how firms in that industry should perform. Perceived service quality is viewed as an overall appraisal of service (Bitner and Hubbert 1994) and as an attitude based on the customer's perception of performance (Cronin and Taylor 1992, 1994; Boulding et al. 1993).

2.4. E-Service Quality

The idea of e-service is one of the prominent applications of utilizing the use of Information and Communication Technologies (ICTs) in different areas but it is difficult to provide a comprehensive definition for e-service. Along with the development of the internet and web-based technologies, online customers use necessary information on products and services. Zeithaml et al. (2001) are believed to be the first one who provided a formal definition of website service quality or e-service quality. According

to Zeithaml et al. (2001), e-service quality is defined as the extent to which a website facilitates efficient and effective shopping, purchasing, and delivering of products and services. As stated, the meaning of service is comprehensive, which includes both pre- and post-website service aspects. There are virtual numbers of criteria that customers use in evaluating websites in general and service quality delivery through websites. E-service quality can be also described as the consumer's judgment about an entity's (services) overall excellence or superiority (Zeithaml, 1988).

2.4.1. Measuring e-service quality

Previous studies identified several dimensions as criteria of e-service quality. The conceptualization and development of e-SQ measurements are needed because it will help to control and improve the performance of online companies (Yang et al., 2003). Most studies of the concept and measurement of electronic service (e-SQ) have identified the dimensions of the construct from either the customer's perspective or the provider's perspective (Heim and Field, 2007). Rowley (2006) points out that the existing literature on e-service quality mainly study the dimension and measuring method of e-service quality, customers' online experience.

On the basis of a comprehensive review and synthesis of the extant literature on e-SQ, Zeithaml, Parasuraman, and Malhotra (2002) detailed five broad sets of criteria as relevant to e-SQ perceptions: (a) information availability and content, (b) ease of use or usability, (c) privacy/security, (d) graphic style, and (e) reliability/fulfillment. Santos (2003) in this regard discussed e-service quality dimensions as consisting of, ease of use, web-appearance, linkage, structure and layout, content as the incubative dimensions; reliability, efficiency, support, communication, security, and incentive as active dimensions. Fassnacht and Koese (2006) argue that e-service quality's first-order sub-dimensions of the attractiveness of selection, information quality, ease-of-use, and technical quality are actually reflections of delivery quality (i.e. a second-order dimension). Madu and Madu (2002) proposed the following 15 dimensions of online service quality based on literature review: performance, features, structure, aesthetics, reliability, storage capacity, serviceability, security and system integrity, trust, responsiveness, product/service differentiation and customization, Web store policies, reputation, assurance, and empathy.

Cox and Dale (2001) set up 6 dimensions of online retailing service quality with the comparison of the traditional dimensions of service quality, and the six dimensions are website appearance, communication, accessibility, credibility, understanding, and availability. Yoo and Donthu's (2001) SITEQUAL believes

the e-service quality includes four dimensions such as the accessibility, handling the speed of the memorizer, the artistic design and the response rate of interaction. Lociacono et al. (2002) develop an e-service quality scale called WEBQUAL, which is composed of 12 dimensions (Lociacono et al. 2002). Consequently, Kaynama and Black (2000) build on the traditional SERVQUAL dimensions to develop an e-service quality measure comprised of seven dimensions: content, access, navigation, design, response, background, and personalization. Parasuraman, Zeithaml, & Malhotra (2005) mention five broad sets of criteria as relevant to E-SQ: (a) information availability and content; (b) ease of use or usability; (c) privacy/security; (d) graphic style; and (e) reliability/fulfillment. Yang and Jun (2004) measured e-service quality using two groups: Internet users and Internet non-users. They found that reliability was the most important dimension for Internet users even when compared to access, ease of use, personalization, security, and credibility.

Van, R., Semeijn, J. and Janssen, W. (2003) described their own e-service quality dimensions. They use the design of user interface, reliability, security, customization, and responsiveness as major factors that drive e-service quality. These dimensions reflect the different nature of dealing with a website as opposed to interacting with service employees. Collier and Bienstock (2006) contend that the construct of e-service quality does not cause ease-of-use or information accuracy, suggesting that it is just the opposite; the dimensions of design and ease-of-use the overall evaluation in the customer's judgment of quality. Zeithaml (2002) develops a framework consisting of eleven dimensions to be used in evaluating the delivery of e-service quality which includes access, ease of navigation, efficiency, flexibility, reliability, personalization, security/privacy, responsiveness, assurance/trust, site aesthetics, and price knowledge. Loiacono et al. (2002) develop the WEBQUAL to scale the service quality. They point out that e-service quality includes 12 dimensions including the information adaptability, trust, design, visual requirement, flow, business process, interaction, response time, intuition, creativity, overall communication, and replaceability.

Wolfenbarger and Gilly (2002) develop an e-service quality scale which was initially titled COMQ and later was progressed to e-TailQ with the following four dimensions: website design, reliability, security and customer service (Wolfenbarger and Gilly 2002, 2003). Kim et al (2006) identified 9 e-service quality items, being: efficiency, fulfillment, system availability, privacy, responsiveness, compensation, contact, information and graphic style in online retailing. Dabholkar (1996) conducts a research work on the dimensions of e-service quality focusing on website design, and he argues that 7 dimensions of e-service

quality can be illustrated as the basic parameters in the judgment of e-service quality, including website design, reliability, delivery, ease of use, enjoyment and control. Li and Suomi (2009) proposed eight dimensions of e-service quality, which are: website design, reliability, responsiveness, security, fulfillment, personalization, information and empathy.

Yoo and Donthu (2001) develop a 4dimension scale called SITEQUAL to measure online service quality of the website, and the four dimensions are ease of use, aesthetic design, processing speed, and interactive responsiveness (Yoo and Donthu 2001). Yoo and Donthu (2001) develop a 4dimension scale called SITEQUAL. Lee and Lin (2005) adopted a modified SERVQUAL scale to measure e-SQ in terms of website design, reliability, responsiveness, trust, and personalization. Wolfinbarger and Gilly (2003) developed a 14-item scale “eTailQ,” based on a philosophy of total quality management to measure e-SQ and predict customer e-SAT, loyalty, and attitude.

2.4.2. E-SERVQUAL

Zeithaml et al. (2001, 2002) developed the e-SERVQUAL measure of e-service quality to study how customers judge e-service quality. This new model was drawn up through a three-stage process involving exploratory focus groups and two phases of empirical data collection and analysis. It contains seven dimensions: efficiency, reliability, fulfillment, privacy, responsiveness, compensation and contact. The first four dimensions are classified as the core service scale and the latter thirteen dimensions are regarded as a recovery scale, since they are only salient when online customers have questions or problems. Contents of each dimension are shown below:

(1) Core service scale in e-SERVQUAL. (a) Efficiency: the capability of customers to access the website, finding their appropriate product and information related to preserving minimum effort. (b) Fulfillment: accuracy of service requirements, availability of the product in storage, and delivering the products on time. (c) Reliability: the technical function of the site, particularly the extent to which it is available and properly functioning. (d) Privacy: assurance that shopping behavior data are not open and that credit card information is secured.

(2) Recovery service scale in e-SERVQUAL. (a) Responsiveness compares the capability of retailers to give appropriate data to customers when a problem happens, having mechanisms for handling returns, and giving online guarantees. (b) Compensation: consists receiving money back and returning shipping

and handling expenditures. (c) Contact. The requirement of customers to speak to a living customer service agent online or on the phone.

2.4.2.1 Efficiency

Efficiency is the measurement that indicates the ability of users to access the website and find needed information about a product or service within a minimal effort. Parasuraman et al., (2005) defined the efficiency as the ease of use and speed accessing and using the website, in other words, this refers to ease of website access, the simplicity of using the web to find information effortlessly, and fast checkout. On the other words, efficiency is the accessibility to the speed of access, information downloading and the availability of the website. They also found out that efficiency has a strong impact on customer satisfaction of users. A study by Li et al. (2009) found out that ease of use is ranked the most important factor of e-service quality. Zeithaml et al.(2000) referred to this dimension as navigability and stated that for a good site to be perceived positively by customers, it should provide functions that help customers to find what they need easily and quickly, as well as providing a user-friendly environment.

2.4.2.2 Reliability

Reliability refers to the correctness of product information provided on the website. (Ho & Lee (2010) explained that reliability is the site's content to be represented as the promised services. Especially for the online website, users can only acquire information about products or service from the websites, therefore, the information provided is important for customers. Wolfinbarger & Gilly (2003) gave another point of reliability that it refers to customer perception of the site's reliability such as a confirmation email, and order tracking. While Zeithaml et al. (2002) defined that it is associated with the technical functioning of the websites in order to have a proper function.

2.4.2.3.Responsiveness

The quality of support customers receive when we face with questions or running into problems, and the speed with which this support is provided, largely determine customer evaluations of post-transaction services. Customer support is appreciated during the pre-transaction stage, particularly for online services: the online customer is relatively powerless in enforcing help, having to rely on the willingness of the firm to provide support. The faster a provider responds to requests, the better the service will be

evaluated (Van Riel et al, 2003). Responsiveness refers to flexibility, prompt delivery, consistency and accuracy of service delivered.

Responsiveness is an important factor to consumers when shopping online via the websites. Zeithaml et al. (2002) explained that the criterion relates to the response from the online stores, especially when customers have questions or problems. Other examples are prompt service, helpful advice and guidance, and accurate information about the products and services. Zeithaml et al. (2002) also described that responsiveness is used to measure the ability of the firm to provide appropriate information to customers when a problem occurs and whether the firms have procedures to handle problems, and provide guarantees. Also, Zeithaml et al. (2002) explained that online responsiveness index can be illustrated from the number of channels for communication, frequently asked questions, asking question process and feedback to users' inquiry. Ho & Lee (2007) explained that promptly responds to users' inquiries is the most important part of online services.

2.4.2.4.Fulfillment

Fulfillment refers to the accuracy of the service, the ability of firms to deliver products and services in the promised time. Parasuraman et al., (2005) explained that the dimension is the extent of what the website promises to deliver products or services and to fulfill customers' needs. Ho & Lee (2007) explained that the dimension refers to the success of online stores to deliver product and services to customers as well as the willingness to accept and correct the mistakes happening in the transactions. Their research also found out that customers emphasized on this quality the most. A study by Wolfinbarger & Gilly (2003) especially laid emphasis on the non-error ordering process and on-time delivery.

2.4.2.5.Security/Privacy

Privacy/security refers to the protection of personal and financial information (Yoo & Donthu, 2001) and the degree that a site is considered by consumers as being safe from intrusion (Parasuraman et al. 2005). Security has been identified as a vital factor to determine e-service quality for consumers of online banking services (White & Nteli, 2004). Security is the most important factor on intention store visit a site and makes purchases (Yoo & Donthu, 2001). Security addresses the technical specifications of a website's security and payment methods; this dimension also incorporates company reputation,

confidence and general confidentiality among consumers and those operating from within the company, engaging in the communication process.

Privacy refers to the dimension to which the website is safe in term of customer information. Parasuraman et al. (2005) gave a definition to this dimension to the degree that the website provides safe and protection of customers and their personal information, since the issue has been a critically important for online stores' customers. Zeithaml et al. (2002) explained that privacy involves securing users' personal information by not sharing information about consumers with others, and providing informed consent. In other terms, it is a customer's perception towards the confidence and trust of the website. A study by Lee & Lin (2005) found that online customers concern about the privacy policy the most when they use the websites, especially relating to the guarantee of personal information protection.

2.4.3. Customer satisfaction and service quality

The consumer's comparison of expectations prior to purchase with performance perception after a purchase results in a degree of customer satisfaction which is a mental state. This mental state is a cognitive judgment which can either result in low level of satisfaction, where expectation exceeds performance perceptions or in a high level of satisfaction, where performance perception exceeds expectations (Balakrishnan, n. d.). Also Cohen et al. (2006) stated that delivering superior service is not enough. The delivered services must be better than consumers' expectations (Cohen et al., 2006). This is in contrast to the general consumer perception definition mentioned during the narrative review as it was stated that satisfaction is achieved by meeting or exceeding expectations (Hoffman & Bateson, 2010). Service quality was identified as a major requirement by the customers (Galasso, 1999; Mogicato, 2008). As the banking market becomes more and more competitive, service quality is a critical measure of organizational performance and continues to compel the attention of banking institutions and remains at the forefront of services marketing literature and practice (Lassar, Manolis, & Winsor, 2000a).

It was mentioned that banks offer the same or similar products around the world and service quality is necessary to differentiate them in the marketplace to create a competitive advantage (Devlin & Ennew, 1997). According to that, banking service quality is the only area where long-term differentiation can be achieved. New products can be easily copied, but the improvement procedure of service quality is more difficult for other companies to track and to copy (Lleshanaku, n. d.). This was also confirmed in a study undertaken by O'Loughlin and Szmigin (2005) who stated that consumers perceive added value through

people-based “process” factors like service quality. Additionally, it was mentioned in this study that service quality is essential to the relationship with the client. Bexley, Hewer, and Sparks (2005) confirmed the statement of O’Loughlin and Szmigin (2005) by finding out that service quality was the single most important driver for the customer in selecting a bank.

2.5. Empirical Studies

El- Sherbini et al. (2007): as cited in Abdulrazaq H. & Dr. Mohammed N. investigated the customers' perspectives of internet banking, their perceived importance for it, usage patterns and problems arising on its utilization. The paper discussed the strategic implications of the research findings. Empirical data were gathered from bank customers in Kuwait to achieve the research objectives. All bank customers in Kuwait were considered as the population of research interest. The results showed the perceived importance of internet banking services by customers, current and potential use of IB services in Kuwait and problems perceived by bank customers in using IB. The researchers' main hypothesis tested that top five services considered relative important in Kuwait banks were "Review account balance", "Obtain detailed transactions histories", "Open accounts", "Pay bills" and Transfer funds between own accounts".

Eriksson et al. (2005): as cited in Abdulrazaq H. & Dr. Mohammed N. has studied the technology of internet banking in Estonia, an emerging east European economy. A quantitative study was selected to obtain data regarding the usage of and attitudes towards the internet as a banking channel. The results suggested that an internet bank user increases, as customers perceive it as useful. Hence, a well designed and easy to use internet banking service may be perceived as useful. They concluded that the perceived usefulness so if internet banking is, for banks, a key construct for promoting customer use. They also suggested that models of technology acceptance should be re-formulated to focus more on the key role of the perceived usefulness of the service embedded in the technology.

Gerrard and Cunningham (2003): as cited in Abdulrazaq H. & Dr. Mohammed N. conducted a study to understand why users are more accepting of internet banking services, which in turn should help bank managers implement this service technology that costs millions of dollars. Exploratory interviews were conducted and the study identifies eight characteristics that influenced the rate of adoption. Two of these characteristics, namely accessibility and confidentiality, are new to the literature. The results showed that adopters of Internet banking perceive the service to be more convenient, less complex, more compatible to the man and more suited to those who are PC proficient. Adopters were also found to be more

financially innovative. The perceptions that adopters had about social desirability, confidentiality, accessibility and economic benefits were viewed no differently when adopters were compared with non-adopters.

Conceptual Framework

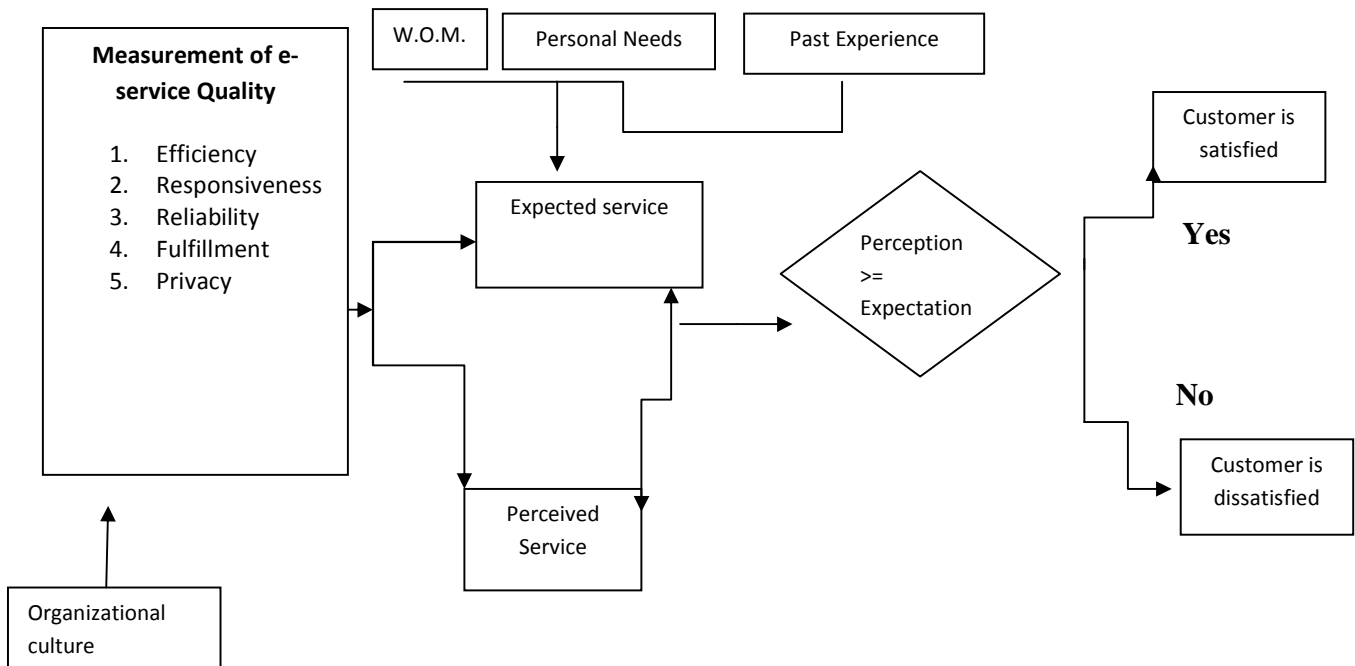


Figure.2.3. Modified theoretical model of consumer perception of e-service quality based on Parasuraman et al. (1985). The above dimensions are e-service quality measurements that the customers concern when they decide to use or re-use the internet banking service. If the service provider company can exceed or meet the customer expectation, it can satisfy & retain customers, increase active users, increase deposit, maintain the market share, increase the profitability, and enhance the company competitive advantage. So as to gain these things the company has to know the customer perception/feeling towards Internet banking service. This study will help to CBE:

1. to know the customer perception level in order to know and win the market by providing the service that the customer desire;
2. to know the gap on internet banking service in order to make an improvement on that gap; and
3. to enhance the usage of internet banking by exceeding or meet their expectation and satisfy them.

Chapter Three

3. Research Design and Methodology

The main objective of the study is to assess customer perception of Internet banking service quality in the Commercial Bank of Ethiopia .To this effect, this chapter involves the research design, type of data source, the method of sampling, tools of data gathering and analyzing of data are presented below.

3.1. Research Design

According to Kothari, C. (2004), a research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement, and analysis of data.

In order to show the existing phenomenon as it exists this research used a descriptive method and Quantitative approach. Du Plessis & Rouseas (2007) view a quantitative approach as a systematic & structured, aimed at obtaining information from respondents in direct, open manner. Results obtained from such an approach are easily quantifiable and has a potentially high degree of accuracy. According to Brian A. (1995), a large proportion of all research is descriptive research. This is because a clear statement of ‘what is’ is an essential prerequisite to understanding ‘why it is so’ and ‘what it might be’. In a very real sense, description is fundamental to all research. The descriptive research sets out to seek accurate and adequate descriptions of activities, objects, processes and persons.

3.2. Sampling Design

3.2.1. Population of the Study

The target population is defined as the entire group a researcher is interested in. According to Zikmund (2003), the definition of the population was an identifiable total set of elements of interest being investigated by a researcher. Based on the CBE, internet banking status report, Nov.13, 2015, there is a total of 8,759 internet banking users in CBE; out of them, the population for this research is 4,260 internet banking users who are found in A.A. The researcher used internet banking users of grade four branches as sample.

3.2.2. Sample Design and Size

The researcher took purposive sampling technique to select the representative sample which is internet banking customers in A.A. From all A.A branches the researcher has taken only 23 grade four branches, it is because those branches have large number of customer base relative to other branches. In order to get large number of respondents and minimize costs from specific branches the researcher choice grade four branches and give equal proportion for each branch.

As the researcher mentioned above out of 8,759 internet banking users, 4,260 are taken as the total population for this study.

The sample size was determined using the following formula as it stated by Yamane (1967) cited in Israel (1992).

Sample size obtained as;

$$n = \frac{N}{1 + N(e)^2} = \frac{4260}{1 + 4260(0.05)^2} = 366 \text{ online customers}$$

Where, n – designates the sample size the research uses.

N - Designates the total number of internet banking users in the target population.

e – Designates maximum variability or margin of error 5% (0.05).

1 – Designates the probability of the event occurring.

Table 3.1: Status of Questionnaires Distributed to CBE internet banking users

NO.	District	Number of grade 4 branches under each district	Questionnaires distributed in each branch	Total number of questioners' distributed
1	West	5	16	80
2	East	5	16	80
3	North	5	16	80
4	South	8	16	126
	TOTAL	23		366

3.3. Source of Data

In order to achieve the objectives, the researcher used both primary and secondary data. The primary data collected through questionnaire from the internet banking customers of the CBE. The secondary data accessed from the company's work processes, policies, procedures, forms and other documents and from different kinds of literatures in the area.

3.4. Instruments and Procedures of Data Collection

The data collection tools that employed in this study are questionnaires from primary sources of data and other related documents from secondary sources. The questionnaire used commonly to gather data for the descriptive survey. The questionnaires are structured with closed and open-ended type. Accordingly, 5 point Likert scale items are prepared for respondents because it is helpful to choose one option from the given scaling that best align with their views. In addition to this, an open-ended questionnaire conducted in order to give opportunities to express their feelings related to internet banking service quality that Commercial Bank of Ethiopia is provided. The questionnaires were distributed to respondents while they are served at the branch and rarely at their office. Filled questionnaires were collected on the same day.

3.5. Data Analysis & Interpretation Method

The data that are gathered from customers through questionnaire is analyzed by using qualitative data analysis for open-ended questions and descriptive statistics for close-ended questions. Descriptive statistics used to analysis the mean & standard deviation for each e-SERVQUAL dimensions to evaluate the customer perception. Descriptive statistics used to interpret the data & investigate research objective & research questions.

3.6. Ethical Consideration

The researcher treated all the information given by customers and kept confidentially without disclosing the respondent's identity and would not be used for any personal interest. Furthermore the questionnaires were distributed only to voluntary participants. Lastly, all secondary sources were quoted to keep the rights of ownership of all materials.

3.7. Validity and Reliability Test

According to R. Kothari, (2004), Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. Validity is the extent to which any instrument measures what is intended to measure. To ensure the validity of the study the researcher collects the data from the reliable sources and respondents who are using internet banking service. The study used Cronbach’s alpha to assess the consistency of the research instrument. It is commonly used as a measure of the consistency or reliability of sample examinees. The higher Alpha Coefficients indicate higher scale reliability (Santos, 1999: as cited in Eze et al., 2008).As shown in table the reliability in this study as assessed by coefficient alpha was found to be 0.862 as an indication of acceptability of the scale for further analysis.

Table 3.2 reliability statistics

Reliability Statistics

Cronbach's Alpha	Number of Items
0.862	22

Item Statistics							
	Mean	Std. Deviation	N		Mean	Std. Deviation	N
Efficiency1	3.3333	0.98473	12	Reliability1	2.5	0.52223	12
Efficiency2	3.6667	0.49237	12	Reliability2	4.3333	0.49237	12
Efficiency3	3.6667	0.7785	12	Reliability3	2.1667	0.93744	12
Efficiency4	4	1.04447	12	Reliability4	3.6667	1.30268	12
Responsive1	3	0.8528	12	Reliability5	4.3333	0.7785	12
Responsive2	2.8333	1.40346	12	Privacy1	4.6667	0.49237	12
Responsive3	3.6667	0.7785	12	Privacy2	4.1667	1.11464	12
Responsive4	3.5	1.31426	12	Privacy3	3.9167	1.31137	12
Fulfillment1	4	1.04447	12	Privacy4	3.8333	1.40346	12
Fulfillment2	3.8333	0.93744	12	Privacy5	3.8333	1.40346	12
Fulfillment3	3.5	1	12				
Fulfillment4	3.8333	1.11464	12				

Chapter Four

4. Data Analysis & Interpretation

This chapter will present data that has been collected through a quantitative survey. A total of 366 questionnaires were administered and data were collected from internet banking customers in grade four A.A branches. From the 366 questionnaires distributed only 329(90%) have been collected and analyzed using the descriptive statistics (frequency statistics).

4.1. Background information of respondents

Demographic characteristics under the study include gender, age, educational status, and IB service experience. Descriptive statistics (frequencies & percentages) were used to identify the study sample. The results are shown as follows:

Table 4.1 Sex, Age, Educational Status, & IB service experience

No	Items	Respondents		
		No	%	
1	Gender			
	Male	206	63%	
	Female	123	37%	
	Total	329	100%	
2	Age			
	20-30	212	64	
	31-40	68	21	
	41-50	47	14	
	>51	2	1	
	Total	329	100	
3	Educational Status			
	Certificate	42	13	
	Diploma	66	20	
	First Degree Holder	168	51	
	Master Degree Holder	53	16	
	Total	329	100	
	4	IB service experience		
1-6 Month		197	60	
7-12 Month		97	29	
>1 Year		35	11	
Total		329	100	

Source: descriptive analysis result based on questionnaire survey,2016

As the above table 4.1 shown, the male respondents were 206(63%) and female respondents were 123(37%). As a matter of chance, the male respondents are higher than the female but this doesn't show that the population of male internet banking user is higher than the females.

Another demographic factor in this research was age of respondents, large number of respondents 212(64%) were at the age range of 20-30, 68(21%) were at the age range of 31-40, 47(14%) were at the age range of 41-50, and 2(1%) were at the age above 50. This indicates that the dominant users are youth and adults.

With regards to the educational status of the respondents, 42(13%) of the respondents were certificate holder, 66(20%) were diploma holders, 168(51%) were first degree holders, and 53(16%) were masters holders. This shown that CBE's internet banking users have good knowledge to evaluate the service and explain their feeling's regarding CBE's internet banking service quality.

Concerning to the experience of IB service of the respondents, 197(60%) are used IB for 1-3 months while 97(29%) of them used IB for 7-12 months, the rest 35(11%) of them used for 1 year and above. This indicates that IB users are increasing through time.

4.2. Research data analysis

To analyze, the quality of internet banking service of CBE descriptive statistics was applied. The perceived service quality which was measured using E-SERVQUAL with a five –point Likert Scale and mean score and percentage were used to identify the levels of service quality for all five e-service quality dimensions (Efficiency, Responsiveness, Fulfillment, Reliability, and Privacy).

Table 4.2 Perception of customers on efficiency dimension of e-service quality

<i>Item</i>	<i>All (n=329)</i>			
	<i>No. of respondents</i>	<i>Percentage</i>	<i>Mean Score</i>	<i>Std. Deviation</i>
It is quick to complete a transaction through my bank's internet banking service.				
Strongly Disagree	17	5%	3.6565	1.11282
Disagree	47	14%		
Neutral	36	11%		
Agree	161	49%		
Strongly Agree	68	21%		
Downloading speed of the account statement on the internet banking is fast.				
Strongly Disagree	9	3%	3.4833	.95662
Disagree	48	15%		
Neutral	81	25%		
Agree	157	48%		
Strongly Agree	34	10%		
Using the website doesn't require a lot of effort.				
Strongly Disagree	11	3%	3.6109	1.10183
Disagree	60	18%		
Neutral	42	13%		
Agree	149	45%		
Strongly Agree	67	20%		
It is easy to find what I need on the website.				
Strongly Disagree	19	6%	3.5988	1.12217
Disagree	41	12%		
Neutral	62	19%		
Agree	138	42%		
Strongly Agree	69	21%		
			Overall mean score	3.5874

Source: descriptive analysis result based on questionnaire survey,2016

Efficiency refers to customer access to the internet and respective website to find out about the desired service, means of payments, and necessary information regarding them with the least effort. (Zeithaml et al. 2002)

Data stated in the above table 4.2 about online transactions are quick to complete indicates that 70% of respondents give positive response, 11% of respondents response neutral, 19% of the respondents give negative response and the mean value of this item is 3.65 which fall in agreed scale that means online customers have positive perception on this item.

The second item on this efficiency dimension is about the downloading speed of the account statement is appropriate. Survey data in this part shows that; 58% of respondents give a positive response, 25% of respondents response neutral, 18% of the respondents give a negative response and the mean value of this item is 3.48 which fall in neutral scale that means online customers have not enough experience on this item.

From the statement which is asked about using the website doesn't require a lot of effort as stated in the table 4.2 the result shows that; 66% of the respondents give positive response, 13% of respondents response neutral, 21% of the respondents give negative response and the mean value of this item is 3.61 which fall in agreed scale that means online customers have positive perception on this item.

The fourth statement under the efficiency dimension is about the customer can easily find what he/she needs on the website. As shown from the above table, 63% of the respondents give a positive response, 19% of respondents were neutral, 18% of the respondents give a negative response and the mean value of this item is 3.59 which fall in agreed scale that means online customers have positive perception on this item.

In general, efficiency dimension of e-service quality scores mean value of 3.58 which is approaches to agreed scale. Even if the mean value comes close to the agreed perception, it is lower perception rate given by customers as compared to other dimensions.

Table 4.3 Perception of customers on responsiveness dimension of e-service quality

<i>Item</i>	<i>All (n=329)</i>			
	<i>No. of respondents</i>	<i>Percentage</i>	<i>Mean Score</i>	<i>Std. Deviation</i>
My bank promptly resolves problems I encounter with my online transactions.				
Strongly Disagree	41	12%	2.6687	.97043
Disagree	98	30%		
Neutral	125	38%		
Agree	59	18%		
Strongly Agree	6	2%		
The bank provides appropriate information to customers when a problem occurs.				
Strongly Disagree	17	5%	2.9301	.95858
Disagree	96	29%		
Neutral	125	38%		
Agree	75	23%		
Strongly Agree	16	5%		
My bank repairs a breakdown on the website quickly.				
Strongly Disagree	18	5%	2.7143	.79469
Disagree	104	32%		
Neutral	167	51%		
Agree	34	10%		
Strongly Agree	6	2%		
My bank has online customer service representative.				
Strongly Disagree	24	7%	3.2401	1.09882
Disagree	50	15%		
Neutral	124	38%		
Agree	85	26%		
Strongly Agree	46	14%		
			Overall mean score	2.8883

Source: descriptive analysis result based on questionnaire survey,2016

Responsiveness measures the ability for supply of the required and relevant information to customers when a problem arises. It includes replacement or repair. (Zeithaml et, al. 2002)

As indicated in the above table 4.3 the first item is about getting a prompt solution when online customers face a problem. Sometimes online customers may face a problem while they are making the transaction online. This time, the bank should resolve the problem promptly. However, more than 42% of respondents give a negative response, 38% of respondents response neutral, and 20% of the respondents give a positive response and the mean value is 2.66 which is the lowest perception result. This indicates that the online customers are not getting the solution promptly and have a negative perception about this issue. So CBE has to give attention in this regard and improve the service quality.

The second item which is asked about providing appropriate information to the customers when problems occur indicates that the majority of respondents 38% responses neutral, 34% of respondents give a negative response and the remaining 28% of respondents give positive response and the mean score is 2.93. This indicates that CBE doesn't provide appropriate information to online customers when problems occur.

The third item is about repairing a breakdown on the website quickly. While there is any failure related internet banking, bank's support staffs have maintained the problem. However, the speed of identifying the problem and time taken to recover the problem is another issue that might make dissatisfaction to the customers. Here more than 37% respondents have a negative response to it, 51% response neutral and the remaining 12% of respondents give positive response and the mean value is 2.71. This implied that CBE doesn't repair the breakdown on the website quickly.

The fourth statement in responsiveness dimension is about the existence of online customer service representative. CBE has a call center to assist e-banking services customers. But the survey data in this part showed that only 40% of the respondents give a positive response on the existence of online customer service representative. But major share goes to the neutral section of the scale that is 38%, the remaining 22% of respondents give a negative response and the mean value of this issue is 3.24. This indicates that CBE doesn't create enough awareness about the existence of call center to answer the questions about the services and can give support to the customers.

Generally, responsiveness dimension was perceived by the customers with a mean score of 2.88 which is in the median value; when it is compared with other dimensions it is the lowest perception rate given by customers. In addition to this, there are attributes under the responsiveness dimension with the lowest perception result which is resolve problem promptly score 2.66, provide appropriate information score 2.93 and repair breakdown quickly score 2.71. Therefore, CBE should improve customer perception regarding this dimension by providing a quick response to request and prompt services to the customers.

Table 4.4 Perception of customers on fulfillment dimension of e-service quality

<i>Item</i>	<i>All (n=329)</i>			
	<i>No. of respondents</i>	<i>Percentage</i>	<i>Mean Score</i>	<i>Std. Deviation</i>
My online transactions with the bank are always accurate.				
Strongly Disagree	10	3%	3.6809	1.09529
Disagree	52	16%		
Neutral	50	15%		
Agree	138	42%		
Strongly Agree	79	24%		
It is easy to use my bank website.				
Strongly Disagree	7	2%	3.8967	.93131
Disagree	25	8%		
Neutral	44	13%		
Agree	172	52%		
Strongly Agree	81	25%		
The bank site makes accurate promises about the service being delivered.				
Strongly Disagree	3	1%	3.6413	.93326
Disagree	35	11%		
Neutral	100	30%		
Agree	130	40%		
Strongly Agree	61	19%		
My bank is truthful about its offerings.				
Strongly Disagree	2	1%	3.9179	.89167
Disagree	24	7%		
Neutral	61	19%		
Agree	154	47%		
Strongly Agree	88	27%		
			Overall mean score	3.78419

Source: descriptive analysis result based on questionnaire survey,2016

Fulfillment indicates service soundness and accuracy, its immediate availability, and its delivery at promised time. (Zeithmal et, al. 2002)

As indicated in the above table 4.4, the fulfillment part of service quality dimensions, 66% of respondents have a positive response on the online transaction is accurate, 15% of respondents were neutral, and 19% of respondents have a negative response and the mean value of this item is 3.68. This implied that CBE online transaction is accurate.

The other item under fulfillment dimension is it is easy to use the bank website. The bank website should be easy and take a short process to make the transaction or to access their account. With this regards, 77% of the respondents have a positive response, 13% of respondents were neutral, and 10% of respondents have a negative response and the mean value of this statement is 3.89 which fall in agreed scale that means online customers have positive perception on this item.

The third point under the fulfillment dimension is the bank website makes accurate promises. With this regards, 59% of the respondents have a positive response, 30% of respondents were neutral, and 12% of the respondents have a negative response and the mean value of the item is 3.64 which fall in agreed scale. These implied online customers have positive perception on this item.

The other point in fulfillment dimension is the bank is truthful about its offering. In this case majority of respondents, 74% give a positive response, 19% of respondents were neutral, and 8% of respondents have a negative response and the mean value of the item is 3.91 which fall in agreed scale that means online customers have positive perception on this item.

In general, fulfillment dimension of e-service quality scores a mean value of 3.78 which is approaches to agreed scale. Even if the mean value comes close to the agreed perception, there are two items which has small mean value as compared with the other item under the fulfillment dimension. These are online transaction is accurate with a mean value of 3.68 and the bank website makes an accurate promise with a mean value of 3.64.

Table 4.5 Perception of customers on reliability dimension of e-service quality

<i>Item</i>	<i>All (n=329)</i>			
	<i>No. of respondents</i>	<i>Percentage</i>	<i>Mean Score</i>	<i>Std. Deviation</i>
Whenever the bank promises to do something, it does so.				
Strongly Disagree	4	1%	3.5198	.92743
Disagree	42	13%		
Neutral	108	33%		
Agree	129	39%		
Strongly Agree	46	14%		
It is easy for you to understand all the text containing the bank site.				
Strongly Disagree	3	1%	3.8328	.84067
Disagree	21	6%		
Neutral	67	20%		
Agree	175	53%		
Strongly Agree	63	19%		
The bank site is up & running all the time.				
Strongly Disagree	27	8%	2.5562	.88554
Disagree	150	46%		
Neutral	97	29%		
Agree	52	16%		
Strongly Agree	3	1%		
The information provided on the site is accurate.				
Strongly Disagree	2	1%	3.8146	.93328
Disagree	38	12%		
Neutral	53	16%		
Agree	162	49%		
Strongly Agree	74	22%		
The account statement is updated immediately as soon as the transaction is finished.				
Strongly Disagree	13	4%	3.8359	1.14915
Disagree	36	11%		
Neutral	62	19%		
Agree	99	30%		
Strongly Agree	119	36%		
			Overall mean score	3.51185

Source: descriptive analysis result based on questionnaire survey,2016

Reliability concerns the website technical performance, especially in regard to product or service availability and its sound performance and functionality. (Zeithaml et, al. 2002)

As indicated in the above table 4.5 the first item under the reliability dimension is the bank give its service as promised. With this regards, 53% of respondents have a positive perception of it, 33% response neutral and 14% respondents have a negative perception and it scores the mean value of 3.51.

The other issue under the reliability dimension is the text containing in the website is easy. The text/command should be usual and friendly for the customers to understand and make transaction easily. Here 73% of respondents have a positive perception on it, 20% response neutral and the remaining 7% respondents have a negative perception and this statement scored mean value of 3.83.

The other reliability issue is related to the availability network connection. The majority of the respondents 54% have a negative perception, 29% of respondents were neutral and 17% of respondents have positive perception and the mean score is 2.55. This indicates that the network doesn't working well, it is may be due to infrastructural problem of the Ethio-telecom or the bank itself. Therefore, the bank should give higher concern for this issue.

The fourth item under the reliability dimension is the website provides accurate information. With this regards 71% respondents have a positive perception on it, 16% response neutral, and 13% of respondents have a negative perception and the mean value is 3.81 which fall in agreed scale. This indicates that online customers have positive perception on this item.

The speed of updating the account statement/balance is another issue of reliability dimension. With this regards 66% of the respondents have positive perception, 19% response neutral, and 15% respondents have a negative perception and the mean score is 3.83 which is approached to agreed scale. This implied that, online customers have positive perception on this item.

As it can be observed in table 4.5, the reliability dimension was perceived by the customers with a mean value of 3.51 which is above the median; when it is compared with other dimensions it is the lowest perception rate given by customers. Moreover, there is an item under the reliability dimension with the lowest perception result, which is "the bank site is up & running all the time" with a mean value of 2.55.

Table 4.6 Perception of customers on privacy dimension of e-service quality

<i>Item</i>	<i>All (n=329)</i>			
	<i>No. of respondents</i>	<i>Percentage</i>	<i>Mean Score</i>	<i>Std. Deviation</i>
You can rely on the information that you give not being misused.				
Strongly Disagree	6	2%	4.0304	.89663
Disagree	11	3%		
Neutral	58	18%		
Agree	146	44%		
Strongly Agree	108	33%		
I have a confidence in my bank's internet banking service.				
Strongly Disagree	4	1%	3.9939	.91729
Disagree	27	8%		
Neutral	34	10%		
Agree	166	50%		
Strongly Agree	98	30%		
There is a clear privacy policy.				
Strongly Disagree	2	6%	3.9666	.94455
Disagree	31	9%		
Neutral	47	14%		
Agree	145	44%		
Strongly Agree	104	32%		
There is an auto-sign-out system (for safety).				
Strongly Disagree	13	4%	4.0729	1.00038
Disagree	8	2%		
Neutral	51	16%		
Agree	127	39%		
Strongly Agree	130	40%		
My bank website seems security-conscious.				
Strongly Disagree	21	6.4	4.0395	1.10774
Disagree	11	3.3		
Neutral	36	10.9		
Agree	127	38.6		
Strongly Agree	134	40.7		
			Overall mean score	4.02067

Source: descriptive analysis result based on questionnaire survey,2016

Privacy assures customers that their personal data and the information of their balance or transaction will be safe and won't be shared. (Zeithaml et, al. 2002)

As indicated in the above table 4.6 the first item under the privacy dimension is the customer information is protected. With this regards, 77% of respondents have a positive response, 18% response neural, and the remaining 5% of respondents have negative responses and score 4.03 mean value. This indicates that CBE is working well on this issue and customers have a good image about the security system of CBE.

The confidence of customer on the bank website is the basic issue to use the bank's service without fear. With this regards, 80% of the respondents have a positive response, 10% response neural and the remaining 10% of respondent have a negative response and this statement score 3.99 mean value.

The existence of clear privacy policy is another item under privacy dimension. With this regards, 76% of the respondents have a positive response, 14% response neural and 10% of the respondents' negative response and this statement score 3.96 mean value.

The auto-sign-out system is another item in the privacy dimension. With this regards, 79% of the respondents have a positive response. 16% response neural and the remaining 6% of the respondent have a negative perception and score highest mean value 4.07.

The fifth item which asked in e-service quality dimension of privacy is the bank website is security-conscious. Data obtained from respondents, 80% of the respondents have a positive response, 11% response neural, and 9% of respondents have a negative response and this statement score mean value of 4.03.

In general, the privacy dimension was perceived by the customers with a mean score of 4.02 which is highest perception rate given by customers. This implied that CBE's online customers have a positive perception of privacy dimension and CBE are working well in this dimension. However, there are small numbers of customers who have a negative perception on privacy part of service quality dimension.

4.3. Comparison of e-service quality dimensions by mean values

As shown in figure 4.1 CBE scored less mean value 2.88 in responsiveness dimension of internet banking service and high mean value 4.02 scored in privacy dimension of internet banking service. The rest of the service quality dimensions were scored mean value of 3.78 by fulfillment, 3.58 by efficiency and 3.51 by reliability. Thus, we can infer that CBE shows poor service quality in responsiveness but good service quality in privacy.

Moreover, when comparing data obtained from the survey by the number of positive and negative respondents, the largest number 80% and 79% of respondents were have a positive perception to privacy dimension. However, a large number of respondents 54% give their negative response to reliability dimension of CBE’s internet banking service and the second large number 42% of respondents give their negative perception to responsiveness dimension of CBE’s internet banking service quality.

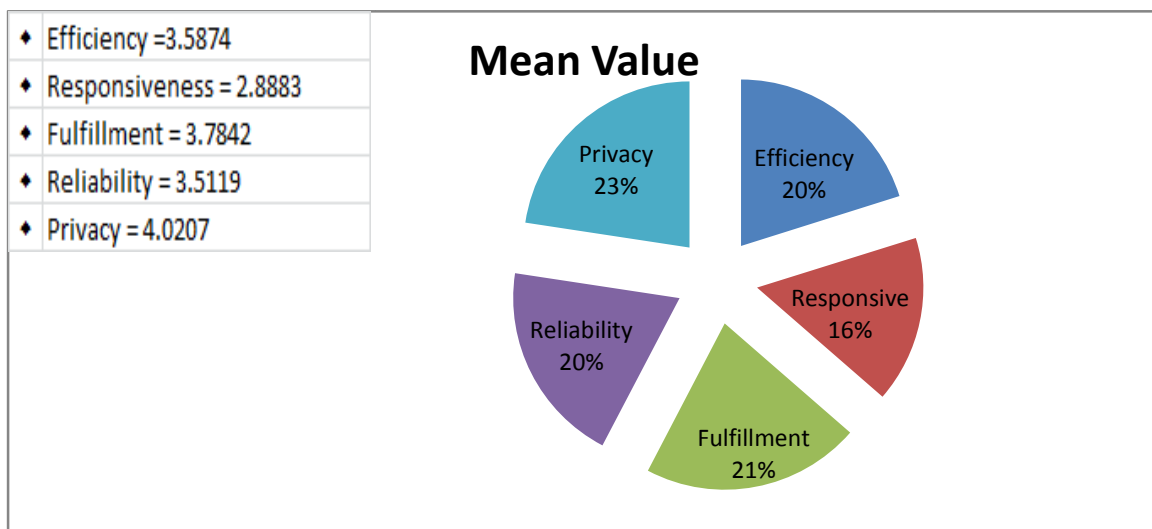


Figure 4.1 Comparison of e-service quality dimensions by mean values

4.4. Qualitative Analysis

In addition to closed-ended questions, respondents were asked the following open-ended questions in order to know their attitude on the internet banking service quality.

1. What benefit do you get from internet banking service?

The respondents have listed the following points as a benefit of IB services. The points are listed below:

- ✚ Make a transaction anywhere & anytime.
- ✚ Download account statement.
- ✚ No need to go to the bank to check our account balance and transactions.
- ✚ Internet banking saves the time.
- ✚ Make fund transfer to local and foreign accounts.

This indicates that most of the online customers have enough awareness about the benefit of IB service. So, we can conclude that it is very important to service and online customers want to use the service in order to get the listed benefits.

2. What problem do you encounter with internet banking service?

The respondents have listed the following points as a problem of IB services. The points are listed below:

- ✚ There is frequent network interruption
- ✚ The website doesn't work on all type of smart phones
- ✚ The problem that occurs in the website doesn't solve quickly.

The points are related with network problem that can include in reliability dimension and the other point related to a problem of quick response that can include in responsiveness dimension.

3. Are you satisfied with the internet banking service that you are getting from your bank?

Based on the finding data, 212(64%) of the respondents response yes and 117(36%) respondents response no. This indicates that the majority of respondents are satisfied by the internet banking service of CBE.

4. Do you have any other comments regarding internet banking service?

The respondents have listed the following points that they think CBE should do in order to improve the quality of internet banking. The points are listed below:

- ✚ CBE have to work in close with Ethio-Telecom to improve the network problem.
- ✚ The system has to work 24/7 to access the account anytime.
- ✚ CBE should re-design the website when the technology is changing and add some other features or financial service. Like, transfer to abroad accounts and private bank accounts.

Chapter Five

5. Summary, Conclusion and Recommendations

5.1. Summary of Findings

The objective of the study is to assess the customer perception towards internet banking service quality in grade four CBE branches in A.A. This study is used the E-SERVQUAL model developed by Zeithaml et al. (2000) the dimensions are efficiency, reliability, responsiveness, fulfillment, and security/privacy. In this research descriptive study method and purposive sampling technique were used to collect the data and investigate research objectives. The study was conducted by distributing questionnaires to 366 online customers from which 329(90%) have been collected. To test the reliability of E-SERVQUAL instrument Cronbach's Coefficient (Alpha) were computed for the 12 questionnaires administered for pilot survey. The Cronbach's Coefficients of e-service quality items were 0.862. The perceived e-service quality of IB was measured using 5-Point Likert scale range from strongly disagree to strongly agree.

The demographic backgrounds of the sample respondents are presented in four parameters to understand the customer profiles i.e., gender, age, educational status and IB service experience. Based on the data presented above a total of 63% & 37% respondents are male and female respectively. With regards to age of respondents, 64%, 21%, 14%, & 1% of respondents are in the age range of 20-30, 31-40, 41-50 and above 50 respectively. With regards to their educational status, 51%, 20%, 16%, & 13% of the respondents are degree holders, diploma holder, master's holder, and certificate holders respectively. With regards to IB service experience, 60%, 29%, & 11% of the respondents are using IB service for 1-6 months, 7-12 months and above a year.

The perceptions of customers towards IB service quality are presented in five e-service quality dimensions. These are efficiency, responsiveness, reliability, fulfillment, and privacy. The overall efficiency dimension of IB service quality scores means value of 3.58 which is between neutral and agreed scale of customer perception. In another word, the customer perception falls in agreed scale. This dimension is the third highest e-service quality dimension on CBE's IB service.

The overall responsiveness dimension of IB service quality scores mean values of 2.88 which is between disagreed and neutral scales and it shows the poor service quality with comparing to other service quality dimensions. This means customers have not positive perception on the responsiveness of the service. In addition to this, there are large numbers of respondents (42%) have a negative perception of this dimension. Thus, CBE should analysis and revised its responsiveness in order to improve the service quality.

The overall reliability dimension of IB service quality scores mean value of 3.51 which is almost similar to efficiency and is between neutral and agree scales. Therefore, CBE's IB service quality in the reliability dimension is close to agreed perception. But there are largest numbers of respondents (54%) who have a negative perception of the reliability of CBE's IB service.

The overall fulfillment dimension of IB service quality scores mean value of 3.78 which is close to the agreed customer's perception and it is the second higher dimension related to others dimensions of CBE's IB service.

The overall privacy dimension of IB service quality scores mean value of 4.02 which is found in agreed scale. Also, CBE shows highest service quality perception in privacy dimension when we compare with other dimensions.

Finally, the overall customer perception level is 3.55 which is fall in agreed scale and the overall customer satisfaction on IB service is more than half of respondents (64%) are satisfied by the IB service and the rest 36% of respondents are dissatisfied with the IB service of CBE. This implies the majority of respondents have positive perception and they are satisfied with the IB service of CBE.

5.2. Conclusion

Bank sectors are enforced to develop alternative service channels due to technological changes, to fulfill the customer desire, to maximize the profitability, enhance the market share, and achieve the customer loyalty. Due to this CBE should give attention to its internet banking service by evaluating the quality of the service and improve the gap in order to get the benefits from it. The objective of this study was to assess the customer perception of internet banking service quality by using the E-SERVQUAL instrument. In order to achieve the main objective of the study, the researcher prepared two basic specific objectives of the study. These are 1. *To determine the level of customer perception by using the 5 e-service quality dimensions.*

- ❖ Privacy dimension is an important dimension which can create confidence on customers, it use to gain trust and loyal customers. If the website is not trustful and secured the online customers will never use the bank service. Based on the finding, the CBE privacy dimension has the highest result and the finding indicate that the online customers have confidence and trust on the IB service.
- ❖ Responsiveness dimension have a big impact on establishing good relationship, mobilizing additional resources from existing & new customers and creating awareness about the bank's services. However, the result shows that responsiveness dimension has lowest result and has a negative perception by the online customers.
- ❖ Based on the finding, the rest three dimensions (reliability, fulfillment and efficiency) have a positive perception by the online customers and have almost similar results.
- ❖ Moreover, the findings show that the overall level of customer perception falls in agreed scale which means online customers have a positive perception towards internet banking service. In addition, the finding shows that the online customers are satisfied by the internet banking service.

2. To identify the gap of internet banking service quality dimension.

- ❖ Responsiveness of bank's website is important quality criteria and the most preferred by customers. When customers face a problem or have questions they prefer to talk to the bank employees. Responsiveness can create good image about the service, attract new customers and increase the customer satisfaction level. However, the finding shows, CBE has serious service gap on responsiveness dimension.
- ❖ In addition, CBE needs to give attention to the reliability dimension specifically in the functionality of the internet banking service. Bank's website should function properly to the customers and should be up and running all the time. If the service is functional all the time it may encourage the online customers to use the service, create a positive attitude about the service and enhance the usage of the service.
- ❖ In general the finding shows, the four e-service quality dimensions (Reliability, Efficiency, Fulfillment, and Privacy) have positive perceptions by the internet banking customers. However, the responsiveness dimension of IB service quality has negative customer perception.

5.3. Recommendations

- ✚ Since internet banking is new service of CBE and the numbers of active internet banking users are very low, CBE should give attention to check the service quality and increase the service user because service quality is an important factor to satisfy the existing customers and attract new customers. The bank should work on the five e-service quality dimensions to enhance the usage of IB service and to improve the gap on internet banking service. CBE should work hard to improve the satisfaction of customers since the overall customer dissatisfaction level is 117(36%). Customer dissatisfaction leads customers to shift the firm, so CBE has to do a lot to bring improvement in the quality of its service and better satisfy its online customers.
- ✚ Reliability dimension is the important dimension in e-service quality. Therefore, CBE must make every effort to improve network and provide the service 24/7. Network quality is also the most important factor for e-service quality since the IB service requires a network connection to function. Therefore, CBE should improve its network by closely working with Ethio-Telecom.
- ✚ Responsiveness dimension has a big impact to customer satisfaction. CBE should improve the speed of repairing a breakdown through continuous monitoring; it should improve its performance by motivating and training employees to provide appropriate information to the customer about IB service of CBE and enhance the willingness of the employee to help customers.
- ✚ CBE should provide timely service to its IB customers; customer should get a prompt response to their complaints and questions from the employees of the CBE. To this effect, CBE needs to establish an effective monitoring system for quick handling of complaints and questions.
- ✚ CBE should give appropriate information to the customers about the existence of call centers (Online customer service representatives) those who can answer the questions about the services of CBE and can give support to the customers.

✚ Moreover, the researcher recommends that the bank has to conduct a survey constantly 1. Identify other dimensions which may have significant impact on the bank's IB service quality, customer satisfaction, and customer loyalty. 2. Investigate the factors that affect the adaptation of IB service.

Reference

- Abdulaziz, A. & Dr. Mohammed, N. (2008). Customers' Perception of Online Banking in Qatar. Oxford Business & Economics Conference Program, ISBN: 978-0-9742114-7-3.
- Abor, J. (2004). Technological Innovations & Banking in Ghana: An Evaluation of Customers' Perceptions. School of Administration, University of Ghana, Legon (2004)
- Akinci, S., Aksoy, S., Atilgan, E. (2004). Adoption of internet banking among sophisticated consumer segments in an advanced developing country. *International Journal of Bank Marketing*, 22(3), 212-232. Retrieved July 24, 2007, from Emerald database.
- Arasli H, Katircioglu ST, Mehtap-Smadi S (2005). A comparison of service quality in the banking industry. *Inter. J. Bank Market.*, 23(7): 508 - 526.
- Babin, B., & Harris, E. (2010). *Cb2*. Mason: Cengage Learning.
- Balakrishnan, H. (n. d.). *Scribd*. Retrieved July 5, 2011, from A study on consumer perception in banking industry using gap analysis: <http://www.scribd.com/doc/18544537/A> Study-on-Customer-Perception-in-Banking-Industry-Using-Gap-Analysis.
- Barnes, S.J. & Vidgen, R. (2003). An Integrative Approach to the Assessment of E-commerce Quality. *Journal of Electronic Commerce Research*, 3(3), 114-127.
- Bauer, H., Hammerschmidt, M., & Falk, T. (2004) Measuring the quality of e-banking portals. *International Journal of Banking Marketing* (2004): Vol 23 No 2 PP 153-175.
- Beckett, A., Hewer, P., & Howcroft, B. (2000). An exposition of consumer behavior in the financial services industry. *The international Journal of Bank Marketing*, 18(1).
- Belch, G., & Belch, M. (2009). *Advertising and Promotion - An Integrated Marketing Communications Perspective*. New York: McGraw-Hill.
- Berkman, H.W., Lindquist, J.D., Sirgy, M.J. (1997). *Consumer Behavior*. Lincolnwood: NTC Publishing Group.
- Bexley, J., Hewer, P., & Sparks, L. (2005). Service quality: an empirical study of expectations versus perceptions in the delivery of financial services. *Academy of Marketing Studies Journal*.
- Bitner, M. and A. Hubbert. (1994), *Encounter Satisfaction Versus Overall Satisfaction Versus Quality in Service Quality: New Directions in Theory and Practice*, R Rust and R Oliver (Eds.), CA: Sage Publications, 72-94.

- Boulding, W., Kalra, A., Staelin, R., & Zeithaml, V. A. (1993). A dynamic process model of service quality: From expectations to behavioral intentions. *Journal of Marketing Research*, 30(2), 7-27.
- Bouman M, Van der Wiele T (1992). Measuring Service Quality in the Car Service Industry: Building and Testing an Instrument. *Inter. J. Service Industry Manag*, 3(4): 4 -16.
- Brady, M. K., & Cronin, J. Joseph, Jr. (2001). Some new thoughts on conceptualizing perceived service quality: A hierarchical approach. *Journal of Marketing Research*, 65(3), 34-50.
- Brian A, 1995. *Research Methods*. United Kingdom: De Montfort University Library.
- Carrell, M., Elbert, N., Hatfield, R., Grobler, P., Marx, M. & Van, D. 1998. *Human Resource Management in South Africa*. Upper Saddle River, New Jersey: Prentice-Hall.
- Buttle F (1996). SERVQUAL. review, critique, research agenda. *Europ. J. Market.* 30(1): 8 - 32.
- Cohen, D., Gan, C., Yong, H. H., & Choong, E. (2006). *Customer satisfaction: A study of bank customer retention in New Zealand*. Canterbury: Commerce Division.
- Collart, D. (2000), *Customers Relationship management*, price water house Cooper, New York, USA.
- Collier, J. and Bienstock, C. (2009). Model Misspecification; Contrasting Formative and Reflective Indicators for a Model of E-Service
- Collier, J. and Bienstock, C. (2006). Measuring service quality in e-retailing. *Journal of Service Research*, 8(3), 260-75.
- Commercial Bank of Ethiopia, Company Profile dated 30 June, 2016
- Commercial Bank of Ethiopia, Internet Banking Status Report, Nov13, 2015
- Cox, J. and Dale, B. (2001). Service quality and ecommerce: An exploratory analysis. *Managing Service Quality*, 11(2), 121-131.
- Creamer, M. (2007, May 7). P&G Primes Its Pinpoint Marketing. *Advertising Age*, 1.
- Cronin, J., & Taylor, S. (1994). SERVPERF versus SERVQUAL: reconciling Performance-Based and Performance-Minus-Expectations Measurement of Service Quality. *Journal of Marketing*, 58(1), 125-131
- Dabholkar, P. (1996), Consumer evaluations of new technology-based self-service options: an investigation of alternative models of service quality. *International Journal of Research in Marketing*, 13, 29-51.
- Devlin, J., & Ennew, C. (1997). Understanding competitive advantage in retail financial services. *International Journal of Bank Marketing*, 15(3), 73-82.

- Du Plessis, F. & Rousseau, G. (2007). *Buyer Behaviour: Understanding Customer Psychology & Marketing*. Cape Town: Oxford University Press Southern Africa.
- ElSherbini,A.&Roas,C.&Mohamed,M.&Wugayan,A.(2007).BankcustomerBehaviorperspectivestowardsinternetbankingservicesinKuwait.*AdvancesinGlobalBusinessResearch*,4.1.28-35
- Ennew, C., & Binks, M. (1996). Good and bad customers: the benefits of participating in the banking relationship. *International Journal of Bank Marketing*, 14(2), 5-13.
- Eriksson,K.,Kerem,M.,Nilsson,D.(2005).ConsumeracceptanceofinternetbankinginEstonia.*InternationalJournalofBankMarketing*,23(2),200-216.RetrievedJuly24,2007,fromEmeralddatabase.
- Eze, C., Sin, K., Ismail, H. & Siang, Y. (2008).ISPs' Service Quality & Customer Satisfaction in the Southern Region of Malaysia. Pp 290-299.
- Fassnacht, M. and Koese, I. (2006). Quality of electronic services: Conceptualizing and testing a hierarchical model. *Journal of Service Research*, 9(1), 19-31.
- Fetscherin, M, and Lattermann, C. "User Acceptance of Virtual Worlds." *Journals of Electronic Commerce Research* (2008):Vol 9 No. 3PP 231-242.
- Field, J., Heim, G. and Sinha, K. (2004). Managing quality in the eservice system: Development and application of a process model. *Production and Operations Management*, 13(4), 291-306.
- Fisk, R., Grove, S.& John, J. 2008.*Interactive services marketing* (3rd ed.). New York: Houghton Mifflin Company.
- Galasso, G. (1999). *Retention Marketing im Private Banking*. Bern: Verlag Paul HauptBern .
- Gerrand,P.,Cunningham,J.B.(2003).ThediffusionofInternetbankingamongSingaporeconsumers.*InternationalJournalofBankMarketing*,21(1),16-28.RetrievedJuly24,2007,fromEmeralddatabase.
- Harrell, G. (1986). *Consumer behavior*. Harcourt Brace Jovanovich.
- Heim, G.R. and Field, J.M. (2007). Process drivers of e-service quality: analysis of data from an online rating site. *Journal of Operations Management*, 25, 962-84.
- Heskett J. (2002). Beyond Customer Loyalty. *Measuring Service Quality*, 12(6): 355-357.
- Ho CI, Lee YL. (2007) The development of an e-travel service quality scale. *Tourism Management*. PP 28: 1434-49.
- Ho, C., and Lin, W. (2010). Measuring the service quality of internet banking: scale development and validation. *European Business Review*, 22(1), pp 5-24 (DOI: 10.1108/09555341011008981
- Ho, S. and Ko, Y. "Effects of self-service technology on customer value & customer readiness." *Internet Research* (2008): vol 18 No. 4 PP 426- 446.

- Hoffman, D., & Bateson, J. (2010). *Services Marketing: Concepts, Strategies, & Cases* (4th ed.). Cengage Learning.
- Hutchinson, D & Warren M. (2003) "Security for Internet Banking: a framework, "Logistics Information Management Vol 16.1 PP 64-73.
- Israel D. (1992). *Determining Sample size*. University of Florida.
- Kandampully J (1998). Service Quality to service loyalty: A relationship which goes beyond customer services. *Total Quality Management*, 9(6): pp 431–443.
- Kaynama, S. A., & Black, C. I. (2000). A Proposal to Assess the Service Quality of Online Travel Agencies: An Exploratory Study. *Journal of Professional Services Marketing*, 21(1), p 63.
- Kazi Omer Siddigi (2010) Interrelations between service quality attributes, Customer Satisfaction and Customer Loyalty in the retail banking sector in Bangladesh.
- Kim, M., Kim, J. and Lennon, S. (2006). Online service attributes available on apparel retail web sites: An ESQUAL approach. *Managing Service Quality*, 16(1), pp 51-77.
- Kothari, C. R. 2004. *Research Methodology*, 2nd ed. New Delhi: New age international limited.
- Lamb, C., Dunne, J., & Dunne, P. (2011). *Theoretical Developments in Marketing*. Marketing Classics Press.
- Lassar, W., Manolis, C., & Winsor, R. (2000a).Service quality perspectives and satisfaction in Private Banking. *International Journal of Bank Marketing*, 18(4), 181-199.
- Lassar, W., Manolis, C., & Winsor, R. (2000b).Service quality perspectives and satisfaction in private banking. *Journal of Services Marketing*, 244-271.
- Laukkanen, T. (2007) Internet Vs Mobile Banking: Comparing Customer Value Perceptions. *Business Process Management Journal* (2007): Vol. 13 No. 6 PP . 788-797
- Lee, G. and Lin, H. (2005).Customer perceptions of eservice quality in online shopping. *International Journal of Retail & Distribution Management*, 33(2), pp 161-176.
- Li, H. and Suomi, R. (2009).A proposed scale for measuring e-service quality. *International Journal of u-and e-service, Science and Technology*, 2(1), pp 1-10.
- Lleshanaku, A. (n. d.). Service Quality Perspectives in Albanian Private Banking. *Center of European studies*.
- Loiacono, E.T., Watson, R.T. and Hoodhue, D.L. (2002). WEBQUAL: Measure of web site quality. *Marketing Educators Conference: Marketing Theory and Applications*, 13, 432437.

- Madu, C.N. and Madu, A.A. (2002).Dimensions of equality. *International Journal of Quality & Reliability Management*, 19(3), pp 246-259.
- Mefford, R.N. (1993), " Improving Service Quality leading from Manufacturing", *International Journal of production Economics*, Vol 30, pp 399-413.
- Need. (n. d.). Retrieved July 23, 2012, from BusinessDictionary.com: <http://www.businessdictionary.com/definition/need.html>
- Newman, K. (2001). Interrogating SERVQUAL: a critical assessment service quality measurement in a high street retail bank, *Inter. J. Bank Market.*, 19(3): pp 126–139.
- Oliveira, P., Roth, A. and Gilland, W. (2002).Achieving competitive capabilities in e-services. *Technological Forecasting and Social Change*, 69(7), pp 721-39.
- Oliver, R. (1980). A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions. *Journal of Marketing Research*, 17(3), p 460.
- O'Loughlin, D., & Szmigin, I. (2005).Customer perspectives on the role and importance of branding in Irish retail financial services. *International Journal of Bank Marketing*, 28(1), pp 8-27.
- Parasuraman, A., Zeithaml, V., & Berry, L. (1985).A Conceptual Model of Service Quality and Its Implications for Future Research. *Journal of Marketing*, 49, pp 41-50.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), pp 12-40.
- Parasuraman, A., Zeithaml, V.A. and Malhotra, A. (2005). E-S-QUAL: a multiple-item scale for assessing electronic service quality. *Journal of Service Research*, 7(3), pp 213-33.
- Pickens, J. (2005). Attitudes and Perceptions. In N. Borkowski, *Organizational Behavior in Health Care* (pp. 43-76). Sudbury, Massachusetts: Jones and Bartlett Publishers.
- Qureshi, T.M. (2008) Customer Acceptance of online Banking in developing Economies. *Journal of Internet Banking and Commerce*:Vol 13 No. 1
- Recklies, D. (2006). Understanding and Managing Customer Perception *.Effective Executive.*
- Reichheld, F., & Sasser, W. (1990). Zero defections: quality comes to services. *Harvard Business Review*, 105-11.
- Rowley, J. and Slack, F. (2006), Towards a taxonomy of kiosk-based self-service technologies, Submitted.
- Santos, J. (2003). E-service quality: a model of virtual service quality dimensions. *Managing Service Quality*, 13(3), pp 233 – 246.

- Schiffman, L.G. & Kanuk, L.L. (1994). *Consumer Behavior* (5th ed.). Eaglewood Cliffs, Prentice-Hall, Inc.
- Singh, A.M. (2004) "Trends in South African Internet Banking". *Aslib Proceedings: New Information Perspectives* : Vo. 56 No.3 PP 187-196
- Spreng, R.W. and Olshavsky A.(1993), "Desire Congruency Model of Consumer satisfaction, " *Journal of Academy of Marketing Science*, Vol. 21 No.2, pp. 169-177.
- Storbacka K, Strandvik T, Grönroos C (1994). *Managing Customer Relationships for Profit: The Dynamics of Relationship Quality*. *Inter. J. Service Industry Manag.* 5(5): pp 21- 38.
- Strydom, J. W., Jooste, C. J. and Cant, M.C. 2000. *Marketing Management*, 4th ed. Cape Town: Juta.
- Van Riel, A.C.R., Semeijn, J. and Janssen, W. (2003). E-Service Quality Expectations: A Case Study. *Journal of Total Quality Management and Business Excellence*, 14(4), pp 437 – 451
- Wang, Y. Wang Y. Lin H. Tang, T. "Determinants of users acceptance of internet banking: and empirical study. " *International Journal of service Industry Management* (2003) Vo. 14 No. 5 PP 501-519
- Williamson, D. (2006) "Enhanced Authentication in online Banking. " *Journal of Economic Crime Management* Fall: volume 4, Issue 2.
- Wolfenbarger, M.F. and Gilly, M.C. (2002). COMQ: Dimensionalizing, measuring and predicting quality of the e-tailing experience.
- Wolfenbarger, M. and Gilly, M. (2003). ETAILQ: Dimensionalizing, measuring and predicting e-tailing quality. *Journal of Retailing*, 79(3), 183-198.
- Woodruffe, H. (1995). *Services marketing*. London: Pitman. Working paper, Marketing Science Institute, Cambridge MA, 151.
- Wu, J. Hsia, T. Heng, M.S.H. (2006)"Core capabilities for exploring electronic banking." *Journal of Electronic Commerce Research*: Vol 7, No. 2 PP 111-122
- Yang, Z. and Fang, X. (2004). Online service quality dimensions and their relationships with satisfaction: A content analysis of customer reviews of securities brokerage services. *International Journal of Service Industry Management*, 15(3), 3023-26.17.
- Yang, Z., Peterson, R.T. and Cai, S. (2003). Services quality dimensions of Internet retailing: An exploratory analysis. *Journal of Services Marketing*, 17(7),pp 685-701.
- Yoo, B. and Donthu, N. (2001).Developing a scale to measure the perceived quality of an internet shopping site (SITEQUAL).*Quarterly Journal of Electronic Commerce*, 2(1), pp 31-46.

- Zeithaml VA, Bitner MJ (2000). “Services Marketing: Integrating Customer Focus Across the Firm”, 2nd Edition, McGraw Hill, New York, NY.
- Zeithaml, V.A., Parasuraman, A., and Malhotra, A. (2000), “A Conceptual framework for understanding e-Service Quality: Implications for future Research and managerial Practice”, Marketing Science Institute, Working paper, Report no: 00–115
- Zeithaml, V.A. & Bitner, M.J. 1996. *Services marketing*. New York: McGraw-Hill.
- Zeithaml, V.A. (1988). Consumer perceptions of price, quality and value: A means–end model and synthesis of evidence. *Journal of Marketing*, 52, 2–22.
- Zeithaml, V.A., Parasuraman, A., & Malhotra, A. (2002). Service quality delivery through web sites: A critical review of extant knowledge. *Journal of the Academy of Marketing Science*, 30(4), pp 362–375.
- Zeithaml, V.A., Bitner, M.J. and Gremler, D.D.(2006). *Service Marketing Integrating Customer Focus A cross the Firm*. Andy Winston Americas.
- Zeithaml, V.A., Parasuraman, A., & Malhotra, A. (2001). A conceptual framework for understanding e-service quality: Implication for future research and managerial practice. MSI Working Paper Series, No. 00-115. Cambridge, MA.
- Zeithaml, V.A. (2002). Service excellence in electronic channels. *Managing Service Quality*, 12(3), 135-138.
- Zikmund .W. (2003). *Business Research Methods*. 7th ed, USA: Thomson – South Western. www.eepco.gov.et (accessed 11/03/2014).

APPENDIX

St. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MASTERS OF BUSINESS ADMINISTRATION (MBA) PROGRAM
QUESTIONNAIRE TO BE FILLED BY INTERNET BANKING CUSTOMERS

Dear respondent,

The purpose of this study is for the practical fulfillment of the researcher's Master's Degree Program in Business Administration at St. Mary's University. I am undertaking a dissertation on the topic: Assessment on Customer Perception of Internet Banking Service Quality in CBE.

The researcher would like to confirm to you that the respondents as well as the data obtained through this questionnaire will remain confidential and will be used only for an academic purpose.

Instruction

- Please put a \surd mark corresponding to your answer choices for each of the attached questions.
- Thank you for your valuable time in advance.

Kalkidan Bekele

MBA student at St. Mary's University

Tel: 0910-64-23-35

E-mail: kalbekele870@gmail.com

To be filled out by CBE's customer of Internet banking service

Section I: Please put tick (√) in the space in front of your options:

1. Gender Male Female
2. Age 20-30 31-40 41-50 above 51
3. Education Level Certificate Diploma holder First degree holder
Master degree holder
4. How long have you been using internet banking? 1-6 Months 7-12 Months
More than a year

Section II: 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 Disagree to Strong Agree.

Note: SD= Strongly Disagree, D= Disagree, N= Neutral, A= Agree, SA= Strongly Agree

S.No	Statements of Internet Banking Service Quality	Level of Perception				
		SD	D	N	A	SA
Efficiency						
1	It is quick to complete a transaction through my bank's internet banking service.					
2	Downloading speed of the account statement on the internet banking is fast.					
3	Using the bank's website doesn't require a lot of effort.					
4	It is easy to find what I need on the website.					
Responsiveness						
5	My bank promptly resolves problems I encounter with my online transactions.					
6	The bank provides appropriate information to customers when a problem occurs.					
7	My bank repairs a breakdown on the website quickly.					
8	My bank has online customer service representative.					
Fulfillment						
9	My online transactions with the bank are always accurate.					

10	It is easy to use my bank's website.					
11	The bank's site makes accurate promises about the services being delivered.					
12	My bank is truthful about its offerings.					
Reliability						
13	Whenever the bank promises to do something, it does so.					
14	It is easy for you to understand all the text containing the bank's site.					
15	The bank's site is up & running all the time.					
16	The information provided on the site is accurate.					
17	The account statement is updated immediately as soon as the transaction is finished.					
Privacy/ Security						
18	You can rely on the information that you give not being misused.					
19	I have a confidence in my bank's internet banking service.					
20	There is a clear privacy policy.					
21	There is an auto-sign-out system (for safety).					
22	My bank's website seems security-conscious.					

Section III: Please mention your opinion related to internet banking service given at CBE.

What benefit do you get from internet banking service?

.....

What problems do you encounter with internet banking service?

.....

Are you satisfied with the internet banking service that you are getting from your bank?

.....

.....

Do you have any other comments regarding internet banking service?

.....

Thank you for taking time to complete this questionnaire!

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Tesfaye Wolde (PhD). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Name

Signature

St. Mary's University
Addis Ababa

June, 2016

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for MBA program with my approval as a university advisor.

Tesfaye Wolde (PhD)

Advisor

Signature

St. Mary's University

June, 2016

Addis Ababa