

**Assessment on Attitudes of Employees and Customers towards Electronic Banking System in Commercial Bank of Ethiopia:  
A Case Study on Hamle 19 Branch  
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**Abstract**

*This study aimed to examine the attitudes of employees and customers towards electronic banking in the commercial bank of Ethiopia. The study was conducted based on the data gathered from the employees and customers of Commercial Bank of Ethiopia. Mixed research approach was employed to answer the research questions that emerged through the review of existing literature and the experience of the researcher with respect to the E-banking system. The descriptive statistics such as tables, frequencies and percentages were used to analyze the data obtained from the survey questionnaire. From the analysis of collected data, the finding showed that ATM, Mobile Banking, Internet Banking and POS were the major e-banking technology used in Commercial Bank of Ethiopia. In accordance with the result of this study, respondents had good perception towards the benefits of e-banking such as: E-banking is the best means to reduce customer overload, best way of achieving vision, eliminates time constraint, and better managing of finance transactions. The findings of the study also shows the respondents' attitudes that frequent network failure, lack of awareness on the benefit of E- Banking, high rate of illiteracy, and resistance of customers to accept new E-banking technology were problems of E- Banking. Based on these, it was recommended that the bank should localize languages for his customers; familiarize its customers with the process and benefit of the system. A suggestion was also made for the government to invest on the telecommunication infrastructure to overcome the problem of network and power interruption.*

**Key Words:** Attitude of Employees, Electronic Banking, Commercial Bank of Ethiopia

**1. Introduction**

**1.1 Background of the Study**

The increasingly competitive environment in the financial service market has resulted in pressure to develop and utilize alternative delivery channels. The most recently delivery channel introduced is online or electronic banking also

known as E-banking (Daniel & Story, 1997). Banks and other financial institutions have moved to E-banking in their efforts to cut costs while maintaining reliable customer service (Kolodinsky & Hogarth, 2001). As technology evolves, different kinds of electronic banking systems emerge, each bringing a new dimension to the interaction between user and bank. These include Automated Teller Machine (ATM), Mobile and Internet (online) banking, Electronic Funds Transfer, Direct Bill Payments and Credit Card (Gikandi & Bloor, 2010). The appearance of E-banking in Ethiopia goes back to the late 2001, when the largest state owned, Commercial Bank of Ethiopia (CBE) introduced automatic teller machine to deliver service to the local users.

As it is stated in different E-banking literature, some of the problems related to E-banking are: Low level of internet penetration and poorly developed telecommunication infrastructure. Lack of suitable legal and regulatory framework for E-Commerce and E-Payment is another problem for the practice of new technology in banking industry. Low literacy rate is a problem for the practice of E-banking in Ethiopia as it hinders the accessibility of banking services. For citizens to fully enjoy the benefits of E-banking, they should not only know how to read and write but also possess basic ICT literacy (Gardachew, 2010). But risks related to security issue, lack of competition among local and foreign banks and social awareness on the E-banking system were not addressed.

In order to encourage further E-banking practice in developing countries, a better understanding of the barriers impacting E-banking practice is critical (Zhao, 2008). By gaining an in-depth understanding of the factors and conditions that influence developing country's ability to fully adopt and realize its benefits, strategic implications can be generated for the researchers and practitioners regarding how to promote the growth of E-banking in the developing countries. However, despite the importance of these adoptions, limited studies are currently available in developing countries, especially in Ethiopia. Therefore, more studies are still required to understand the relevance of E-banking in the country to identify areas in which the country lags behind that inhibit their E-banking practice. Therefore, to address the current gap in the literature, this study had focused on the assessing the attitudes of

employees and customers about Electronic Banking in Commercial Bank of Ethiopia.

### **1.2 Background of the Organization**

The history of Commercial Bank of Ethiopia dates back to the establishment of State Bank of Ethiopia in 1942. It was legally established as a share company in 1963. The bank is the largest commercial bank in Ethiopia. It is also the first bank in Ethiopia to introduce automated teller machine (ATM) for local users. The number of E-banking users increased rapidly from time to time. Currently, the bank also provides Internet Banking Services that offers the customers with modern banking services such as viewing account balance, creating payment requests, transferring funds in simple and efficient manner etc.

### **1.3 Statement of the Problem**

By referring different literatures and looking the service provided by the banks, the banking system in Ethiopia is underdeveloped compared to the rest of the world and, therefore, there is an immediate need to embark on capacity building arrangements and to modernize the banking system by employing the state of art of technology being used in anywhere in the world. With the growing number of import-export business, and increasing international trades and international relations, the current banking system is short of providing efficient and dependable services. Cash is still the medium of exchange. The use of checks is mostly limited to governmental institutions, non-governmental organizations and some private businesses. The country has not yet realized the full benefit of technological advances in electronic banking system.

Even though E-banking has a lot of benefit in delivering service to customers, in Ethiopia customers were missed to enjoy with the technological advancement in banking sector which has been entertaining elsewhere in Africa and the rest of the world. The modern E-banking methods like Automated Teller Machine (ATM), Debit Cards, Credit Cards, Internet Banking, Mobile Banking and others are new to the Ethiopian banking sectors.

In less monetized countries, like Ethiopia, financial sector is dominated by banking industry, effective and efficient functioning of the economy has significant role in accelerating economic growth. To enhance the role of banks

in an economy, competition is an important driving force. In other word, insufficient competition may result in substantial social losses on account of higher price, higher transaction cost, lower credit supply, lack of innovation and poor service quality. Therefore, this study was intended to assess the attitudes of employees and customers about E-banking in Commercial Bank of Ethiopia.

The gap between the previous studies and this study is that previous studies are about E-banking in Ethiopia focusing on the separate elements of E-banking individually, however, this study focused on the combination of some main elements of E-banking in general. The other gap is time gap, the previous customer's attitude and belief on E-banking differs from today's E-banking users.

#### **1.4 Research Questions**

Based on the above stated problems, the study focused on the following research questions:

1. What are the perceptions of employees about the benefits and challenges of using E-banking?
2. What are the attitudes of customers about usage of E-banking?

#### **1.5 Objectives of the Study**

##### **1.5.1 General Objective**

the main objective of this study was to assess the attitudes of employees and customers towards electronic banking service in Commercial Bank of Ethiopia, Hamle 19 branch.

##### **1.5.2 Specific Objectives**

The specific objectives of the study were:

- To know the perceptions of employees about the benefits and challenges of using E-banking.
- To know the attitudes of the customers about usage of E-banking.

#### **1.6 Significance of the Study**

The outcomes of this study have potential value to financial institutions; particularly they can help banks understand the challenges related to adoption of new technology and its advantages in providing service to their customers. In addition, this study is expected to help other researchers who are interested

in conducting further studies regarding the issue under investigation by providing important information.

Finally, based on the findings of the study on E-banking system, the study provides recommendations for banks about the changes needed to accelerate adoption of the system to deliver service to customers through technological innovation.

### **1.8 Scope of the Study**

Initially, this study focused on the attitudes of employees and customers towards e-banking at Commercial Bank of Ethiopia, Hamle 19 Branch. Later on, the study confined itself to four E-banking technologies. These were: ATM, Mobile Banking, Internet Banking, and Point of Sale (POS) and it excluded E-banking technologies. The reason behind this was that E-banking technologies are highly and frequently used types of E-banking in Ethiopia. The other reason was that there were time and cost constraint to cover all elements of E-banking.

### **1.9 Limitation of the Study**

When conducting this study, there were a number of limitations that hindered the study. The first challenge was getting the necessary data. Because of this, the researcher depended on limited number of variables. Secondly the researcher had no enough experience and skill to conduct a research. Finally, since I am student researcher, the nature of the course I am attending , Modular Approach, led me to time constraint. Therefore, such limitation might have adversely affected the finding of the study

### **1.10 Organization of the Study**

The research paper is divided into five chapters. Chapter one presents the introduction part, which contains, back ground of the study, background of the organization, statement of the problem, research questions, and objectives, significance of the study, and scope and limitation of the study. The second chapter is about review of related literature. Chapter three describes research methodology. Chapter four presents data analysis and presentation. The final part, chapter five, is about conclusion and recommendation of the paper.

## **2. Research Methodology**

### **2.1 Introduction**

Designing appropriate research methodology is a prerequisite in order to conduct a good research work. Accordingly, this section focuses about the methodology by which the researcher used to conduct this study. Thus, research approach, target population, sample size and sampling technique, source of data, method of data collection and method of data analysis are presented below:

### **2.2 Research Approach**

According to Creswell (2003) there are three basic types of research approaches, quantitative, qualitative, and mixed approach. In order to achieve the objective of this study and answer the research questions, the researcher used both quantitative and qualitative approaches. The reason for using quantitative approach for employees was that the researcher aimed at making generalizations about the target population by using census method of surveying. The other reason for using qualitative approach for customers was that researcher focused on small sample size from large target population using purposive sampling method and the researcher aimed at gaining understanding of their attitude rather than making generalization from statistical data from the sample population.

### **2.3 Target Population**

In research methods, population is the entire aggregation of items from which samples can be drawn. The population of the present study consists of 22 employees and 1500 E-banking customers of Commercial Bank of Ethiopia, Hamle Asra Setegn Branch.

### **2.3 Sampling Technique**

The study has two target group workers of the bank and customer of the bank. In order to conduct the study, the researcher used census method of surveying for employees and purposive sampling method for customers. The reason for using census for employees was that employees were small in number and it was easy to address all of them. The reason for using purposive sampling techniques to select customers was that customers could be selected on the basis of their capabilities such as; their ability to read and understand

questioners, their available time, and their willingness to answer research questions.

#### **2.4 Sample Size**

In order to achieve the objective of the research, the researcher incorporated all 22 (100%) employees of the bank and purposely selected 20 e-banking customers of the bank. These customers were selected and were made to participate in the study in the belief that they had the ability and knowledge required to give information about E-banking in the questionnaire.

#### **2.5 Source of Data**

To conduct this study, both primary and secondary data were used. Primary data collection method, in the form of questionnaire, was used to get the attitudes of employees and customers of the bank whereas the secondary data collection method was used to get information about the bank activities and performance from reports of the bank, books, articles, and websites. These data helped to introduce the concept of E-banking, to choose the relevant theoretical framework designed for the study, and suggest the existing implied gap about the issue in investigation.

#### **2.6 Method of Data Collection**

As mentioned above, the researcher designed both primary and secondary method of data collection based on the kind of data required for conducting this research. For this purpose, questionnaire was distributed to the selected employees and customers. On the other hand, secondary data collection method was used to gather data and information from books, articles, websites and reports of the bank.

#### **2.7 Method of Data Analysis**

After the relevant data was collected the researcher used descriptive statistics method of data analysis in the form of tables, frequency and percentages.

### **3. Data Presentation, Analysis and Discussion**

#### **3.1 Introduction**

This chapter provides the presentation, the analysis, and the discussion of the study. Data was collected through questionnaire. The findings from the data analysis were presented into two parts. The first one was for employees of

Commercial Bank of Ethiopia and the second part was for the customers of Commercial Bank of Ethiopia.

A descriptive data analysis method was used to present, analyse and interpret the data, about attitudes of employees and customers towards E-banking. Frequency tables along with frequencies and percentages were used to present and analyse the response of respondents -bank employees and customers of Commercial Bank of Ethiopia.

The remaining part of this chapter is organized as follows. Section.4.2 shows data collection and examination. Section 4.3 presents the finding and discussion from the bank employees along with demographic profile and their response to the questionnaires. Section 4.4 presents the finding and discussion from the bank customers along with demographic profile and their response to the questionnaires.

### **3.2. Data Collection and Examination**

Forty two questionnaires, twenty two for employees of CBE and twenty for customers, were distributed. All of the questionnaires, 100% response rates were returned properly. They were valid and properly filled.

### **3.3 Finding and Discussion from the Bank Employees**

#### **3.3.1 Demographic Information of the Respondents**

The personal data of the respondents such as, gender, age, educational qualifications, and work experience were presented and analysed as follows.



**Table 3.1: Demographic Profile of Employees**

Characteristics		Frequency	Percentage
Gender of respondents	Male	17	77.3 %
	Female	5	22.7 %
<b>Total</b>		<b>22</b>	<b>100%</b>
Age of the respondents	< 20 years	0	0 %
	20 – 30 years	19	86.4 %
	31 – 40 years	3	13.6 %
	41– 50 years	0	0 %
	>50 years	0	0 %
<b>Total</b>		<b>22</b>	<b>100%</b>
Educational background of respondents	Diploma	0	0 %
	Degree	20	90 %
	Master degree	2	10 %
	Others	0	0 %
<b>Total</b>		<b>22</b>	<b>100%</b>
Work experience of respondents in the bank	< 2 years	5	22.7 %
	3 – 5 years	16	72.7 %
	6 – 10 years	1	4.6 %
	>10 years	0	0 %
Total		22	100%

Source: Questionnaire

The above Table indicates the following facts:

### **I. Gender Profile of Employees**

As shown in the above Table, seventy (77.3%) respondents were males and only five (22.7%) respondents were females. The Table also shows that the number of male employees was larger than female employees.

### **II. Age Profile of Employees**

With regard to age distribution of the respondents, ninety (86.4%) the respondents were between 20 – 30 years and the remaining three (13.6%) respondents were between 31- 40 years age. This indicates that the largest (86.4%) employee’s age was between 20 – 30 years. Therefore, this implies that the largest employees were young, and there were no old employees in the bank.

### **III. Educational Qualification of Employees**

With regard to educational level of the respondents, the above table shows that 20 (90%) respondents were degree holders, the remaining 2 employees

were Master’s Degree holders, and this shows that the highest percentages of employees were degree holders.

**IV. Work Experience of Employees**

In relation to work experience of the employees, the table shows that 5 (22.7%) of the respondents had an experience of 0-2 years, 16 (72.7% )of the respondents had work experience of 3-5 years, only 1 (4.6%), of the employees had an experience of 4 - 6 years.

**3.3.2 Employees Response to the Study Related Questions**

In this section, the attitudes of employees related to electronic banking benefits and challenges were discussed. The analysis and presentation was made using statistical tools such as frequencies percentage and tables.

**Table 4.2: Advertising Mechanism**

What do you think is the best means to raise the awareness customers about E- banking?	Frequency	Percentage
TV advertising	22	100%
Radio and magazine	0	0%
Sponsoring	0	0%
Others	0	0%
<b>Total</b>	<b>22</b>	<b>100%</b>

Source: questionnaire

The above table shows that TV advertising was the best means of advertising which covered 100% from the total advertising mechanisms because TV advertising reached to all societies easily and with least advertising cost.

**Table 3.3: The Commonly Used E- Banking Services**

Which E-banking technology is most commonly used in your bank?	E- banking Services	Frequency	Percentage
	ATM	22	100%
	Mobile banking	0	0%
	internet banking	0	0%
	POS	0	0%
	Others	0	0%
<b>Total</b>		<b>22</b>	<b>100%</b>

Source: Questionnaire

As shown in the above Table, all responses were about Automated Teller Machine (ATM). Therefore, the largest E-banking service in Commercial Bank of Ethiopia (CBE) was Automatic Teller Machine (ATM). This is

because ATM was the pioneer, E-banking instrument used in Ethiopian banking industry and as the result almost all customers of the bank know about the purpose and function of ATM. Not only ATM users but also POS users must be users of ATM, because POS didn't work without ATM card.

**Table 3.4: Attitudes of Employees towards the Benefit of E-banking**

Attitudes of employees about benefit of e-banking	Strongly Agree		agree		neutral		disagree		Strongly disagree	
	fre	%	freq	%	freq	%	fr	%	freq	%
E-banking is the best means to reduce customer over load.	20	91%	2	9%	0	0%	0	0%	0	0%
E-banking is the best means with compared to traditional banking to achieve CBE's vision.	21	95.5%	1	4.5%	0	0%	0	0%	0	0%
E-banking increase operational efficiency	17	77.3%	5	22.7%	0	0%	0	0%	0	0%
E-banking makes it easier for customers to do banking activities.	16	72.7%	6	27.3%	0	0%	0	0%	0	0%

Source: Questionnaire

As shown in Table 3.4 bank employees have various beliefs and opinions about the modern services provided by Commercial Bank of Ethiopia. As Table 3.4 indicates 20 (91%) respondents strongly agreed that e-banking is the best means to reduce customers overload. Only 2 (9%) respondents agreed that e-banking is the best means to reduce customers overload. In general 100% of the respondent accepted that e-banking is the best means to reduce customer overload. This is because the services like: ATM, POS, and Mobile Banking have reduced the inconveniences occurred in the traditional system of serving customers.

Commercial Bank of Ethiopia has designed various strategies to achieve its vision. Accordingly, respondents were asked to give their attitudes whether e-banking service is better than the traditional one. According to the above table, twenty one (95%) employee respondents strongly agreed that e-banking is better than the traditional banking system. Only one (4.5%) respondents agreed that e-banking is better than the manual service.

Generally, all employees agreed that E-banking is the better or superior when compared with the traditional one. This is because electronic system has a lot

of advantages over the manual system. It is easy way to implement the bank's strategies and to simply reach its goal.

With regard to operational efficiency of the bank, 17 (77.3%) respondents strongly agreed that e-banking increases operational efficiency, while five (22.7%) respondents agreed that e-banking increases operational efficiency. This implies that all employees agreed that e-banking increases operational efficiency because in e-banking many transactions and activities are done through electronic way. The efficiency increases productiveness of the bank better than doing it manually.

E-banking helps customers do many banking activities, on the basis of the above table, 72.7% of respondents strongly agreed with e-banking is easier for customers to do banking activities, and the remaining 27.3% of respondents agree with e-banking is easier for customers to do banking activities.

Customers can easily make transactions any time. They have access to get the bank service from where they are. When they are at home and when they are at any other places. To confirm this, the researcher asked employees to list down other benefits of e-banking. Accordingly, respondents forwarded the following benefits of e-banking:

- E-banking reduces documentation and the risk of losing it,
- E-banking increases cashless society,
- E-banking increases customer satisfaction,
- E-banking reduces customer's waiting in getting the service,
- E-banking enables 24 hour accessibility to the bank service,
- E-banking declines the trend of carrying hard currency,
- E-banking saves time,
- E-banking is easy to use,
- E-banking increases volume of transaction,
- E-banking can operate in everywhere,
- E-banking reduces effort,
- E-banking reduces work load

**Table 3.5 Attitudes of Employees towards the Challenge of E-banking**

Attitudes of employees towards the challenge of e-banking	Strongly Agree		agree		neutral		disagree		Strongly disagree	
	freq	%	freq	%	freq	%	freq	%	freq	%
Customers of CBE are resistant to new payment mechanisms and technologies	6	27.5 %	8	36.3 %	4	18.2 %	4	18.2 %	0	0%
High rate of illiteracy affect the easy practice of E-banking service	11	50%	10	45.5 %	0	0%	1	4.5 %	0	0%
Customers are Lack of awareness on the benefits of e-banking.	7	32%	13	59%	1	4.5%	1	4.5 %	0	0%
Network failures are serious problem to smoothly running e- banking.	9	41%	10	45.5 %	3	13.5 %	0	0%	0	0%

Source: questionnaire

Employee respondents were asked to give their attitudes towards e- banking services of Commercial Bank of Ethiopia. Accordingly, six (27.3%) respondents strongly agreed that customers have resistance to the new payment mechanisms and technology and eight (36.3%) respondents agreed that customers have resistance to the new payment mechanism. On the other hand, four (18.2%) respondents are neutral and said nothing about customer’s resistance to the new payment system and technology. And other four (18.2%) respondents disagreed with those customers that have resistant to new payment mechanisms and technologies.

According to the data shown above 64% of the respondents accepted that customers have resistance to the new technology and payment system. When banks adopt new e-banking technologies and payment mechanisms customers may frustrate to use that technology because they may assume that there is risk related to that new technology. As a result, customers resist accepting the new e- banking technologies and payment systems.

Illiteracy is also one of the common challenges to adopt e-banking technology in Ethiopian banking industry. According to the above table, 50% of respondents strongly agreed that high rate of illiteracy affected the practice of

e-banking system, 45.5% of the respondents agreed that high rate of illiteracy affected the practice of e-banking system, only one employee (4.5%) respondent disagreed with the idea of that illiteracy affected the practice of e-banking system. Obviously, illiteracy hinders the customer's attitude towards the use of e-banking. Therefore, it can be concluded that illiteracy adversely affects the benefits of using e-banking services.

According to the data in the above table, customer respondents are not aware of the different features of electronic banking service in Commercial Bank of Ethiopia. Seven (32%) respondents strongly agreed that customers have lack of awareness on the benefits of electronic banking whereas 13 (59%) respondents from the total sample agreed that customers have lack of awareness on e-banking. Only one (4.5%) respondent was neutral about the customers' lack of awareness about e-banking. On the other hand, one (4.55%) respondent disagreed about customer's lack of awareness about e-banking. Many customers were not aware of the benefit of using e-banking. This shows that there was lack of enough awareness in understanding the benefit of using e-banking technology.

The network challenge was one of the causes for the failure of smooth running of e-banking. According to the data, nine (41%) respondents strongly agreed that network failure is the serious challenges to e-banking. Other ten (45.5%) respondents agreed that network failure was a serious problem to effectively implement electronic banking service. Still other three (13.5%) respondents were neutral about the problem of network failure to smoothly running of e-banking.

Frequent network failure and power cut were obstacles for running e-banking smoothly. This problem happened due to the low level of infrastructural facilities in our country; it was, one major challenge for properly functioning of e-banking. In addition to the above stated challenges of e-banking, the researcher asked employees to list other challenges and to state their agreement level, accordingly some employees forward the following challenges of e-banking and all of them strongly agreed and agreed to the corresponding challenges:.

- ✓ Lack of skilled employees
- ✓ Lack of awareness on the benefit of e-banking

- ✓ Frequent network failure and power interruption
- ✓ The frequent inactivity of the system
- ✓ Unable to update the system.

**Table 3.6: The Overall Performance of Commercial Bank of Ethiopia about E-Banking**

	<b>Excellent</b>	<b>Very good</b>	<b>Good</b>	<b>Poor</b>	<b>Total</b>
Frequency	3	11	8	0	<b>22</b>
Percentage	13.5%	50%	36.5%	0%	<b>100%</b>

Source: Questionnaire

As Table 3.6 shows eleven (50%) respondents ranked very good about the overall performance of CBE, eight (36.5%) the respondents said good and the remaining three (13.5 %) respondents said excellent about the performance of commercial bank of Ethiopia. This implies that the employee’s perspective to the performance of Commercial Bank of Ethiopia was effective..

Finally, employees were also invited to comment on the service of Commercial Bank of Ethiopia. Therefore, eight respondents wrote the following comments about the service of Commercial Bank of Ethiopia:

- Commercial Bank of Ethiopia should try to improve its service through e-banking technology, they said, the bank has no enough capacity to manage the failure of network on e-banking
- It is the pioneer in e-banking technology and currently, it is working efficiently in order to rise the high usage of e-payment technology
- The bank is best in its customer amount and in the future it is expected to have more.

### **3.4 Analysing and Discussing Response of Bank Customers**

#### **3.4.1 Demographic Information of Respondents**

The general information such as, gender, age, educational level, and job of the sampled customers of Commercial Bank of Ethiopia were analyzed and presented as follows.

**Table 3.7: Demographic Profile of Customers**

Characteristics		Frequency	percentage
Gender of respondents	Male	12	60% %
	Female	8	40% %
Total		20	100%
Age profile of respondents	< 30 years	10	50 %
	31 – 40 years	8	40 %
	41– 50 years	1	5 %
	>50 years	1	5 %
Total		20	100 %
Educational background of respondents	Secondary school or less	3	15%
	Higher education	2	10 %
	Diploma	8	40%
	Degree	5	25 %
	Master degree	2	10 %
Total		20	100 %
Job title of respondents	Government employee	7	35 %
	Private employee	2	10 %
	Own work	8	40 %
	Student	3	15 %
	Others	0	0%
Total		22	100%

Source: questionnaire

The above table results the following descriptions:

### **I. Gender Profile of Customer**

As it is shown in the above table, 12 (60%) respondents were males and 8 or 40% respondents were females. Thus the number of male customers was relatively larger than the number of female customers..

### **II. Age Profile of Customers**

Regarding the respondents' age, ten (50%) respondents were less than 30 years; eight (40%) respondents were between 30-40 years. One or 5% of the respondents was between 41-50 years. The other one or 5% respondent, was above 50 years. This indicates that the oldest customer's age was up to 40 years.

### **III. Educational Qualification of Customers**

With regard to educational level of respondents, the table shows that eight (25%) respondents were diploma holders, five (25%) respondents were degree holders, three (15%) respondents were secondary school or less, two



(10%) respondents were higher education and the other two (10%) were master's degree holders. This shows that the highest percentages of the sampled customers were diploma and degree holders.

#### **IV. Job of Customers**

In relation to job of customers, the table shows that 8 (40%) respondents did their own job, seven (35%) respondents were government employees, three (15%) respondents were students and the other two (10%) customers were private employees.

#### **3.4.2 Customers Experience in Using e-banking**

In this section the attitudes of customers towards the benefits and challenges of using e-banking were discussed. The analysis and presentation was made using statistical tools such as frequencies percentage and tables.

**Table 3.8: Year of e-banking Service Used by Customers**

Year of service in commercial bank of Ethiopia	Frequency	Percentage
Less than one year	2	10 %
1 – 3 years	5	25 %
4 – 6 years	11	50 %
7 – 10 years	2	10 %
above 10 years	0	0 %
Total	20	100 %

Source: questionnaire

E-banking technology, which was launched by Commercial Bank of Ethiopia in 2001, is a recent phenomenon in Ethiopia. According to table 3.8 above, two (10%) respondents used e-banking less than one year, 5 (25%) respondents were using it for 1-3 years, 11 (50%) respondents used e-banking between 4 - 6 years and the other two (10%) respondents served e-banking for 7- 10 years. This implies that half of the sampled customers were using e-banking for 4-6 years. Even though ATM was launched in 2001, it has not been fully provided to users. As a result, there were no customers that used e-banking more than ten years.

**Table 3.9: Customers' Access to Electronic Service of Commercial Bank of Ethiopia**

Types of e-bankingservices	number of users	percentage of users from the total sampled customers
ATM	20	100 %
Mobile Banking	11	55 %
Internet Banking	5	25 %
Point of Sale	6	30 %
Others	0	0 %

Source: questionnaire

Long ago, Commercial Bank of Ethiopia has launched some e- banking services to customers. In the above data twenty 20 respondents were users of ATM, 11 (55%) respondents were mobile banking users, 6 (30 %,) respondents were users of POS machine and 5 (25%) customers operated using internet banking.

To conclude the results, ATM users were larger in number, because ATM was a pioneer banking service in Ethiopia and customers have realized and like its services. They also have accustomed the use of POS machine service to make a transaction.

As we have seen the response of respondents about ATM in the table 3.3, the most commonly used e-bankingservices was ATM. This wassupported by customer's response because all the sampled customers were users of ATM technology.

**Table 3.10: Attitudes of Customers towards the Benefit of E-banking**

Attitudes of customers about benefit of e-banking	Strongly Agree		agree		neutral		Disagree		Strongly disagree	
	freq	%	freq	%	freq	%	freq	%	freq	%
E-bankingservices help users to better manage finance transactions.	13	65%	6	30%	1	5%	0	0%	0	0%
E-bankingservices enable users to complete banking activities more easily.	3	15%	15	75%	1	5%	1	5%	0	0%
E-bankingtechnology eliminates time constraint.	6	30%	12	60%	1	5%	1	5%	0	0%
E-bankingis more convenient to users than visiting a bank.	10	50%	6	30%	3	15%	1	5%	0	0%

The attitude of customers about e-banking varies for various reasons. The above Table (3.10), , shows that 13 or (65%) respondents strongly agreed that e-bankingservice was good for better management of financial transaction, and 6 (46%) respondents normally agreed on the issue, while 1 (5%) respondent was neutral and he/she didn't say anything about whether E-bankingservices helped users for better management of financial transactions or not. And there were no customers who disagreed or strongly disagreed about 'the service of e-bankingfor managing financial transaction.' Since customers were able to check their balance at any time easily and they were able to get the bank statement that shows their balances, most of the respondents appreciated the e-banking service.

E-bankingservices enabled users to complete banking activities more easily. According to the above table, 15% of customers agreed strongly and said that e-banking, services enables users to complete banking activities more easily. 15 customers normally agreed that E-bankingservices enabled users to complete banking activities more easily, whereas one customer was neutral and he or she said nothing about the issue in question. And the other customer disagreed about it.

The next item in the table was about 'E-bankingtechnology eliminates time constraint'. With regard to this issue, 6 or 30% respondents strongly agreed and said that E-bankingtechnology eliminated time constraint, 12 or (60%)

normally agreed and said that e-banking eliminated time constraint, one or (5%) respondent was neutral or he or she was not sure about it. while one (5%) respondent disagreed and said that e-banking didn't eliminate time constraint. This shows 90% of the sampled respondents agreed that E-banking technology eliminated time constraint. Banking services were available 24 hours through ATM. This solved the time constraint. In addition, there were alternative means of getting service from the bank through e-banking. the customer waiting time in the bank branch significantly reduced.

The last issue in the table was 'E-banking is more convenient to users than visiting a bank'. Basically, one of the big significance of using e-banking is the convenience it provides to its users.. On the basis of this issue, 50% of respondents strongly agreed that E-banking was more convenient than visiting a bank, and 30% of respondents normally agreed with this issue. 15% of respondents were not sure about it and they were neutral. Only 5% of respondent disagreed and said E-banking was not more convenient than visiting a bank. This shows 80% of the sampled customers agreed that E-banking was more convenient than visiting a bank.

When we compare the employees' response as shown in the table 4.4 and the customers' response presented in table 3.10 regarding the issue of 'e-banking service enable users to complete banking transaction more easily', 72.7% of employees strongly agreed and the other 27.3% of employees normally agreed to this issue. On the other hand, 15 % of customers strongly disagreed and 75% of customers normally agreed with it. This shows that the degree of agreement between employees and customers was different but in general both employees and customers have good attitude towards this benefit of e-banking because all (100%) of employees and 90% of customers agreed to this benefit of e-banking. Additionally, the researcher asked customers to list down other benefits of e-banking and to rank their agreement level. Accordingly almost all customers forwarded the following benefits of e-banking and all of them 'strongly agreed' and/or 'agreed' to the following benefits.

- ✓ E-banking helped them to facilitate their run their day to day activities
- ✓ E-banking solved communication problems between them and bank employees

- ✓ E-banking provided 24 hour access to withdraw cash
- ✓ E-banking enabled them to check their balance at any time
- ✓ E-banking facilitated business transaction
- ✓ E-banking enabled them to withdraw cash even if the bank branch was closed
- ✓ E-banking enabled them to transfer money to one account or to the other account or person,
- ✓ E-banking provides update information to customers

**Table 3.11: Attitudes of Customers towards the Challenge of e-banking**

Attitudes of towards the challenge of using e-banking	Strongly Agree		Agree		Neutral		Disagree		Strongly disagree	
	freq	%	freq	%	freq	%	freq	%	freq	%
Network failures are serious problem to use E- banking.	10	50 %	9	45 %	0	0%	0	18.2 %	1	0%
Security is a serious problem when to use e-banking.	1	5 %	7	35 %	5	25%	6	30%	1	5%
The dynamic change in information technology is a serious challenge for understanding about E-banking	1	5 %	7	35 %	9	45%	3	15%	0	0%
E-banking cost of service charge is high especially ATM.	0	0 %	2	10 %	3	15%	12	60%	3	15 %

Source: questionnaire

The most serious problem in using e-banking was electric interruption and network failure. According to the data in table 3.11 above, 10 (50%) respondents strongly agreed that network failures were serious problem to use E- banking. The other 10 (50%) of the respondents normally agreed that network failures were serious problem to use E- banking. This implies that all of the sampled customers agreed that the network failure was the challenge in using e-banking. Network failure frustrated customers to use e-banking and to deposit money in the bank because they were not sure they got their money back when they wanted the money for their immediate need. As a result, they preferred to hold their cash in their pocket to avoid such problem.

Innovation and adopting of new technology may create security problem, in table 3.11, only one 5% of the respondent strongly agreed that security was a serious problem in using E-banking. 7 or 35% of the respondents, normally agreed that security was serious problem in using e-banking. 5 or (25%)

respondents, were neutral or didn't say anything about whether e-banking was secured or not. 6 or (30%) of the respondents disagreed with the existence of security problem in using e-banking. and the other, one or (5%) of the respondents strongly disagreed with this issue. As the response shows, 55% of the sample were neutral or they were not sure about it. This shows security was not the major problem in using e-banking.

In today's world, there is dynamic change in information technology and e-banking technology. According to the table 3.11 above, 2 (10%) of the respondents agreed, 3 (15%) respondents were neutral, about 'the dynamic change in information technology was a serious challenge for understanding about E-banking.' On the other hand, 12 (60%) respondents disagreed and 3 (15%) respondents strongly disagreed about the dynamic change in information technology was a serious challenge for understanding about E-banking. This shows the change in technology is not a major challenge to use e-banking.

Regarding the expensiveness E-banking, especially about 'Automatic Teller Machine' (ATM), respondents had given various responses. According to table 3.11 above 2 or (10%) of the respondents agreed that e-electronic banking cost of service charge was high especially with regard to ATM', 3 respondents, 15% were neutral to this idea or they were sure about it. 12 respondents, 60% disagreed that e-banking service charge was high with regard to ATM service, the remaining 3 respondents, represent 15% strongly disagreed about the expensiveness of costs of e-banking service charge. This shows the service cost of e-banking is fair.

When we compare the employees' response as shown in the table 3.4 and the customers' response presented in table 3.10, regarding whether the network failure was the major challenge of e-banking or not, 86.5% of employees strongly agreed it was a challenge, while 95% of customers agreed that it was a challenge. This shows that both employees and customers agreed that network failure was a challenge in using e-banking. In the case of employees this challenge ranked third from other challenges listed in the table while in the case of customers it was ranked first among other listed challenges in the table. Therefore we can conclude that the customers' attitude towards network failure was relatively more than that of employees.

In addition to the above stated challenges of e- banking, the researcher asked customers to list other challenges and to state their agreement level, accordingly approximately all customers forwarded the following challenges of e-banking and all of them said that they strongly agreed and agreed to the corresponding challenges.

- Customers had not enough awareness to the benefit of e-banking technology
- Illiteracy of customers was an obstacle to use e-banking services
- There were not enough ATM machines around super markets, hotels and hospitals
- There was lack of technological knowledge in the part of people
- Sometimes it exposed to monetary loss,
- It required skill and training to use the service
- Frequent electric power interruption
- Customer’s resistance to accept new e-banking technology
- The possibility to expose to fraud

**Table 3.12: The Overall Performance of e-banking of Commercial Bank of Ethiopia**

	Excellent	Very good	Good	Poor	Total
Frequency	4	7	8	1	<b>20</b>
Percentage	20%	35%	40%	5%	<b>100%</b>

Source: Questioner

They were asked to rank the overall performance of e-banking service of Commercial Bank of Ethiopia. Accordingly, the above table 3.6 shows 4 (20%) of the respondents ranked it excellent, seven or (35%) of the respondents ranked it very good, 8 (40 %) respondents, ranked it good and only one customer said it is poor performance.

#### **4. Conclusion and Recommendation**

This chapter concludes by giving the main findings and by suggesting important recommendations.

##### **4.1 Conclusion**

The study aimed at investigating the attitudes of employees and customers towards e-banking in Commercial Bank of Ethiopia. To address these

objectives, a mixed research approach was applied and the primary data was collected through survey questionnaires from both the employees and customers of the Commercial Bank of Ethiopia.

E-banking technology, especially ATM, which was launched by commercial bank of Ethiopia in 2001, in Ethiopia is a recent phenomenon. Even though ATM is launched in 2001, it has not been fully provided to the customers. As a result, there is no customer that has been using e-banking more than 10 years.

The study shows that the most commonly used e-banking service was ATM. This was because it was the pioneer e-banking instrument in Ethiopia. As a result, almost all customers of the bank know the benefits and functions of ATM.

In Commercial Bank of Ethiopia electronic banking gives various functions and benefits to the customers and employees of the bank. The following important benefits of e-banking have been identified from the findings and discussion.

- E-banking was the best means to reduce customer's load. But only educated people used e-banking. Mostly people who came to banks are uneducated people and they were not e-banking users. Usually illiterate people did not use e-banking.
- E-banking technology helped customers. It saves time and energy. E-banking users need not to go to banks to get bank services. All types of services are available via mobile or ATM card. Customers could check their accounts from where they were.
- Commercial Bank of Ethiopia had designed various strategies to achieve its vision. One of them was e-banking. e-banking services enabled users to complete banking activities more easily.

The study also showed that attitudes of employees and customers towards e-banking services of Commercial Bank of Ethiopia:

- ✓ When banks adopted new e-banking technologies and payment mechanisms customers frustrated to use that new technology because they assumed that there was risks related to the new technology
- ✓ Frequent power and network interruptions were obstacles to smoothly running e-banking. This problem was common in our country due to the



low level of infrastructural facilities to run better functioning of e-banking.

- ✓ High rate of illiteracy of customers and lack of enough awareness on the benefit of e-banking were also the major challenges of e-banking service.

#### **4.2. Recommendation**

Electronic -banking service is a new financial development in Ethiopia and it is very important issue because it has a great impact on the whole banking activity, at the same time, it is demanding and needs a lot of efforts to be adopted and accepted by customers and staffs of Commercial Bank of Ethiopia..

Based on the above conclusions, the researcher forwarded the following recommendations:

- Commercial Bank of Ethiopia should consider the capacities and skills, and knowhow of the customers about e-banking, especially languages. Language is a basic instrument to understand everything, there for the bank should localize the language of internet and mobile banking in order to help customers understand e-banking and mobile banking functions and benefits.
- Commercial Bank should ensure security and privacy of its customers. E-banking users are more favorably inclined towards using it when they perceive that the information provided during the banking transactions is secured, and third parties shall not have access to it.
- In order to exploit the benefits of E-banking services, Commercial Bank of Ethiopia needs to establish a strong link with its customers by providing the required information that will enable them to use electronic banking services in the future.
- For the successful implementation of e-banking system, improving telecommunication infrastructure is the major prerequisite. Therefore, the government should support the electronic banking sector by investing on telecommunication infrastructure development.
- Commercial Bank of Ethiopia should continuously review and upgrade the existing system of security to the level that minimize risk and lets the customers know the status for their decision and confidence in adoption of new innovation.

- Control the interruption of electric power and network failure even if those are external factor, the bank should try to choose other options in order to keep the interests of its customers.
- Banks should pay special attention to deliver service to their customers by using e- banking system, which can be easily accessible.

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