



ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

**ASSESSING THE EFFECT OF CORE BANKING ON SERVICE
QUALITY AND CUSTOMER SATISFACTION: THE CASE
STUDY OF COMMERCIAL BANK OF ETHIOPIA
NORTH ADDIS ABABA DISTRICT**

BY
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NORTH ADDIS ABABA DISTRICT**

**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY SCHOOL OF
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ADVISOR: ASMAMAW GETIE (ASS PRO)

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ST MARY`S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MBA IN GENERAL MANAGEMENT

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DECLARATION

I, Yared Shewabe hereby declare that (the effect of core banking on service quality And customer satisfaction: the case study of Commercial bank of Ethiopia North Addis Ababa district) is my own work, that it has not been submitted for any degree or examination at any other institution of higher learning in Ethiopia, and that all references that i have, to the best of my knowledge, been correctly reported. This study is being submitted for the partial fulfillment of master degree in GENERAL MBA at St Mary's University Graduate Studies.

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CERTIFICATE

We, hereby certify that, Mr, YARED SHEWABE student of Masters of Business Administration from St Mary’s university school of graduate studies , has completed his research project on the title of assessing effect of core banking on service quality & customer satisfaction”, under our Advice, guidance and supervision.

Internal Examiner

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External Examiner

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Advisor

Signature

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Acronyms

ATM: Automated Teller Machine

CBE: Commercial Bank of Ethiopia

CBS: Core Banking System

ICT: Information Communication Technology

IT: Information Communication

KYC: know your customer

LMTS: local money transfer system

NAAD: North Addis Ababa District

SERVQUAL: Service Quality

SPSS: Statistical Package For Social Science

WAN: Wide Area Network

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ABSTRACT

The purpose of this study was to: examine effect of core banking system in Ethiopia; with a title of the study (assessing the effect of core banking on service quality and customer satisfaction) under the emphasis on North Addis Ababa district. This research was carried out using a descriptive survey design. The target population of this study was all the commercial banks in Ethiopia North Addis Ababa District by considering North Addis Ababa the whole representation of the commercial bank of Ethiopia. The research instrument for this study was a questionnaire and interview, Data was collected from customer, operational manager, district manager of commercial banks in Ethiopia. This data was analyzed using SPSS Version 24 and manipulated through descriptive statistics such as frequency, percentages, standard deviation, correlation, regression and mean scores. Findings also indicated that implementing modern core banking systems has a contribution to the quick and fast service delivery, Based on the above findings, the following recommendations were made. First, banks need to be mindful of the challenges associated with core banking deployments. These challenges, once understood should be mitigated, so the bank should focus on service quality and customer satisfaction therefore there could be better tomorrow

KEY WORDS: - Core Banking, Customer satisfaction, Service delivery, Service quality,

Chapter one

Introduction

1.1. Background of the study

Improving service quality and customer satisfaction has been the major concern of organizations in any industry for many years. In the period of globalization and continues technologies advancements, Maintaining customer satisfaction is not an option, it is a must to survive the strong competition. An organization that consistently satisfies its customers, enjoy higher retention levels and greater profitability due to increase in customer loyalty (Biju , Devandhin, & Sreehari , 2012).The payoff resulted from satisfying customers with improving service quality and other marketing activities is also extensively studied and proven to be true through different marketing researches.

There are many scholars and researchers who attempt to explain and measure customer satisfaction, there still does not appear to be consensus regarding its definition Brown (Mitchell, 1993). Satisfaction is the process of customer overall subjective evaluation of the product/service quality against his/her expectation or desires over a time period. Customer satisfaction can also be defined as a customer's overall evaluation of the performance of an offering to date. This overall satisfaction has a strong positive effect on customer loyalty.

In our case service quality and customer satisfaction might not be effective without core banking; (Biju, Devandhiran, & Sreehari, R. 2012) they stated core banking brings quick service delivery higher customer satisfaction. Core banking is often associated with retail banking and many banks treat the retail customers as their core banking customers. Businesses are usually managed via the Corporate banking division of the institution.

Since the focus of our study is to assess the effect of core banking on service quality and customer satisfaction the research will give a big emphasis on them, according to (Parasuraman, Zeithaml, and Berry, 1988). Core banking solutions allow banks to perform an effective customer analysis while simultaneously enabling customers to carry out their usual banking transactions.

Customer satisfaction is improved with the core banking solutions and the latter go a long way in reducing customer effort. Core banking is a banking platform which facilitate day to day business activity and in return it will brings development to the country and when we go to service quality, it's a major issue not only for the banking sector, but for all type of service providers quality has many different definitions and there is no universally acceptable definition of service quality (Mesay S, 2012). Bank Service Quality (Munusamy, Chelliah, S, and Mun, W. H, 2010), service quality can be defined as the difference between customer's expectation for service performance prior to the service encounter and their perception of the service received. Customer's expectation serves as a foundation for evaluating service quality it's an experience based assessment made by the customer of how far his own expectation about the individual characteristics or the overall functionality of the services obtained from the provider have been fulfilled according to (Churchill,G, and Surprenant C, 1992).

We can understand that core banking, service quality, and customer satisfaction have interrelated to each other and one will be effect on the other, as stated by Core banking solutions allow banks to perform an effective customer analysis while simultaneously enabling customers to carry out their usual banking transactions (Parasuraman, Zeithaml, and Berry, 1988)

1.2. BACKGROUND OF THE BANK

The history of the Commercial Bank of Ethiopia (CBE) dates back to the establishment of the State Bank of Ethiopia in 1942, but CBE was legally established as a share company in 1963. In 1974, CBE merged with the privately owned Addis Ababa Bank. Since then, it has been playing significant roles in the development of the country; it's the Pioneer to introduce modern banking to the country and it has more than 1200 branches operating across the country, when we came to the capacity CBE. It's the leading African bank with assets of 384.6 billion Birr as on June 30th 2016. Now a day the total asset of the bank became half trillion, Commercial bank of Ethiopia is playing a catalytic role in the economic progress & development of the country we can mention some of the contribution CBE (www.combanketh.et/).

The first bank in Ethiopia to introduce ATM service for local users. And Currently CBE has more than 13.3 million account holders and, It has strong correspondent relationship with more

than 50 renowned foreign banks like Commerz Bank A.G., Royal Bank of Canada, City Bank, HSBC Bank...etc. the bank is showing many improvements. CBE has a SWIFT bilateral arrangement with more than 700 others banks across the world and this will make the bank internationally known. So we will have the confident to relay on the bank. Also CBE combines a wide capital base with more than 30,000 talented and committed employees. In contrasting the bank with other banks CBE is the pioneer to introduce Western Union Money Transfer Services in Ethiopia early 1990s and currently working with other 20 money transfer agents like Money Gram, Atlantic International (Bole), Xpress Money...etc. also has opened four branches in South Sudan and has been in the business and it will make the bank the first one to operate outside the border boundary of Ethiopia (www.nbe.gov.et)

1.3 Statement of the problem

The first reason for the existence of any business organization is to providing the right service, is the first major mission so that customers can be satisfied and delighted. It is when customers are satisfied the organizations achieves higher sales, profit and market share or vice versa. Customer satisfaction also leads organizations to gain loyalty and achieve the desired objectives. Therefore, it is essential for organizations to satisfy their customer's promptly so that they can achieve what they plan, according to (Hinson R, 2006) service is one of the major thing for customer satisfaction.

The banking industry in Ethiopia is changing from time to time, but the global banking industry is changing much faster within a short time span this means the banks are not quick responsive with the changing tempo. Since CBE is the major financial share holder of the country it will take the major blame, even if the bank is improving itself there are steel some drawback's, like inadequate customer handling, focusing on mass recruitment of customer rather than focusing on specialization which will broaden the gap between the bank and the customer and this lead to decrease in service quality and customer satisfaction also using traditional technologies is among them. (Siddiqi, 2011). Have confirmed and reinforced the notion that consistent poor customer experience as a result of poor service quality leads to a decrease in the levels of customer satisfaction and it's also supported by (Hinson R, 2006).

This is true for commercial bank of Ethiopia, which is the leading bank in the country. Even though CBE has been providing many kinds of banking services since its establishment in 1942, and the current position of CBE it's not enough the other international banks are providing.

There is some sort of gap on the bank when we came to service delivery and the response of the customers; this is due to poor service quality of the bank that results from absence of integration between the service of the bank and the customer. the society are still depending on the manual transaction of banking which are mostly using the banking operation on the teller window rather than using E-banking technology like ATM, Poss. CBE birr ,mobile banking, internet banking. But there is some sort of improvement. The way the society thinking about E-banking and the application of this technology is not that much good, there are about 60,000 million unbanked society this show as the major banking share holder CBE hasn't put that much effort to reduce the gap when we consider it with its year of operation. The researcher identifies the drawbacks and hindrance of CBE that make the bank not to move with the consistent equalized speed with this technology as of the other known international banks (www.combanketh.et/).

There are some researchers which have previously conducted study on core banking and customer satisfaction in case of CBE. From them endalekacew abebe in Hawasa University have stated that commercial bank of Ethiopia, which is the leading bank in the country, has been providing many kinds of banking services since its establishment in 1942, but it cannot go further in satisfying its customers. So we can understand from this study there is a visible problem seen in the bank.

1.4 Objectives of the study

1.4.1 General objective

The general objective of this research project is to assess the effect of Core Banking On service quality & Customer Satisfaction in Commercial Bank of Ethiopia in NAAD and the study has been conducted to represent the whole CBE.

1.4.2 Specific objectives

The specific objectives of this study are the following:

1. To assess the changes that comes after the application of core banking service.
2. To assess the extent service quality enhanced after the application of core banking.
3. To identify the level of service quality of the banks.
4. To analyze the customer satisfaction level in CBE.
5. To assess the way service is delivered to the customers.

1.5. Research question

The study answers the following questions:

1. What are the changes that have come after the application of core banking?
2. How satisfied are customers with the application of core banking service in CBE?
3. How satisfied customers are with service quality in CBE?
4. What is the level of customer satisfaction in CBE?
5. How customers perceive service delivery of the bank?

1.6 Significance of the study

Since most bank services are easy to duplicate and provides nearly identical services, they can only distinguish themselves on the basis of quality of service. The outcomes of this research will helps to understand the challenges and opportunities related with core banking and the effect on service quality and customer satisfaction it help us to know The level of core banking contribution to the way service is delivered and end result which is ranking the level of customer satisfaction.

The research will focus on the core banking and its advantages in providing service to customers. And also to know about the gap appears between the users and the new technology so as to help the bank to come up with better solutions. Beside this, the recommendations of the researcher will help the bank to offer advanced services and becoming modern. The previous CBE banking software (**smart bank and bank power**) have many disadvantage and drawbacks from them long hour operation, duplication of effort, depending on huge paper work, slow processing of transaction, high probability of system failure, inconsistency, unreliability, of the old system and by comparing it with the new core banking system, so the customers can understand the benefit of the new technology. In addition this study also expected to help other researchers who will be interested to conduct further study regarding the issue by providing useful information.

1.7 Scope of the study

This study was undertaken to evaluate customer satisfaction and service quality on core banking in CBE NAAD. Commercial bank of Ethiopia has more than fifteen districts that are assigned to assist and manage the branches under their area coverage specified by the bank.

From them North Addis Ababa District is the one with the big branch numbers and area of coverage which manages and coordinates the branches. NAAD is located between ambo and fiche, there are 106 branches under the district it's the biggest district from the four Addis Ababa Districts. Therefore it was delimited to the changes that come after the introduction of core banking in the bank. Moreover, the project focus area is only CBE NAAD; so the result will not be extended to other area of CBE.

1.8 Limitation of the study

This project report the effect of core banking on service quality and customer satisfaction in CBE NAAD and can therefore not be considered as a Representative of the whole core banking evaluation of CBE; that is the generalizability of the Finding, and the research will focus on CBE NAAD, and from CBE NAAD the research paper will give focus on some selected branch based on their grading system. Branch grading system in CBE is ranked between (grade one, two, three, four, and special branch) Moreover, since this project is designed to be completed in four

months' it's so hard and unthinkable to include all branches in NAAD, so from all branches in NAAD I have selected one-one branches from each grades excluding the special branch.

I have encountered some sort of problem in interviewing the human resource managers because of the tight working schedule and the other limitation to this research is unwillingness and inability to fill the questionnaire properly and on the specified time.

1.9 Organization of the study

The paper consists five chapters. The first chapter deals with the introduction part that consists of background of the study, statements of the problem, objectives of the study, significances of the study, scope of the study and limitation of the study, background of the bank core banking in Ethiopia Chapter 2 contains a review of the related literature. The research design and methodology is presented in chapter 3. In chapter four, the data analysis and results and findings of the study is discussed. Finally, the last chapter deals with the summary of findings, conclusions and recommendations that is forwarded both by the respondents and by researcher based on the result obtained.

Chapter Two

Literature Review

2.1 Overview

The second chapter of the study presents literatures related to the study area and provides a theoretical framework of the study. The chapter begins with a review of definitions and some selected models of service, service quality, service delivery, core banking, and customer satisfaction which will be considered under the view of core banking.

2.2 Service Concept

(Johns, 1998) conducted a study and points out that the word ‘service’ has many meanings which lead to some confusion in the way the concept is defined in management literature, service could mean an industry, a performance, an output or offering or a process. He further argues that services are mostly described as ‘intangible’ and their output viewed as an activity rather than a tangible object which is not clear because some service outputs have some substantial tangible components like physical facilities, equipment’s and personnel.

In our case the services offered by the bank, according to. (Hinson R, 2006).A service design which details a service, service system and the service delivery process must consider customers, staff, technology, the physical environment, in summary it is eminent for service firms to consider the physical aspects of quality in order to offer high service quality. So in our Case of study service concept will focus on customer, staff, IT infrastructure, physical facility and its outcome.

In a study carried out by (Al-Azzam Afm, 2015) he identified three management paradigms; manufacturing paradigm which focuses on goods and mainly concerned with productivity technical standards, the bureaucratic-legal paradigm used mainly in the public sector is more concerned with regulations and rituals before end results.

Thirdly, the service paradigm mainly focuses on service management particularly in the marketing area and stresses the importance of customer interaction with service provider in

delivering service and creating value. In his study, he lays emphasis on the service paradigm pointing out that, there has been a shift from the goods-focused to service-focused management due to automation of manufacturing and the introduction of electronics and technology. He sees service marketing moving from a normal marketing mix (focused on solely on price, product, promotion and place) to relationship marketing where people, process and physical evidence adding to the 4 'P' (product, price, promotion and place) play a role in increasing an interactive relationship between service provider, consumer and long term profitability and customer satisfaction.

We support this argument because, the customer is considered very important and it is very primordial for companies to improve their relationship with customers by knowing their needs and creating more value by trying innovative processes that will lead to customer satisfaction and retention. This is why it is necessary for firms to measure service quality because it enables them know more about consumers' expectations and perceptions.

(Appannan S, Doraisamy B, Hui TX, 2013) thinks that the concept of service should be approached from the customer's perspective because it is the customer's total perception of the outcome which is the 'service' and customer outcome is created in a process meaning service is generated through that process. He points out the participation of the customer in the service process since he/she is a co-producer of service and the customer's outcome evaluated in terms of value added and quality meaning the customer will prefer service offered to be of high value and quality. Service process is that which consists of either, delivery of service, interpersonal interaction, performance or customer's experience of service.

(Manrai LA, Manrai AK, 2007) service is viewed differently by both the provider and the consumer; for the provider, service is seen as a process which contains elements of core delivery, service operation, personal attentiveness and interpersonal performance which are managed differently in various industries. While customer views it as a phenomenon meaning he/she sees it as part of an experience of life which consists of elements of core need, choice, and emotional content which are present in different service outputs and encounters and affect each individual's

experience differently. However, factors that are common for both parties include; value (benefit at the expense of cost), service quality and interaction. As concerns our study which looks at services in banking industry from the consumer's perspective, we consider the tangible and measurable aspects of service in banking such as equipment's, products, computers, and personnel in order to access the intangible qualities of these services through the consumer's perception. We think from the consumer's perspective that service can be considered as an experience whereby the consumer is expected to make choice to satisfy needs in an emotional way through the interaction with service provider. Service experience is defined by (John, 1998) as the balance between choice and perceived control which depends upon the relative competences of customer and service provider (that is to make the choice or to exert control). Aspects of service experience include core benefit, performance, approaching the service, departing from it, interacting with other customers and the environment in which the service transaction takes place, Service interaction involves interpersonal attentiveness from the service personnel who are to provide core services and this contributes to customer satisfaction with the service offered, (John, 1998).

2.3 Understanding Quality Concept

There are different authors who define the term quality, (Mesay S, 2012). And (Munusamy J, Chelliah S, and Mun WH, 2010) quality has many different definitions and there is no universally acceptable definition of quality. They claim it is because of the elusive nature of the concept from different perspectives and orientations and the measures applied in a particular context by the person defining it. In our study, quality must be well defined in the context of banking and must focus on various dimensions of service. This therefore means the definition of quality varies between different services industries.

These variations are caused by the intangible nature of its components since it makes it very difficult to evaluate quality which cannot be assessed physical implying other ways must be outlined in order to measure this quality. Quality has been considered as being an attribute of an entity (as in property and character), a peculiar and essential character of a product or a person (as in nature and capacity), a degree of excellence (as in grade) and as a social status (as in rank

and aristocracy) and in order to control and improve its dimensions it must first be defined and measured. (Khalid S, Mahmmod B, Abbas M, Hussain S, 2011)

Some definitions of quality pointed out by (Tahir IM, Bakar NMA, 2007) include; “Quality is product performance which results in customer satisfaction freedom from product deficiencies, which avoids customer dissatisfaction” (Hunt K, 1979).

“Quality is the extent to which the customers or users believe the product or service surpasses their needs and expectations” (Jannatul M N, 2010).

“Quality: the totality of features and characteristics of a product that bear on its ability to satisfy stated or implied needs” International Standards Organization (ISO).

“Quality is the total composite product and service characteristics of marketing, engineering, manufacture and maintenance through which the product in use will meet the expectations of the customer” (Kumbhar V M, 2010).

(Ghylin et al, 2008) states that since company managers believe that the power of quality guarantees high profits in business, companies try to understand how to keep the quality level high at every point in, and even providing services. Thus, we see the product-based, user-based and manufacturing based approaches have been the most popular in reported research. We will apply the user based approach because we are interested in finding out what dimensions of service quality in banking. Are the customers satisfied with and how they perceive this service quality?

From the above discussion, we can highlight two forms of quality; product quality and service quality which are have to be discussed in order to clearly get their differences.

2.4 Product Quality

According to (Garvin, 1987) he suggested eight dimensions of product quality which are very important to consumers since they lay much emphasis on quality when buying among many similar products and they include;

Quality refers to what the customer receives as a result of his/her interaction with the service firm and functional quality refers to how the technical components are delivered to the customer

(Abdul Kadir H, Rahmani N, Masinaei R, 2011) The importance of focusing on both technical and functional aspects of quality are being developed because there is no longer a clear distinction between a service and product since both include each other in their process according to (Levitt T, 1981). However, we will be focusing on both the functional dimension of quality and the technical aspect as well.

However, the user-based aspect of quality for any service is hard to evaluate by the customer according to (Levesque T, and McDougall G H C, 1996) but regarding our study which focuses on CBE NAAD, technical & service quality is important since, this banking deal with intangibles which are a core component in the service sector activity. This therefore means that, in order to know how consumers perceive service quality in banking, we must focus on both the technical and functional aspects of quality.

(George A, Gireesh Kumar GS, 2014) highlight that the definition of quality is evolving, but that the common factor throughout the evolution process focus on user-based approach of quality and that in order to become world-class, organizations need a user-based approach that is more important to the customer.

On this study, the definition of quality used is the user-based definition because quality is eventually evaluated by human and it is the most appropriate method to examine dimensions of quality according to. (Ganguli S, Roy Sk, 2011). This definition of quality considers quality as subjective meaning it is determined by the customer through his/her perceptions. This is also supported by the view of (Arora D, Saxena A 2013) who believe that the most accepted definition of quality is, defining quality as the extent to which a product and/or service meets and/or exceeds customer's expectation. The relevance of this definition to our study is that quality is more important to the customer and this therefore means that manufacturer or service provide must consider the needs, wants and desires of customers in order to design products and services that satisfy them. This makes it possible for us to identify factors of service quality which are important to customers and not those that are merely based on management's judgment.

The user-based view of quality has been particularly useful in trying to define quality in the domain of service (Schneider and White, 2004). This approach is good for services of the nature of service delivery. Our study concerns services and we think this is the best approach about quality to consider since it is used in the domain of service also because the customer's perceptiveness is increasingly becoming more important in determining quality (Patidar G, Verma DS, 2013). In a nutshell, from the above definitions, it is clear that quality definition must take both an objective (measured according to specifications) and a subjective (evaluated by customer) approach.

2.5 Service quality Concept

It's considered an important tool for a firm's struggle to differentiate itself from its competitors (Nautiyal G, 2014). The relevance of service quality to companies is emphasized here especially the fact that it offers a competitive advantage to companies that strive to improve it and hence bring customer satisfaction. Service quality has received a great deal of attention from both academicians and practitioners. (Santhiyavalli G, 2011) and services marketing literature service quality is defined as the overall assessment of a service by the customer (Kumar R, Mittal A, 2015) points out that, by defining service quality, companies will be able to deliver services with higher quality level presumably resulting in increased customer Satisfaction.

Understanding service quality must involve acknowledging the characteristics of service which are intangibility, heterogeneity and inseparability (Arasli H, Katircioglu ST, Smadi SM, 2005). In that way, service quality would be easily measured. In this study, service quality can be defined as the difference between customer's expectation for service performance prior to the service encounter and their perception of the service received. Customer's expectation serves as a foundation for evaluating service quality because, quality is high when performance exceeds expectation and quality is low when performance does not meet their expectation (Babakus E, Boller GW, 1982). Expectation is viewed in service quality literature as desires or wants of consumer i.e., what they feel a service provider should offer rather than would offer (Belay, D. and Ebisa, D, 2012). Perceived service is the outcome of the consumer's view of the service

dimensions, which are both technical and functional in nature (Biju K, Devandhiran D, &Sreehari R, 2012). The customer's total perception of a service is based on his/her perception of the outcome and the process; the outcome is either value added or quality and the process is the role undertaken by the customer. (Brown KA, Mitchell TR, 1993).

(Parasuraman et al, 1988) define perceived quality as a form of attitude, related but not equal to satisfaction, and results from a consumption of expectations with perceptions of performance. Therefore, having a better understanding of consumers attitudes will help know how they perceive service quality in CBE.

(Ekinci Y, 2004) Suggests that customer-perceived service quality has been given increased attention in recent years, due to its specific contribution to business competitiveness and developing satisfied customers. This makes service quality a very important construct to understand by firms by knowing how to measure it and making necessary improvements in its dimensions where appropriate especially in areas where gaps between expectations and perceptions are wide.

In the context of banking , we are not only interested in learning more about the factors associated to service quality perceived by customers and how service quality is measured but also provide a direction for improvement of service quality in order to bring customer satisfaction. (Douglas & Connor, 2003) emphasis that the consumer who has developed heightened perception of quality has become more demanding and less tolerant of assumed shortfalls in service or product quality and identify the intangible elements (inseparability, heterogeneity and perishability) of a service as the critical determinants of service quality perceived by a customer. It is very vital to note here that, service quality is not only assessed as the end results but also on how it is delivered during service process and its ultimate effect on consumer's perceptions (Douglas & Connor, 2003).

2.6 Customers' Expectations compared to Perceptions

(Gronroos C, 1984) have proposed that customer's perception of service quality is based on the comparison of their expectations (what they feel service providers should offer) with their perceptions of the performance of the service provider. (Gronroos C, 1984) point out that expectation is viewed differently in both satisfaction literature and service quality literature. In satisfaction literature, expectations are considered as 'predictions' by customers about what is likely to happen during a particular transaction while in service quality literature, they are viewed as desires or wants of consumers, that is, what they feels a service provider 'should' offer rather than 'would' offer.

For our study, we will define expectations as desires or wants of customers because this allows us to know exactly what service providers / CBE show offer and this is based on the past experience and information received (Pitt LF, Watson RT, & Kavan CB, 1995),It is important to understand and measure customer's expectations in order to identify any gaps in delivering services with quality that could ensure satisfaction, (Aldershot Wirtz J, 1994),Perceptions of customers are based solely on what they receive from the service encounter (Zeithaml VA, Parasuraman A, & Molhotra A, 2000).

(Aghdaie ASF, Faghani F, 2012) identified 10 determinants used in evaluating service quality; reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding the customer, and tangibles. Most of these determinants of service quality require the consumer to have had some experience in order to evaluate their level of service quality ranging from ideal quality to completely unacceptable quality. They further linked service quality to satisfaction by pointing out that when expected service is greater than perceive service, perceived quality is less than satisfactory and will tend towards totally unacceptable quality; when expected service equals perceived service, perceived quality is satisfactory; when expected service is less than perceived service, perceived quality is more than satisfactory and will tend towards ideal quality. (Razak MIM, Sakrani SNR, Abas N, 2013).

2.7 Service Quality, Customer Satisfaction, and Banking

There is different point of view about service quality and satisfaction of customer on banks situated in various countries indicates that earlier studies offered no consensus over the subject, to confirm the issues and trends of these factors which regulate service quality and customer satisfaction. Now-a-days all public, private and foreign banks play a vital role in retail banking and provide lot of core banking services to all their rural and urban customers to maintain customer loyalty, retention and providing 100% customer satisfaction. But there is some evidence that few public, private and foreign banks do not give importance to their retail customer relating to maintenance of service quality and customer satisfaction (douglas & conor, 2003).

In the current banking scenario it is obvious that banks gain competitive advantage by rendering efficient service and thereby enhancing customer relationship. More emphasis on creating loyal customers is the need of the hour. It is pivotal for all players in the financial service industry to understand the needs of the customer and customize services based on their needs. This in turn will pave way for achieving customer satisfaction to a larger extent. The measurement of the same is an important factor in banking sector, Change is coming at banks from many directions and each change can trigger many more (douglas & conor 2003).

In this ICT (Information, Communication and Technology) era, the mode of direct pay, online financial services has gained value. Now a day, customers need flexible hours of operation, customization and transparency. Due to increased market competition, customers' defection rates are higher. Thus, research on service quality and satisfaction of customers in banking sector is considered important, according to (Parasuraman A, & Grewal D, 2000). Technological innovation not only enables a broader reach for consumer banking and financial services, but also enhances its capacity for continued and inclusive growth.

In this research paper, the researchers have focused on core banking, service quality and customer satisfaction as a major issue that has been receiving significant attention over the last few years. This research paper is classified in two fold namely core banking technology, delivery of Service and satisfaction of customers in banks

The information and communication applications are paramount concern to the banks in today's business environment and internet has become the major platform for all financial, banking and commercial transactions in the present scenario.

A strategic use of ICT helps an organization gain a competitive advantage through its contribution to the strategic goals of an organization and/or its ability to significantly increase performance and productivity. Because of this many banks in different countries changes their operation to the uses of advanced technologies that will enable them to compete with the growing tastes and preferences of the customers as stated by (Chairlone and Ghosh, 2009).

Banking system occupies an important place in a nation's economy. It plays a vital role in accelerating the rate of economic growth by mobilizing the existing or potential savings and by making the disbursement of credit to commercial undertaking and priority areas. Banking industry is marked by aggressive competition and ever-changing customer demands. As a result, banks need to adopt themselves to the changing environment. It is essential for the banks to adopt appropriate various strategies to merge as the preferred bank of all customers. Timely introduction of various products to suit the diverse needs of customers is a functional necessity to the banks. Technology gives the cutting edge to come out with customer centric products and delivery channels in time (Nelson NO, Chan KW, 2005).

2.8 What is core banking?

Core banking solutions allow banks to perform an effective customer analysis while simultaneously enabling customers to carry out their usual banking transactions. Customer satisfaction is improved with the core banking solutions and the latter go a long way in reducing customer effort.

Nowadays, banks have begun to prioritize customer behavioral analysis through big data. This is one of the biggest trends in the core banking solutions and customer data analytics is essentially studying the customer's data provided to the respective bank. Customer data analytics functions as the base for modifying the core banking solution to cater to changing customer requirements. Key stakeholders in the core banking solutions market are trying to develop new and innovative

technologies that increase their customer base while entrenching loyalty amongst the current ones, primarily by way of exhaustive consumer analytics as stated by (Parasuraman A, Zeithaml V A, and Berry, L 1988).

Earlier banking was 100% manual. Your account was maintained in a branch and you can go and deal with only in that branch. If you go to another branch of same bank, banker will turn you away and send you to your base or home branch, there were several inconveniences about the manual operation of banking (Chairlone, and Ghosh, 2009).

1. You can do any transaction only by visiting branch. No internet banking, No ATM, NO mobile banking.
2. The branch working hours were from 10 AM to 2 PM on working days. So, please visit your bank to withdraw money.

Normal banking operation mobile banking, ATM and Internet Banking ride on core banking platform. Core banking platform has liberated customer because data is in central database and can be accessed by any mean i.e. ATM or Internet banking, mobile banking, Second, customer can visit any branch of the bank and the branch can give him service (because his data is centrally stored and can be accessed from any branch).

2.9 Core banking system

Core banking systems (CBS) is networking of a branch, which enables Customers to operate their accounts from any branch of the Bank irrespective of where the account is maintained. This makes transfer of money quick and easy. The additional facilities include operation of account through ATMs, Internet banking, mobile banking etc. Money can be easily transferred through online in few hours thus eliminating the need for demand drafts. Core banking helps customers to pay all types of bills online and personal visits to the bank can be minimized.

It's a type of banking system in which a person who opens a bank account in a particular branch of a bank will be a customer of the bank rather than being a customer of a particular branch. Core

banking is all about knowing customers' needs; providing them with the right services at the right time through the right channels. The platform where communication technology and information technology are merged to suit core needs of banking is known as Core Banking system.

Most financial institutions rely on some form of core banking systems to provide customers with retail and corporate banking products. In addition, core banking systems deliver enterprise-wide capabilities such as general customer information, branch services, input for the general ledger, and data on credit limits, payments, and transfers (Rust, Roland T. and Richard L. Oliver. 2000). Like the institutions that depend on them, core banking systems are feeling the pressures of an increasingly global financial marketplace. Institutions face growing competition from new market entrants and established players. At the same time, these aging legacy systems are by and large unable to fulfill customer demands for a better financial services experience that includes competitively priced products, more attentive and faster service, and lower cost.

As regulatory demands grow in intensity and financial institutions face a competitive and challenging environment, running a modern and efficient core banking system has become essential to continued success (Chairlone, and Ghosh, 2009). Furthermore, as the number of core system replacements by commercial increases, banks are demonstrating not only an increased need but also a desire to replace antiquated systems. Unfortunately, the costs and time associated with taking on such a project have forced many institutions to fail to move forward with these projects or, if doing so, to proceed with caution.

New core banking systems are helping a growing number of banks achieve a longtime goal which is a comprehensive view of their customers. The credit crisis, new regulatory requirements and increasing demand for higher cross-sale revenue have all renewed banks' interest in improving their ability not only to see but also to have and use customer information in real time (Kotler, P, 2000), Developing these capabilities has challenged all but the most technologically adept banks. Most banks use separate software programs from multiple vendors to manage their varied operations, creating a patchwork of disparate systems through which data doesn't easily flow. Various studies (Ma Z, 2012).and experts say the new generation of core processing

applications can resolve these issues, but many banks remain reluctant to take on core replacement projects.

It's becoming more imperative for them to really understand who their profitable customers are, or at least be able to see the entire relationship the customers have with them, to be able to make sure they're taking care of their customer and making sure they're successfully acquiring new customers they want (Turnbull et al, 2007). The core processing systems have a lot of information on them but there are many, many banking systems that are not necessarily on the core platform. The end goal for many banks is being able to see at once the status of their customers' deposit accounts, loans, credit card transactions, brokerage accounts and other details so they can get a more accurate view of just how profitable their patrons are, design for them the products that make the most sense and spot potential problem areas.

2.10 Why we need Core Banking Technology?

Nowadays, the use of Information Technology (IT) is must for the survival & growth of any organization and same applicable to banking industry also. By using IT in any industry, banks can minimize the operation cost; also banks can offer products & services to customers at competitive rates according to (Esmailpour M, Zadeh MB, Hoseini EH, 2012).

2.11 Benefits of Core banking

Core banking solutions are beneficial to both banks as well as the customers. (Burnham T A, Frels J, And Vijay M, 2003) strongly satisfied with idea, technological advancement have changed the world radically, altering the manner in which Individuals conduct their personal and business affairs.

2.11.1 Benefits for Customers

Quicker services at the bank counters for routine transactions like cash deposits, withdrawal, passbooks, statement of accounts, demand drafts etc. Anywhere banking by eliminating branch banking. Provision of banking services 24 X 7, Fast payment processing through Internet banking, mobile banking. Anytime anywhere banking through ATMs. All branches access applications from central servers/data center, (Chairlone and Ghosh, 2009). So deposits made in

any branch reflects immediately and customer can withdraw money from any other branch throughout the countries. CBS is very helpful to people living in rural areas, in our country context it's vital because majority of the people live in rural areas.

2.11.2 Benefits for Banks

Process standardization within bank & branches retention of customers through better customer service, Accuracy in transactions & minimization of errors. Improved management of documentation & records – having centralized databases results in quick gathering of data & MIS reports. Ease in submission of various reports to the Government & Regulatory boards. Convenience in opening accounts, processing cash, servicing loans, calculating interest, implementing change in policies like changing interest rates etc.

2.12 Core Banking Service Quality

Today business environment is occupied by fast and strong competition which makes sever competitor in the industry's difficult to exist, retail banks in many countries have adopted customer-driven philosophies to address the rapid and changing needs of their customers. (Singh S, Arora R, 2011).Technological advances have changed the world radically, altering the manner in which individuals conduct their personal and business affairs. The banking industry in the past two decades has invested substantial resources in bringing ICT to customers. The banking industry is undergoing through the significant technological changes; it has several impacts on customer satisfaction and loyalty. It has revolutionized every industry including banking in the world by rendering faster and cost effective delivery of products and services to the customers (Walker et al, 2008) Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining (Biju K, Devandhiran D, & Sreehari R, 2012).measuring it with no overall consensus emerging on either. There are a number of different "definitions" as to what is meant by service quality. One that is commonly used defines service quality as the extent to which a service meets customers' needs or expectations. (Garvin, D.A. 1983).Service quality can thus be defined as the difference between customer expectations of service and perceived service. If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs (Hunt K, 1979).

states that core banking solution enables banks to extend the full benefits of ATM, E-banking, mobile banking, internet banking, card banking and other multiple delivery channels to all customers allowing banks to offer a multitude of customer-centric services on a 24x7 basis from a single location, supporting retail as well as corporate banking activities (Wisniewski, 2001).

Banks in Ethiopia are using Information Technology (IT) not only to improve their own internal processes but also to increase, facilities and to provide quality services to their customers. Particularly, in the banking sector ICT is one of the most important tools, because it provides many suitable alternative banking channels to the customers. It brings convenience, customer centricity, enhance service quality and cost effectiveness in the banking services (Vijay M, & Kumbhar, 2012). Even now, customers are evaluating their banks based on availability of high-tech services. Therefore, implementation of ICT in the banking business continues to improve the banking service. The researcher in order to conduct this research in addition to service quality dimensions employs some additional factors to evaluate the performances of core banking services in the bank.

2.13 Service delivery

Running a successful service company should be synonymous with delivering excellent service. If not, then why consider running a service business at all? Yet, if all companies which perform services effectively compete on providing the service, then the key differentiator lies in the service management model and the ability to execute it. Designing the service delivery system should focus on what creates value to the core organization and how to engage frontline employees to deliver the ultimate customer experience according to (Getty JM, & Getty RL, 2003).

2.14. Satisfactory customer service delivery

The ability of most banks in Ethiopia to deliver effective and satisfactory services to their clients remains a challenge as a result of the continued use of traditional approaches in the delivery of banking services. In this regard, such banks were faced with a situation where the functions of their employees and the traditional service delivery functions they offered were no longer their first interest. Instead such banks are increasingly depending on technology with their attendant quality issues (Charles, 2006). In bids to overcome this challenge, most of these banks have moved away from using traditional approaches in customer service delivery and have introduced information and communication technologies in their place to enable effective and satisfactory customer service delivery. Thus, the proliferation of new core banking application within the financial industry has significantly influenced the way banks deliver services to their clients. Such technologies have enabled banks in developed economies to provide satisfactory customer services by enhancing their capacities to develop sophisticated products, design better market infrastructure, and implement reliable techniques for controlling risks. A semblance of this influence is highlighted by the introduction of self-service technologies that have enabled banks to develop electronically mediated multi-channel service delivery platforms for clients. These platforms, which include the ATMs, core banking, telephone banking, Internet banking, and mobile banking, are efficient means for selling products and servicing customers. In this wise, the banking industry in Ethiopia has experienced rapid legal and technological change (Gronroos, 2000).

Among the many changes is the introduction of money counting machines and automated teller machines (ATM) to reduce workload and meet customer demands and the implementation of core banking solution to make the service flexible and fast (Vijay M, Kumbhar 2012).

2.15 Factors that cause Customer Satisfaction

A customer satisfaction is an ambiguous and abstract concept. Actual manifestation of the state of satisfaction will vary from person to person, product to product and service to service. The state of satisfaction depends on a number of factors which consolidate as psychological, economic and physical factors. The quality of service is one of the major determinants of the

customer satisfaction, which can be enhanced by using ICT available to survive (Vijay M. K. 2012). Several factors affect customer satisfaction. The kinds of products that banks offer to its customers can cause customer satisfaction or dissatisfaction. Consumers do not buy a product or service for its own sake. They buy to acquire benefits that the product offers. They buy to satisfy a need. Products therefore exist for what they fulfill in terms of consumer needs. It is the essential feature or benefit that the buyer expects to receive from using the product that motivates buying behavior (Boateng, 1994).

The service delivery process also plays a key role in customer satisfaction. When the process of service delivery is too long, it lengthens customer waiting time. According to (Sasraku, 2007), the physical evidence also plays a role in customer satisfaction. The physical evidence includes the edifice or buildings and its decorations, an imposing banking hall with comfortable seats, places of conveniences, etc. The office or building and its external and internal decorations can satisfy a customer. The customer can pride him or herself as customer of that bank. Another service element that causes customer satisfaction or dissatisfaction is the people or the employees delivering the product or service (Covey, 2004). The employees occupy the first point of contact with the customer. Employee behaviors are therefore important to customers. If the employee is cold or rude the customer takes it as a measure of the state of the company. Unhappy employees will have difficulty in keeping customers happy (Dei Tumi, 2005).

Also, easy access to the bank premise would make a customer feel happy in transacting business with a bank, for example, if the bank premise is located on a high street. However, the nice edifice of a banking hall will not be noticeable if customer service is poor and there are unnecessary delays and lack of personal support from staff (Sasraku, 2007). The technology being used by the bank in service delivery could be a source of satisfaction to customers. When electronic devices like computers are used, they tend to speed up the processing time of transactions. System and processes solely do not create satisfaction.

Service system quality, behavioral service quality, service transaction accuracy and machine service quality are necessary to make the technology in use worthwhile (Aldlaigan & Buttle, 2002). Furthermore, the security of customers and their deposits is an area of concern to

customers. When customers are assured of protection from external threats they feel secured and happy. For example, if a bank is situated at a place noted for criminal activities, customers are scared and dissatisfied (Sasraku, 2007). Of course the internal security is equally important to customer who will want to deal with personnel with integrity and good moral values especially, the financial institutions (Lovelock & Wirtzn d, 2007).

2.16 Customer Satisfaction in Banking Services Context

In contrast to products, customers are not really able to evaluate services before the service process takes place. The interaction with the service provider and the customers, the so called service encounter, is the key in the evaluation of service performance (Gil, 2008). During these encounters, the customer is able to get an impression of the way the company provides its services. His/her service experience is defined by the interaction with the organization, the processes and the employees. Accordingly, customer satisfaction is built upon the basis of service encounters. Service providers have significant opportunities to manage the interactions that together form the experience (Wirtz j, 1994). They can design and the interactive production process; select, train and manage service employees; design and maintain the service environment; selectively target, socialize and educate customers. In banking services, satisfaction is usually conceptualized as a multidimensional construct (Manrai, LA, Manrai, AK, 2007). The list of bank service attributes used for the measurement of satisfaction comprises elements like: appearance of the facility, attitude and behavior of staff, decor and atmosphere, business hours, interest rate, waiting time. Bank customers may regard some of these elements as being not equally important as the others.

2.17 Empirical frame work

Empirical frameworks have also been used to explain conflict theory and the balance necessary to reach what amounts to resolution. Within these conflict frameworks, visible and invisible variables function under concepts of relevance. Boundaries form and within these boundaries, tensions regarding laws and chaos (or freedom) are mitigated. These frameworks often function like cells, with sub-frameworks,

2.17.1 Previous Case Studies of core banking, service quality & customer satisfaction in Ethiopia

According to research conducted on core banking service quality and customer satisfaction on private commercial banks and the benefits and challenges they face in adopting these services. Further studies focused on the perceptions of customers towards the core banking offered by the banks. It will also determine the benefits derived and challenges faced by customers who use such services.

Majority of the private banks in Ethiopia are highly agree that core banking has a great contribution in cost reduction as well as enable banks to focus on their efficiency with a positive and significant level of agreement. The other benefit that banks might enjoy from implementation of core is better risk management and compliance. In time when banks were not connected through core there was the risk of sharing data from different branches to main offices online in many private bank like wegagen ,dashen, awash etc. So, core banking makes banks to better manage their risk and compliance problems.

The above private banks lists out those challenges which banks in Ethiopia facing while deploying core banking system. Modern banking implementation in Ethiopian banking industry is recent phenomena and even not being used by all banks. Some recently established banks still exists without implementing the core system.

There are also banks which have established their core bank last year's such as Enat Bank. One of the most challenges in implementation of the core banking system in Ethiopia is capability of the software to meet requirements and expectation with of all customers. Majority of the banks in Ethiopia are using old bank technologies. Due to this the current bank services relatively limited to only to opening of current account, transferring to others, and transfer to beneficiary, own account, checking the remaining balance

Many respondents agreed that lack of ICT infrastructure is a challenge in banking industry. Meaning that the modern ICT infrastructure is not sufficient in Ethiopia resulting inefficiency in the banking industry

This is observed from the fact that the network interruption. This means that banks and government need to invest more resources to enhance ICT infrastructure to increase productivity of banks. Core banking implementation needs diverse skills. It would be challenging if there is no skills as how to work core banking. From the above table it is determined that unavailability of the diverse skills required is one of the other challenges in implementing core banking which has happened because of high cost and inefficient service delivery. It is fundamental to know about the role of core banking. We can understand that it is one of the challenges in implementing core banking without understanding the function of the new core system environment. That causes less quality banking Product and inability to satisfy the customers' need moreover it affects the profitability and effectiveness of the banking industry.

2.17.2 Case Studies on Other African Countries Experience

Many Private Banks dealing in retail banking Industry is consequently put into lot of pressures due towards increase in global competition. Different strategies are formulated to satisfy and retain the customer and the key of this is to increase the service quality level. Typically, customers perceive very little difference in the banking products offered by private banks dealing in services as any new offering is quickly matched by competitors

In many African countries are using core banking and the measurement allows an organization to understand the key drivers that create satisfaction or dissatisfaction on customer; and what is really driving their satisfaction during a service experience. Customer satisfaction is the state of mind that customers have about a company when their expectations have been met or exceeded over the lifetime of the product or service. Various empirical researches show that there is significant and positive relationship in core banking service quality and customer satisfaction which has been one of the major determinants for the profitability and growth of the banks like **Eco Bank** which is one of the influential and powerful bank in Africa.

2.18 Servqual model

Servqual provides a technique for assessing and managing service quality (Buttle, 1996) the concept was conceptualized and proposed by (parasurman, Zeithaml, 1985) and then further developed for the next eight years by the same researches.

Many other researchers have used the Servqual dimensions as the basis for their research and

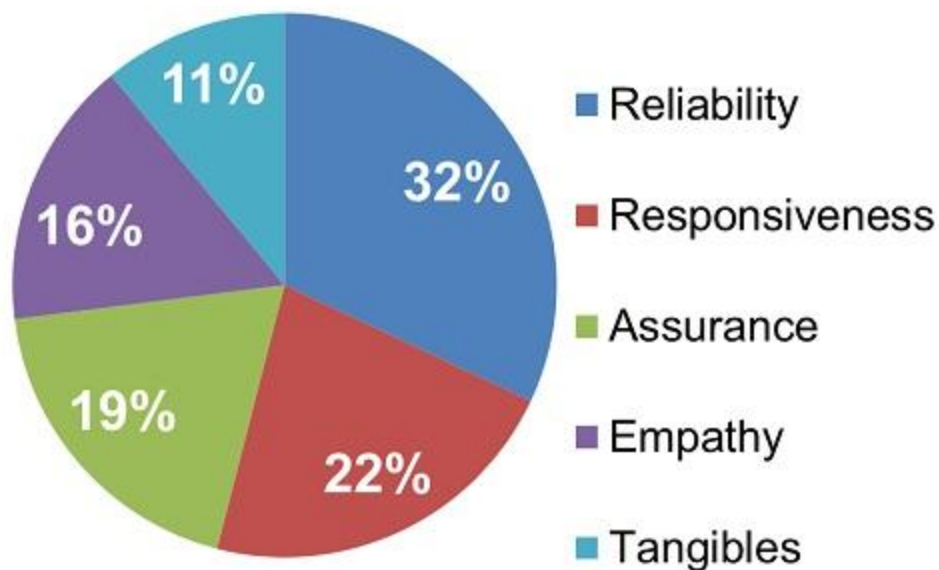
Reliability	The ability to perform the promised services accurately and dependably	<ul style="list-style-type: none"> - Providing service as promised - Dependability in handling customer service problem - Performing service quality right at the first time - Providing service at the promised time - Maintaining error free record
Responsiveness	The willingness to help customers and provide prompt service	<ul style="list-style-type: none"> - Keeping customers information as to when services will be performed - Prompt service to customer - Willingness to help customer - Readiness to respond to customers request
Assurance	The knowledge and courtesy of employees and their ability to convey trust and confidence	<ul style="list-style-type: none"> -employees who instil confidence in customers Marking customers feel safe in their transaction Employees who are consistently courteous Employees who have the knowledge to answer customer questions
Empathy	The caring individualized attention to customer.	<ul style="list-style-type: none"> -giving customers individual attention Employees who deal with customers in a caring fashion -Having the customer's best interest at heart - Employees who understand needs of their customers - convenient business hours
Tangibility	The appearance of physical facilities, equipment, personnel and communication material	<ul style="list-style-type: none"> - Modern equipment - Visually appealing facilities - Employees who have a neat, professional appearance

consequently Serqual has undoubtedly had a major impact on the business and academic communities (Buttle, 1996) and has been said

All dimensions are important to customers, but some more than others. Service providers need to know which are which to avoid majoring in minors. At the same time they can't focus on only one dimension and let the others suffer. Servqual research showed dimensions' importance to each other by asking customers to assign 100 points across all five dimensions.

2.19 The 5 Service Dimensions Customers Care About

The theory was developed by (Ganguli S, & Roy SK, 2011)



1. Just Do It

RELIABILITY: Do what you say you're going to do when you said you were going to do it. Customers want to count on their providers. They value that reliability. Don't providers yearn to find out what customers value? This is it. It's three times more important to be reliable than have shiny new equipment or flashy uniforms. Doesn't mean you can have ragged uniforms and only be reliable. Service providers have to do both. But provider's first and best efforts are better spent making service reliable. Whether it's periodic on schedule, on-site response within Service Level Satisfaction, or Work Orders completed on time.

2. Do It Now

RESPONSIVENESS: Respond quickly, promptly, rapidly, immediately, instantly. Waiting a day to return a call or email doesn't make it. Even if customers are chronically slow in getting back to providers, responsiveness is more than 1/5th of their service quality assessment. Service providers benefit by establishing internal SLAs for things like returning phone calls, emails and responding on-site. Whether its 30 minutes, 4 hours, or 24 hours, its important customers feel providers are responsive to their requests. Not just emergencies, but everyday responses too.

3. Know what you're doing

ASSURANCE: Service providers are expected to be the experts of the service they're delivering. It's a given. Servqual research showed it's important to communicate that expertise to customers. If a service provider is highly skilled, but customers don't see that, their confidence in that provider will be lower. And their assessment of that provider's service quality will be lower. Service providers must communicate their expertise and competencies – before they do the work. This can be done in many ways that are repeatedly seen by customers, such as:

- Display industry certifications on patches, badges or buttons worn by employees
- Include certification logos on emails, letters & reports
- Put certifications into posters, newsletters & handouts

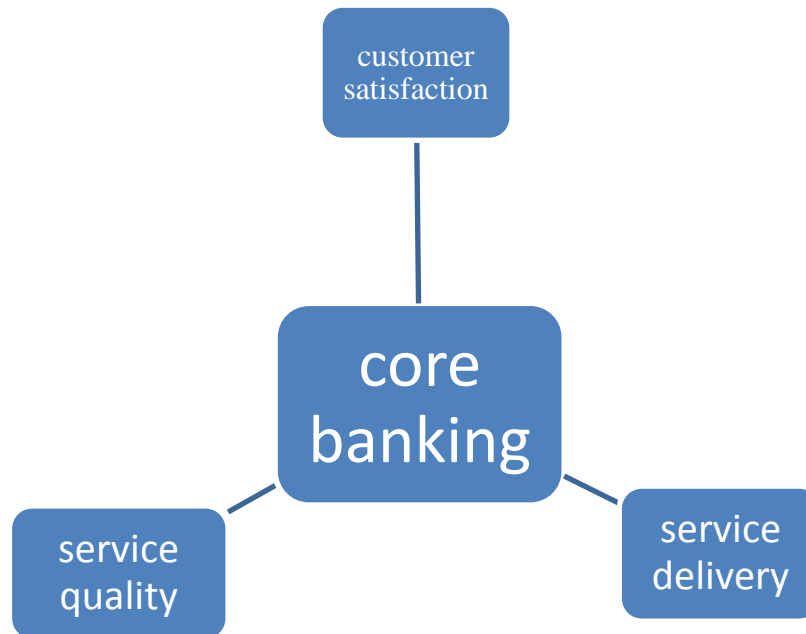
4. Cares about Customers as much as the Service

EMPATHY: Services can be performed completely to specifications. Yet customers may not feel provider employees care about them during delivery. And this hurts customers' assessments of providers' service quality. For example, a day porter efficiently cleans up a spill in a lobby. However, during the cleanup doesn't smile, make eye contact, or ask the customer if there is anything else they could do for them. In this hypothetical the provider's service was performed fully. But the customer didn't feel the provider employee cared. And it's not necessarily the employees fault. They may not know how they're being judged. They may be overwhelmed, inadequately trained, or disinterested. Providers' service delivery can be as important as how it was done. Provider employees should be trained how to interact with customers and their end-users. Even a brief session during initial orientation helps anything to help them understand their impact on customers' assessment of service quality.

5. Look Sharp

TANGIBLES: Even though this is the least important dimension, appearance matters. Just not as much as the other dimensions. Service providers will still want to make certain their employees appearance, uniforms, equipment, and work areas on-site (closets, service offices, etc.) look good. The danger is for providers to make everything look sharp, and then fall short on reliability or responsiveness, the theory was developed by (Ganguli S, & Roy SK, 2011).

2.20 Conceptual framework



2.21 Research Gap

Many studies indicate that there are links between customer satisfaction, service quality & profitability. In order to meet customer demand, many companies need to better serve their customers. Better quality of service can usually get a higher market share and better returns (slu & mou, 2003). Because of high market competition service quality becomes an increasingly important issue in the field of competitive market. Therefore, these issues become very important to satisfy the customer (Broderick & Vachirapornpuc, 2002). (Tizazu Kassa, 2012) has made a survey on service quality in relation to customer satisfaction in commercial bank of Ethiopia. Another study made by (Hallowell 1996), examined customer satisfaction in relation to loyalty. On the other hand, (Levesque and McDougall 1996) comprehensively analyzed the effects of

service quality, service features, and customer complaint handling on customer satisfaction in the Canadian retail-banking sector. Also endalkachew abebe has made research on impact of core banking and service quality on customer satisfaction in specific case of CBE NAAD branch. (Messay S, 2010) also investigated bank service quality, Customer satisfaction and loyalty in Ethiopian banking sector But there might not be the same topic and issue as far as my knowledge. But this research differentiated by focusing on how core banking affects service quality and customer satisfaction, so the researcher will examine the change that come after the application of core banking by measuring the effect on service quality & customer satisfaction.

Chapter Three

Research methodology

Introduction

This chapter presents details of the research design and methodology. And it includes the description of the study, research design, type of data, sample size and sampling technique, population of the study, data source and data collection method, procedure of data collection, questionnaire and reliability test.

3.1 Description of study Area

Commercial bank of Ethiopia is the leading bank in Ethiopia and its established in 1942. The bank is working hard to expand its branches, outlets, districts from them our area of the study will only focus on NAAD OF CBE. It's the biggest district from the fifteen districts in CBE in number of branch, number of customer, but my research will focus on only four selected branches which are grade one **pastor square branch**, from grade to **abune petros branch**, from grade three **wingate branch** from grade four **selassie branch**, and the area coverage of the study is ranged from **fitche** to **ambo** city.

3.2 Research design

Research design is considered as a "blueprint" for the research, dealing with at least four problems: what is the problem to study, which data are relevant, what data to collect, and how to analyze the results, and it's the research design which guides the researchers in the process of collecting, analyzing and interpreting the data. The researcher used the descriptive research design to provide solutions to the research problems. Descriptive research involves gathering data that describe events and then organizes, also regression, correlation, mean and standard deviation have been used to describe the relation between variables, to evaluate degree of argument and examine the deviation of response of the samples. This research design was used because it often uses visual aids such as graphs and charts to aid the reader in understanding the

result of findings. Because the human mind cannot extract the full fact of a large mass of raw data, descriptive statistics is very important in reducing the data to manageable form.

3.3. Types of data

3.3.1 Primary data

The researcher used both primary and secondary data for the research. The primary data is considered as a major source of information as it was directly gathered from the respondents through questionnaires and interviews. On the other hand, the researcher used books, articles in the web sites and other published & unpublished materials for the research. Furthermore, previous research works (indirectly related with the research) The researcher collected the data by using methods which can help the researcher collect the necessary data which is became ingredients for the accomplishment of the whole research, so from the primary data interview and questionnaire were used. The key point here is that the data you collect is unique to you and your research and, until you publish it, According to (Kothari 2004), Primary data are fresh data that are gathered for the first Time and thus happened to be original in character. Primary data of the study was Information gathered from customers of the bank. Questionnaire that has both open-ended and closed ended question were prepared and delivered to customers in order to gather the primary data, and interview has been conducted district manager and operational manager.

3.3.2 Secondary data

The secondary data was collected from different sources such as, websites, books, and articles, Journals, which are published by different researchers and institutions, information obtained from the website and publication of the bank.

3.4 Population of the study

The general population of this project was all customers of Commercial Bank of Ethiopia, NAAD. Numerically, the total number of the customer is more than one million customers, which are found in NAAD, which include government and private organization, business corporate, religious organization, public enterprise, and individual saving. The area coverage of the study is ranged from **Fitche** to **Ambo** city. There is a great amount of money mobilization in this district and it's the biggest district from the four Addis Ababa districts in CBE in number of

branch, number of customer, but the research will focus only on four selected branches which are grade one, two, three, four.

3.5 Research hypothesis (Testing Hypothesis)

The hypothesis testing was done through multiple regression analysis. According to (Meyers et al, 2006) the multiple regression is a very useful tool that has become very popular in behavioral study. After getting empirical data from the questionnaires (full version & final version Questionnaires), the regression coefficient and T-value from SPSS result have been used to estimate results for hypothesis testing and answer other research questions. The regression coefficient is interpreted as the rate of change in dependent variable (service quality & customer satisfaction) as a function of change in independent variables (factors). Below table presents findings from the study, where Beta values are the coefficients of regression and t-value are used to decide on the significance. Expectedly, t-value with greater value of regression coefficients is found higher. Following the rule of thumb (George & Mallery, 2003), t-value greater than two ($T > 2$) is considered as significant, and are used for making decisions on the constructed hypotheses.

3.6 Sample and sampling techniques

The sampling technique that was used in this study was convenient sampling techniques. In order to acquire sufficient information on both quality and quantity, the researcher takes a sample of 100. And stratified sampling for the branches ranged from grade one up to grade four and each branches will 25 respondents, so each strata (branches) will has 25 respondent, Therefore the total sample size of this research is 100 customers, since its indefinite population it will hard and valueless to include more than this sample size according to (Manrai LA, & Manrai A K, 2007) it's enough to collect 100 sample for indefinite population.

3.7 Method of data collection

Data collection method that was used in this research was self-administered questionnaire that comprises both open end and closed end question and interview.3.7.1 Interview

The researcher has interviewed the respondent by using semi structured question. This helps the interviewer to add any other question from the respondent's answers. So this technique makes the response clear and useful for measurement. The interviewees were the representative of CBE they are district manager, operation management.

3.7.1 Questionnaire

The questionnaire has three parts. These are: - Service Quality Questionnaire, core banking Questionnaire, Customer Satisfaction Questionnaire, and service delivery questionnaire.

3.7.1.1 Service Quality Questionnaire

The first part of the questionnaire measures the banks service quality by using a five – point Likert response scale which includes strongly satisfied (1), satisfied (2), neither satisfied nor dissatisfied (neutral) (3), dissatisfied (4) and strongly dissatisfied (5). After a review of the literature, they were developed in the questionnaire based on Cronin and Taylor 1992.

3.7.1.2 Core banking questionnaire

The second part of the of the questionnaire measures the core banking customer satisfaction by using a five –point Likert response scale which includes strongly satisfied(1), satisfied(2), neutral (3), dissatisfied(4) and strongly dissatisfied(5).Customer Satisfaction Questionnaire. The aim of this research was to evaluate the level of service quality and customer satisfaction of the entire population

3.7.1.3 Customer satisfaction questionnaire

This questionnaire measures the core banking customer satisfaction by using a five –point Likert response scale which includes strongly satisfied (1), satisfied (2), neutral (3), dissatisfied (4) and strongly dissatisfied (5).Customer Satisfaction Questionnaire. The aim of this research was to evaluate the level of customer satisfaction of the entire population

3.7.1.4 Service delivery questionnaire

The aim of this service delivery questionnaire is to measure the delivery of service by using a five –point Likert response scale which includes strongly satisfied (1), satisfied (2), neutral (3), dissatisfied (4) and strongly dissatisfied (5).

3.8 Method of data analysis

The collected data were entered into SPSS version 24 and analyzed by using descriptive statistics. In this study, descriptive analysis was chosen because of its simplicity and clarity to draw inferences. Averages, percentages, frequency and tables, they were used for the analysis of the collected data, by using regression and correlation, and Inferential statistics were used to analyze the existing relationship between the two variables. The researcher has used the service quality and customer satisfaction as the dependent variable and independent i.e. core banking dimensions (i.e. reliability, responsiveness, assurance, empathy, and tangibles) and core banking factor.

As explained in the preceding part, the study designed in mixed method. To this end, both qualitative and quantitative analyses analysis techniques were used. Data that are collected by using questionnaire were analyzed through frequency distribution Statistical Package for the Social Scientists (SPSS). It helps to describe what the data look like, where there center (mean), percentage, frequency and standard deviation is. And the choices on the questionnaire indicated as high, moderate and low according to (Kessuwan & Muenjohn 2010), the points found between 1.00-2.49 mean grade considered as high level of satisfaction in which an point have, points found between 2.50-3.49 mean point considered as the point have moderate level of satisfaction and points found between 3.50-5.00 mean score means the points have low level of customer satisfaction.

3.9 Research Reliability and Validity

3.9.1. Reliability

Reliability is concerned with the question of whether or not a result is stable Rathmell J.M. (1966). And also (George & Mallery 2003) provide the rules of thumb that indicates ≥ 0.9 – Excellent, ≥ 0.8 – Good, ≥ 0.7 – Acceptable, ≥ 0.6 – Questionable, ≥ 0.5 – Poor, and ≤ 0.5 – Unacceptable (p. 231) to measure the consistency of the questionnaire. Hence the Cronbach's alpha coefficient of this thesis questionnaire is 0.76 which indicates it is acceptable.

3.9.2. Validity

Validity refers to the degree to which a study accurately reflects or assesses the specific concept or construct that the researcher is attempting to measure. Content validity will show the extent to which the survey items and the scores from these questions are representative of all the possible questions about the effect of core banking on service quality and customer satisfaction. The questionnaire has been tested through a pilot test, and also examined by the assigned advisor. This helped to assess whether the survey questions seem relevant to the subject it is aimed to measure, if it is a reasonable way to gain the needed information.

CHAPTER FOUR

Data Presentation and Analysis

4.1. Introduction

As discussed in previous chapters this study attempted to examine the Relationship between core banking on service quality and customer satisfaction. Therefore, the findings of the study were presented and analyzed in this chapter. The questionnaire were developed in five scales ranging from five to one; where **5** represents Strongly dissatisfied, **4**dissatisfied , **3** Neutral, **2**satisfied, and **1** strongly satisfied. These five scales are treated as interval scale to conduct statistical analysis. (Harry and Deboraha, 2012) stated that Likert scale data, can analyzed at the interval measurement scale. Likert scale items are created by calculating a composite score (sum or mean) from four or more type Likert-type items; the composite score for Likert scales can be analyzed at the interval measurement scale. Descriptive statistics recommended for interval scale items include the mean for central tendency and standard deviations for variability. The questionnaire was developed as likert scale rather than likert type therefore likert items were calculated (sum or mean) for statistical analysis. Therefore the questionnaire developed for this study was likert scale in nature.

In order to assess the relationship between organizational climate and employee's organizational commitment, Correlation and regression analysis were conducted for scale typed questionnaire. A total of 115questionnaires were distributed to customers and 115 (82.75%) or 100 of the questionnaire were properly filled by the respondent from 115, (17.25%) or 15 were incomplete my aim was to collect 100 questionnaire from the whole population according to (Manrai, L.A., Manrai, A.K, 2007) for indefinite population the number of sample can be up to 100 questionnaire were obtained valid and used for analysis. The collected data were presented and analyzed using 24 software version.

The study used correlation analysis to measure the degree of association between different variables under consideration .Regression Analysis was also used to test the effect of independent variable on dependent variable.

4.2. Demographic Background of the Respondents

The demographic profile of the respondents was presented in this section. The personal profile of the respondents is analyzed as per their gender, age, levels of educational achievements, and years of being customer at CBE. Descriptive statistics was performed on the demographic variables as a means of describing the respondents. In addition statistical test was conducted to investigate the difference of service quality.

Table 4.1

Characteristics		Frequency	percent	Cumulative percent
Gender of the respondent	Male			
	Female			
Total				
Age of the respondent	15-20	10	10	10
	21-30	42	42.0	52.0
	31-40	10	10.0	62.0
	41-50	18	18.0	80.0
	51-60	16	17.0	97.0
	61 and above	2	2	99.0
	Total	100	100.0	100
	Missing system	1	1.0	100
Educational level	prim scho 8 comple	16	16.0	16.0
	Certificate	12	12	28
	Diploma	22	22.0	50
	Degree	35	35	85.0
	second degree	10	10.0	95.0
	above masters	5	5.0	100.0
Total		100.0	100.0	100.0

		Frequency	percent	Cumulative percent
Years of being commercial bank of Ethiopia's customer	0-5 years	26	26.0	26.0
	6-10 years	33	33.0	59.0
	11-15 years	27	27.0	86.0
	16 & above years	14	14.0	100.0
	Total	100	100.0	
Frequency of using the Bank	Daily	23	23.0	23.0
	Twice a weak	24	24.0	47.0
	Weekly	21	21.0	68.0
	Monthly	27	27.0	95.0
	Sometimes	5	5.0	100.0
	Total	100	100.0	

Source: Own survey 2018

The above tables give a detail range of composition of gender, and 65% of the respondent are males and the remaining 34% of the respondent are females, one of the respondent forget to fill in the space so we can understand from this that most of the respondent are males, and when we came to The age category is between 15-61 and above which aimed to include all age category. The bottom age groups is between 15-20 there are 10% of age group category under this age ranges, the second one is between 21-30 and their involvement is 42% which take the major part of the age composition thirdly 31-40 ages takes 10% of the respondent, from 41-50 takes 18% of the response age group, 17% goes to the age group between 51-60, the last group of the age category is in 61 and above and it takes 2%, and I found I missing. We can observe that of between 21-30 takes the major share of the age group. The educational qualification of the respondent, 16% of the respondent has primary school 8 completed grades, the certificate holders

are 12%, 22% of the respondent are have diploma, the major part the educational states are degree holders, the next are second degree holders which contributes 10% of the total, and rest respondent have above masters. So the major of the respondent have first degree.

There encouraging number of new customer in CBE from 0-5 years 26% take part of the whole respondent, from 6-10 years contribute 33% of the total, 27% of the respondent has been a customer of CBE since the last 11-15 years, and 16 & above customer of the bank contribute 14%.majority of the respondents have 33% of the respondent has been customer CBE since the last 6-10 years.

23% of the customers of CBE visit the bank every day and 24% part of the other customers visit the bank twice a week, 21% of the respondent visit the bank weekly, major of the respondent which is 27% came to branches monthly, and only 5% came to the bank in undefined time. Therefore most or 27% of the respondent came to branches on monthly bases we can understand from this most of the respondent have the habit of visiting the branches on average 15 days so it will not be difficult to do KYC analysis.

4.3 Descriptive statistical analysis

There are values which are very important to measure and analyze the scale of each response i.e. cumulative percentage, percent, and the variables which will be measured by the above scales are core banking, customer satisfaction, service delivery, and service quality.

The scale number are designed to measure your satisfaction and dissatisfaction level in relation with each question and it's interpreted as follows

1. Strongly satisfied (SS),

2.Satisfied (S),

3. Neutral (N),

4. Dissatisfied (D),

5. Strongly dissatisfied (SD)

*** Service quality questionnaire**

1. Empathy

Table 4.2

Statement	Level	frequency	Percent	Cumulative percent
The employees understand my specific needs	strongly satisfied	30	30.0	30.0
	Satisfied	50	50.0	80.0
	Neutral	7	7.0	87.0
	Dissatisfied	5	5.0	92.0
	Strongly dissatisfied	8	8.0	100.0
	Total	100	100.0	
the employees and the bank give detail attention to its customers	strongly satisfied	13	13.0	13.0
	Satisfied	62	62	75
	Neutral	5	5	80
	Dissatisfied	14	14.0	94.0
	Strongly dissatisfied	6	6.0	100.0
	Total	100	100.0	
the operating hours are convenient to me	strongly satisfied	23	23.0	23.0
	Satisfied	54	54.0	77.0
	Neutral	10	10.0	87.0
	Dissatisfied	7	7.0	94.0
	Strongly dissatisfied	6	6.0	100.0
	Total	100	100.0	

Statement	Level	frequency	Percent	Cumulative percent
the bank give prior attention to the Customer need	strongly satisfied	24	24.0	24.0
	Satisfied	56	56.0	80.0
	Neutral	7	7.0	87.0
	Dissatisfied	9	9.0	91.0
	Strongly dissatisfied	9	9.0	100.0
	Total	100	100.0	
the bank is opened to any suggestion and recommendation	strongly satisfied	34	34.0	34.0
	Satisfied	49	49.0	83
	Neutral	4	4	87.0
	Dissatisfied	4	4.0	91.0
	Strongly dissatisfied	8	8.0	99.0
	Missing	1	1	100.0
	Total	100	100	
Every customer is treated equally by both the staff and the bank	strongly satisfied	28	28.0	28.0
	Satisfied	51	51.0	79.0
	Neutral	10	10.0	89.0
	Dissatisfied	9	9.0	98.0
	Strongly dissatisfied	1	1.0	99.0
	Missing	1	1	100.0
	Total	100	100	

Source: own survey 2018

The above table depict that 30 percent of customers strongly satisfied at the employees understand my specific needs, 50 percent customers satisfied, 7 percent are neutral, 5 percent customers dissatisfied and 8 percent customer are strongly dissatisfied. With this specific point of view 50% of the respondent satisfied with the question the employees understand my specific needs, this shows as majority of the respondent believe that the employees their special needs,

the other one is giving detail attention to the customer, From the respondents (13) strongly satisfied, 62 percent are satisfied, 5 percent are neutral, 14 percent are dissatisfied 6 percent are strongly dissatisfied. So the employees and the bank give detail attention to its customers has majority vote from 75% on the question, so the client know that the employees are working hard to fulfill their need. For the question about the operating hours are convenient to me, 23 percent strongly satisfied, 54 percent of customers satisfied, 10 percent of customers are neutral, 7 percent of the customers dissatisfied and 6 percent of the customers strongly dissatisfied, the operating hours are convenient to me makes most of the respondent satisfied which is 77%, we can see that working hour is suitable to the customers

The above table shows the result the bank give prior attention to the customer need. Accordingly majority (24 percent) of the respondents has strongly satisfied, 56percent of the respondents are satisfied, 7 percent of the respondents are neither satisfied nor dissatisfied, 4 percent of the respondents are dissatisfied and the rest 9 percent of the respondents are strongly dissatisfied. The bank is satisfying the customers significantly with this aspect and should maintain the performance almost 80% of the respondent satisfied with the idea the prior attention of the bank. Its s huge percentage that satisfied with the issue which is the bank is working for the satisfaction of its customers. Among the respondents 34 percent of them strongly satisfied, 49 percent satisfied, 4 percent neutral, 4percent dissatisfied and 8 percent strongly dissatisfied. And 1% found to be missed, the bank should improve speed of its service because there are steal 12% numbers of respondents are below satisfied, more than average of the respondents believe that the bank is opened to suggestion and recommendation when the bank is opened to recommendation and conclusion it show as that the bank is giving attention to the voice of clients,

Every customer is treated equally by both the staff and the bank. 28 percent of the respondents strongly satisfied, 51 percent of customers are satisfied, 10 percent neutral, 9 percent of the respondent have dissatisfied and 1percent of the customers are strongly dissatisfied. 1 option is missed; Employees and the bank should treat the customer equally to make all the customers satisfied strongly it's a big percentage 79% of the respondent feel that they have been treated equally

2. Responsiveness

Table 4.3

Statement	Level	frequency	Percent	Cumulative percent
The employees does inform you the time consumption of each service to be delivered	strongly satisfied	26	26.0	26.0
	Satisfied	55	55.0	82.0
	Neutral	7	7.0	89.0
	Dissatisfied	4	4.0	93.0
	Strongly dissatisfied	7	7.0	100.0
	Total	100	100.0	
Does the staff give you adequate and quick Service	strongly satisfied	24	24.0	24.0
	Satisfied	62	62.0	86.0
	Neutral	10	10.0	96.0
	Dissatisfied	4	4.0	100.0
	Strongly dissatisfied	-	-	-
	Total	100	100.0	
Are the staff there to assist to you on your Need	strongly satisfied	38	38.0	38.0
	Satisfied	56	56.0	94.0
	Neutral	-	-	-
	Dissatisfied	1	1.0	95.0
	Strongly dissatisfied	5	5.0	100.0
	Total	100	100.0	

Statement	Level	frequency	Percent	Cumulative percent
Bank staff are not too busy to respond to my Question	strongly satisfied	23	23.0	23.0
	Satisfied	54	54.0	77.0
	Neutral	18	18.0	96.0
	Dissatisfied	3	3.0	99.0
	Strongly dissatisfied	1	1.0	100.0
	Total	100	100.0	
The bankers give information about the time the service will be performed	strongly satisfied	23	23.0	23.0
	Satisfied	68	68.0	91.0
	Neutral	7	7.0	98.0
	Dissatisfied	1	1.0	99.0
	Strongly dissatisfied	1	1.0	100.0
	Total	100	100.0	

Source: own survey 2018

The above question shows the employees does inform you the time consumption of each service to be delivered and the major of the respondent 26% ticked on the strongly satisfied option, 55% choose satisfied, 7% neither dissatisfied nor satisfied, 4% of the respondent dissatisfied with the question, it's not a little number who choose strongly dissatisfied which are 7%, even if strongly satisfied and satisfied options are high there is a little number of dissatisfied customers so they should work hard to insure full disbursement information, therefore there is a practice of informing the customers about the time consumption. And the second question does the staff gives you adequate and quick service. Accordingly 24percent strongly satisfied with the idea of service, 62 percent of the respondents have satisfied, 22 percent of the respondents are neither

satisfied nor dissatisfied, 6 percent of the respondents are dissatisfied and the least 15 percent of the respondents are strongly dissatisfied with the adequate and quick service.

With this aspect, the bank should also improve the way adequate and quick service is provided to address those who dissatisfied and strongly dissatisfied, 86 % has satisfied with the adequate and quick service of CBE. The third question 38 percent of the respondents are strongly satisfied, 56 percent of the respondents are satisfied, 0 percent of the respondents are neither satisfied nor dissatisfied, one percent of the respondents are dissatisfied and the least 5percent of the respondents are strongly dissatisfied with the bank employees' professional competence. Even though most of the bank customers are highly satisfied with professional competence of employee, the bank should further improve in order to better satisfy especially those who dissatisfied.

From the above table we can understand that most of the respondent are satisfied with the response of the employees 23 percent of the respondent has strongly satisfied with the idea, 54 percent satisfied on the issue, 18 percent are neutral, 3 percent of the respondent dissatisfied toward the question, and 1 percent of the respondent strongly dissatisfied on the response of the employees. So we can conclude that most of the respondent has been satisfied we the quick response of the employees. The final question, The service time of the bank has been properly informed to the respondent when we see their reply, 23 percent of the respondent has strongly satisfied, 68 percent of the respondent satisfied, 7 percent of the respondents neither satisfied nor dissatisfied, 1 percent of them didn't gate information the service will be performed, and 1 percent respond they strongly dissatisfied with issue. Therefore we can come to a point. When we see the both side of satisfy the almost all respondent has sided on the satisfied side so which means majority of the customer's gate information about service delivery.

3. Tangibility

Table 4.4

Statement	Level	frequency	Percent	Cumulative percent
The bankers has neat and professional Appearance	strongly satisfied	29	29.0	29.0
	Satisfied	56	56.0	85.0
	Neutral	10	10.0	95.0
	Dissatisfied	2	2.0	97.0
	Strongly dissatisfied	3	3.0	100.0
	Total	100	100.0	
Materials like, Vouchers, table, chair, And adequate things Are available at the Bank	strongly satisfied	20	20.0	20.0
	Satisfied	63	63.0	83.0
	Neutral	8	8.0	91.0
	Dissatisfied	6	6.0	97.0
	Strongly dissatisfied	3	3.0	100.0
	Total	100	100.0	
The bank is equipped with modern equipment and tools	strongly satisfied	23	23.0	23.0
	Satisfied	64	64.0	87.0
	Neutral	12	12.0	99.0
	Dissatisfied	1	1.0	100.0
	Strongly dissatisfied	-	-	-
	Total	100	100.0	

Statement	Level	frequency	Percent	Cumulative percent
Adequate physical facilities are available at the bank	strongly satisfied	21	21.0	21.0
	Satisfied	40	40.0	61.0
	Neutral	13	13.0	76.0
	Dissatisfied	23	23.0	87.0
	Strongly dissatisfied	-	-	-
	Missing	3	3.0	100.0
	Total	100	100.0	

Source: own survey 2018

The above question the bankers have neat and professional appearance. 29 percent of the respondent strongly satisfied with the question, 56 percent just ticked on satisfied option, 10 percent are neutral, 2 percent dissatisfied, and 3 percent strongly dissatisfied. So from this we can understand that there is neat and professional appearance, since it's a bank dressing has big matter the way the client's perception of the bank. And for the second one 20 percent has strongly satisfied, majority 63 percent of the respondent has satisfied with the question materials like vouchers, table, chair, and adequate things are available at the bank, 8 percent are neutral, 6 percent dissatisfied, and 3 percent of the respondent has strongly dissatisfied with the question. So more than 83% of respondent satisfied with the adequate material of the bank. Its most for any company to fulfill the basic facility, CBE as a bank has to be equipped with modern and basic facility, thirdly 23 percent of the respondent strongly satisfied with the issues, 64 percent of the respondent satisfied, 12 are neutral, 1 percent of the respondent dissatisfied with the issue, and 0% strongly dissatisfied with question the bank is equipped with modern equipment and

tools but 87% of the respondent satisfied with the issues, basic modern equipment and tools are the necessity not extravagance and there is highly satisfied on this issue.

Finally we can understand there is high satisfaction. 21 percent of the respondent strongly satisfied, and next to that 40 percent satisfied on the question, 14 are neutral, dissatisfaction level is 22 percent, there are nil number of respondent percent of strongly dissatisfied. 3% were not found, so we can satisfy that there is adequate physical facility but hard work must be added to fully satisfy all of the customers its good percent and more has to be done.

4. Assurance

Table 4.5

Statement	Level	frequency	Percent	Cumul percent
The bank perform error free transaction	strongly satisfied	26	26.0	26.0
	Satisfied	49	49.0	75.0
	Neutral	9	9.0	84.0
	Dissatisfied	6	6.0	90.0
	Strongly dissatisfied	10	10.0	100.0
	Missing	100	100.0	26.0
	Total	26	26.0	
The staff show a keen interest in solving any Problems	strongly satisfied	25	25.0	25.0
	Satisfied	61	61.0	86.0
	Neutral	11	11.0	97.0
	Dissatisfied	3	3	100.0
	Strongly dissatisfied	-	-	-
	Total	100	100.0	
The bank perform each and every Transaction Neatly	strongly satisfied	35	35.0	35.0
	Satisfied	59	59.0	96.0
	Neutral	1	1.0	97.0
	Dissatisfied	-	-	-
	Strongly dissatisfied	2	2.0	99.0
	Missing	1	1	
	Total	100	100.0	100.0

Statement	Level	frequency	Percent	Cumulative percent
Each transaction will be completed in a Minimum time	strongly satisfied	21	21.0	21.0
	Satisfied	59	59.0	80.0
	Neutral	15	15.0	95.0
	Dissatisfied	10	10.0	95.0
	Strongly dissatisfied	5	5.0	100.0
	Total	100	100.0	

Source: own survey 2018

Most of the respondent tick on strongly satisfied and satisfied, their percent of choice is, 23 strongly satisfied, 56 percent satisfied with the issue of zero error, 10 of the respondent are neutral, 5 percent respond the respondent dissatisfied and strong dissatisfied share the same value. From the total respondent 1% were missed Therefore we can conclude that more that 58 percent of the respondent have satisfied with the issue the bank insist zero error transaction, so the bank is working hard to eliminate any problems. For the second question 11 percent of the respondent strongly satisfied with the question, 60 percent of them reply satisfied, 3 are choose neutral, only 18 percent of the whole respondent dissatisfied with the issue, and 7 percent strongly dissatisfied by the issue. 1% was not filled, more than average of the respondent has satisfied with the question of even though the bank should focus on finding out more problems that hinder the customers to satisfy more.

For the question the bank perform each and every transaction neatly to the customers when we see their reply, 35 percent of the respondent has strongly satisfied, 59 percent of the respondent satisfied, only 1 percent of the respondents neither satisfied nor dissatisfied, no one mark on the dissatisfied option, and 12 percent respond they strongly dissatisfied with issue. Therefore we can come to a point When we see the both side of satisfaction the respondent has sided on the satisfied side so which means majority of the customers witness neat transaction, but it has to be

neat until all of the customers didn't complain on the bank. As far as bringing completion of transaction is concerned, 21 percent of the respondents are Strongly satisfied, 59 percent of the respondents are satisfied, 15 percent of the respondents are neither satisfied nor dissatisfied, 5 percent of the respondents has dissatisfied and the zero percent of the respondents has chooses strongly dissatisfied. The bank should keep the existing performances and must further improve the fast completion of transaction satisfy all of the customers.

5. Reliability

Table 4.6

Statement	Level	frequency	Percent	Cumulative percent
The bank insist zero Error transaction	strongly satisfied	23	23.0	23.0
	Satisfied	56	56.0	79.0
	Neutral	10	10.0	89.0
	Dissatisfied	5	5.0	94.0
	Strongly dissatisfied	5	5.0	99.0
	Missing	1	1.0	100.0
	Total	100	100.0	
Bank show keen Interest in giving solution to problem	strongly satisfied	11	11.0	11.0
	Satisfied	60	60.0	71.0
	Neutral	3	3.0	74.0
	Dissatisfied	18	18.0	92.0
	Strongly dissatisfied	7	7.0	99.0
	Missing	1	1.0	100
	Total	100	100.0	

The bank fulfills its Promise at the stated Time	strongly satisfied	21	21.0	21.0
	Satisfied	50	50.0	71.0
	Neutral	9	9.0	80.0
	Dissatisfied	8	8.0	88.0
	Strongly dissatisfied	12	12.0	100.0
	Total	100	100.0	
Statement	Level	frequency	Percent	Cumulative percent
There is no delay In service delivery	strongly satisfied	25	25.0	25.0
	Satisfied	63	63.0	88.0
	Neutral	5	5.0	93.0
	Dissatisfied	2	2.0	95.0
	Strongly dissatisfied	5	5.0	100.0
	Total	100	100.0	
There is reliability in Secrecy of my account	strongly satisfied	35	35.0	35.0
	Satisfied	51	51.0	86.0
	Neutral	5	5.0	91.0
	Dissatisfied	4	4.0	95.0
	Strongly dissatisfied	4	4.0	99.0
	Missing	1	1.0	100.0
	Total	100	100.0	
Problems are solved Easily and quickly	strongly satisfied	26	26.0	26.0
	Satisfied	57	57.0	83.0
	Neutral	8	8.0	91.0
	Dissatisfied	6	6.0	97.0
	Strongly dissatisfied	3	3.0	100.0
	Total	100	100.0	

Source: own survey 2018

Most of the respondent tick on strongly satisfied and satisfied, their percent of choice is, 23 strongly satisfied, 56 percent satisfied with the issue of zero error, 10 of the respondent are neutral, 5 percent respond the respondent dissatisfied and strong dissatisfied share the same value. From the total respondent 1% were missed Therefore we can conclude that more that 58 percent of the respondent have satisfied with the issue the bank insist zero error transaction, so the bank is working hard to eliminate any problems.

And When we see the above table 11 percent of the respondent strongly satisfied with the question, 60 percent of them reply satisfied, 3 are choose neutral, only 18 percent of the whole respondent dissatisfied with the issue, and 7 percent strongly dissatisfied by the issue. 1% was not filled, more than average of the respondent has satisfied with the question of even though the bank should focus on finding out more problems that hinder the customers to satisfy more.

The above Table shows information regarding the bank fulfill its promise at the stated time. Accordingly majority 21 percent of the respondents strongly satisfied, 50 percent of the respondents are satisfied, 9 percent of the respondents are neither satisfied nor dissatisfied, 8 percent of the respondents dissatisfied and the least 12 percent of the respondents strongly dissatisfied with the bank fulfill its promise at the stated time. With this aspect the bank should also improve the fulfillment of the promise to the customers and bank should work hard to satisfy the ones which are not satisfied. As far as bringing quick service delivery is concerned, 25 percent of the respondents are strongly satisfied, 63 percent of the respondents are satisfied, 5 percent of the respondents are neither satisfied nor dissatisfied, 2 percent of the respondents have dissatisfied and the rest 5 percent of the respondents are strongly dissatisfied. The bank should keep the existing performances and must further improve the service delivery timing and satisfy dissatisfied customers.

The table show as the level of customers' satisfaction to due to reliability in secrecy of the account. And 35 percent of the respondents are strongly satisfied, 51 percent of the respondents satisfied, 5 percent of the respondents are neither satisfied nor dissatisfied, 4 percent of the respondents are dissatisfied and the least 4 percent of the respondents are strongly dissatisfied with the performance of the employees of the bank. 1 option were left without any description Certainly, most customers of the bank are satisfied in reliability in secrecy of the account; but the

bank should keep this situation and work more to create better satisfaction to entire customers. Regarding problem is solved easily and quickly. Accordingly majority 26 percent of the respondents are strongly satisfied, 57 percent of the respondents are satisfied, 8 percent of the respondents are neither satisfied nor dissatisfied, 6 percent of the respondents dissatisfied and the 3 percent of the respondents are strongly dissatisfied with the quick service of this bank. With this aspect the bank should also improve speed of the services the problem solving speed to address those who are not satisfied.

- **Core banking questionnaire**

Table 4.7

Statement	Level	frequency	Percent	Cumulative percent
Core banking brings quick transfer of transaction and banking Process	strongly satisfied	22	22.0	22.0
	Satisfied	65	65.0	87.0
	Neutral	11	11.0	98.0
	Dissatisfied	-	-	-
	Strongly dissatisfied	2	2.0	100.0
	Total	100	100.0	
Core banking reduces The time spent in the Bank	strongly satisfied	26	26.0	26.0
	Satisfied	59	59.0	85.0
	Neutral	9	9.0	94.0
	Dissatisfied	1	1.0	95.0
	Strongly dissatisfied	4	4.0	99.0
	Missing	1	1.0	100
	Total	100	100.0	

There is more flexibility Of service due to core Banking	strongly satisfied	18	18.0	18.0
	Satisfied	59	59.0	77.0
	Neutral	6	6.0	83.0
	Dissatisfied	13	13.0	96.0
	Strongly dissatisfied	4	4.0	100.0
	Total	100	100.0	

Statement	Level	frequency	percent	Cumulative percent
Transaction cost is low Due to core banking Technology	strongly satisfied	20	20.0	20.0
	Satisfied	63	63.0	83.0
	Neutral	12	12.0	95.0
	Dissatisfied	5	5.0	100.0
	Strongly dissatisfied	-	-	
	Total	100	100.0	
Core banking improve The way business Performed	strongly satisfied	20	20.0	20.0
	Satisfied	52	52.0	72.0
	Neutral	9	9.0	81.0
	Dissatisfied	15	15.0	96.0
	Strongly dissatisfied	3	3.0	99.0
	Missing	-	-	100.0
	Total	100	100.0	

Core banking enhance Error free transaction	strongly satisfied	29	29.0	29.0
	Satisfied	48	48.0	77.0
	Neutral	7	7.0	84.0
	Dissatisfied	12	12.0	96.0
	Strongly dissatisfied	4	4.0	100.0
	Total	100	100.0	
Statement	Level	frequency	Percent	Cumulative percent
Core banking brings Enhanced security of Account information	strongly satisfied	26	26.0	26.0
	Satisfied	59	59.0	85.0
	Neutral	3	3.0	88.0
	Dissatisfied	5	5.0	93.0
	Strongly dissatisfied	7	7.0	100.0
	Total	100	100.0	
Core banking brings High speed of services	strongly satisfied	23	23.0	23.0
	Satisfied	54	54.0	77.0
	Neutral	13	13.0	90.0
	Dissatisfied	6	6.0	96.0
	Strongly dissatisfied	3	3.0	99.0
	Missing	1	1.0	100.0
	Total	100	100.0	

I am generally satisfied By core banking	strongly satisfied	17	17.0	17.0
	Satisfied	59	59.0	76.0
	Neutral	7	7.0	83.0
	Dissatisfied	12	12.0	95.0
	Strongly dissatisfied	5	5.0	100.0
	Total	100	100.0	

Source: own survey 2018

From the result it can be obtained that 22 percent of customers of CBE are strongly satisfied with the question, 65 percent are satisfied and 11 percent neutral. The above table implies that, and 2 percent of customers are strongly dissatisfied, even though there is less satisfied 2% are not satisfied by core banking quick service and banking process, a significant amount of respondent have satisfied with quick service of core banking. for the second question of the above table depict that 26 percent of customers are strongly satisfied at the bank promised efficiently and on time , 59 percent customers are satisfied, 9 percent are neutral, 1percent customers dissatisfied and 4 percent customer has strongly dissatisfied. With this specific question, 85 % of customers have satisfied with the issue of core banking increasing speed of transaction but a lot has to be done to satisfy the entire respondent to be satisfied by speed of core banking. and flexibility of service due to core banking , 18 percent of customers strongly satisfied, 59 percent of customers satisfied, 6 percent of the customers are neither satisfied nor dissatisfied, 13 percent of customers are dissatisfied, and 4 percent customers are strongly dissatisfied. This shows as they are more flexibility because of core banking but more has to be done.

The other question is that your transactions with the bank became low cost because of core banking. For this, 20percent of customers are strongly satisfied, 63 percent of customers are satisfied, 12percent of the customers are neither satisfied nor dissatisfied, 5 percent of customers are dissatisfied, and zero percent customers are strongly dissatisfied, so some of the customer think that there is rigidity in core banking so more should be done for its elimination. From the

result it can be concluded that 20 percent of customers of CBE branch have strongly satisfied, 52 percent satisfied and 9 are percent neutral. The above table implies that 15 percent of costumers has dissatisfied, and 3 percent of costumers strongly dissatisfied, and 1% found to be nil. 18 percent of the respondent didn't satisfied with the issues so we have to make sure business has improved because of core banking. As we can see on the above table implies 29 percent of the customers strongly satisfied while 48% satisfied and 7% neutral. Customers who did dissatisfied are 12% and 4% strongly dissatisfied, as we see the effect of core banking for the enhancement error free transaction there is about 77 percent of the respondent satisfied with error free transaction because of core banking implementation, but a lot effort has to be added to fully satisfy all of the customers.

The table implies 26 percent of the customers strongly satisfied on the information, 59 percent satisfied, 3 percent were neutral, 5 percent dissatisfied and 7 percent strongly dissatisfied of the 100%, more than half of the respondent are satisfied by the account security that is brought because of core banking, the customer feel that their account is secure the bank has to put a lot effort for the well response of the customers. for the question core banking in bringing high speed of service, 23 percent of the customers strongly satisfied, 54 percent satisfied, 13 percent were neutral, while 6% of the customers dissatisfied and 3 percent strongly dissatisfied, the high speed of service will accelerate if high service delivery is implemented throughout the bank, not only 77 percent but 100% will be delighted by the practice core banking in bringing high speed of service.

The last question shows us 17 percent of CBE customers strongly satisfied on the survey while 59% satisfied, 7 percent respondent neither satisfied nor dissatisfied, the rest of the customers which is 12 dissatisfied %, the respondent who strongly dissatisfied are 5 percent the satisfied ones are 76 percentage which are satisfied and remaining are on the other side so much has to be done for the effectiveness of core banking.

• Customer satisfaction questionnaire

Table 4.8

Statement	Level	frequency	Percent	Cumulative percent
I am satisfied with the Whole service of the Bank	strongly satisfied	27	27.0	27.0
	Satisfied	56	56.0	83.0
	Neutral	8	8.0	91.0
	Dissatisfied	3	3.0	94.0
	Strongly dissatisfied	6	6.0	100.0
	Total	100	100.0	
I am satisfied by the Quick service delivery of The bank	strongly satisfied	18	18.0	18.0
	Satisfied	65	65.0	83.0
	Neutral	11	11.0	94.0
	Dissatisfied	4	4.0	98.0
	Strongly dissatisfied	2	2.0	100.0
	Total	100	100.0	
I am lucky being A customer of CBE	strongly satisfied	31	31.0	31.0
	Satisfied	56	56.0	87.0
	Neutral	6	6.0	93.0
	Dissatisfied	2	2.0	95.0
	Strongly dissatisfied	4	4.0	99.0
	Missing	1	1	100.0
	Total	100	100.0	

Statement	Level	frequency	Percent	Cumulative percent
I am satisfied by the Performance of the Employees	strongly satisfied	18	18.0	18.0
	Satisfied	63	63.0	81.0
	Neutral	6	6.0	87.0
	Dissatisfied	11	11.0	98.0
	Strongly dissatisfied	2	2.0	100.0
	Total	100	100.0	
The employees are Respectful to ward me	strongly satisfied	23	23.0	23.0
	Satisfied	61	61.0	84.0
	Neutral	14	14.0	98.0
	Dissatisfied	2	2.0	100.0
	Strongly dissatisfied	-	-	
	Total	100	100.0	

Source: own survey 2018

The customers of CBE implemented on the above table out of 100 % as stated. 27 percent strongly satisfied, 56 percent satisfied, 8 percent were neutral out of 100 %. While 3percent dissatisfied and the rest 6 percent strongly dissatisfied out of the 100%, the whole service range of the bank is very important issue and urgent, it has to be 100% sure of it, to make sure the whole satisfaction of the bank. And for the second question the result obtained shows us 18 percent of the customers strongly satisfied, 65 percent satisfied and 11 percent were neutral on the survey, While 4 percent dissatisfied and the rest 2 percent strongly dissatisfied out of the

100%, quick service delivery is major and very important aspect of every business activity so
loot has to be done to bring all customers to fully satisfied with the question

From the result it can be obtained that 31 percent of customers of CBE are strongly satisfied with
the question, 56 percent has satisfied and 6 percent neutral. The above table implies that, and 2
percent of customers of CBE are dissatisfied also 4 percent of customers are strongly
dissatisfied, 87% is not minimum number that has satisfied with the question, 13% shows as
there is little gap witnessed as of comparing the customers with the bank each and every
customer has to be fully satisfy and consider his self as being lucky.

The fourth question shows us most of the customers satisfied which is 63 percentage, while 18 of
the customers strongly satisfied. Then 6 percent were neutral, 11 percent dissatisfied and 2
percent strongly dissatisfied on the rest of the percentage. The banking industry is labor intensive
sector every transaction, process, so performance every employee is a must and the basic, even
though 81% not a minor part but a lot is expected from to rich 100%. The final table shows us 23
percent of CBE customers strongly satisfied on the survey while 61 percent satisfied.14 percent
are neutral The rest of the customers which is 14 percent has dissatisfied and 0% choose the
strongly dissatisfied option, since respect of customer is the major thing which is necessary for
every business organization to exist even if 84% of the respondent has satisfied with the issue the
remaining 16% has to be included in to the satisfied side and putting a much effort to proof
“customer is king”.

- **Service deliver questionnaire**

Table 4.9

Statement	Level	frequency	Percent	Cumulative percent
I am satisfied with the Way service is delivered	strongly satisfied	22	22.0	22.0
	Satisfied	58	58.0	80.0
	Neutral	12	12.0	92.0
	Dissatisfied	6	6.0	98.0
	Strongly dissatisfied	1	1.0	99.0
	Missing	1	1	100.0
	Total	100	100.0	
I am satisfied by the coordinated service delivery of the bank	strongly satisfied	22	22.0	22.0
	Satisfied	63	63.0	85.0
	Neutral	14	14.0	99.0
	Dissatisfied	-	-	-
	Strongly dissatisfied	1	1.0	100.0
	Total	100	100.0	
I am amazed by the Service delivery of the Bank as compared to the Other private banks	strongly satisfied	25	25.0	25.0
	Satisfied	63	63.0	88.0
	Neutral	8	8.0	96.0
	Dissatisfied	3	3.0	99.0
	Strongly dissatisfied	1	1.0	100.0
	Missing	100	100.0	
	Total			

Statement	Level	frequency	Percent	Cumulative percent
I am satisfied by the performance of the Employees	strongly satisfied	18	18.0	18.0
	Satisfied	63	63.0	81.0
	Neutral	6	6.0	87.0
	Dissatisfied	11	11.0	98.0
	Strongly dissatisfied	2	2.0	100.0
	Total	100	100.0	
A service is delivered within a short time period	strongly satisfied	27	27.0	27.0
	Satisfied	59	59.0	86.0
	Neutral	12	12.0	98.0
	Dissatisfied	2	2.0	100.0
	Strongly dissatisfied	-	-	
	Total	100	100.0	

Source: own survey 2018

As the above table shows us we can obtain 22% of the customers strongly satisfied, 58% satisfied and 12% were neutral on the survey, While 6% dissatisfied and the rest 1% dissatisfied out of the hundred, one option were found unfilled. Since its banking sector CBE is working on,

it's categorized under service sector. So the way service is delivered is the main reason for the bank existence therefore 80% is not enough more has to be done

For the second question we can see that 22percent of the customers strongly satisfied, 63percent were satisfied and 14 of the percentage is neutral, while no one ticked on the dissatisfied option and the rest of the customers 1 out of hundred strongly dissatisfied, there is a little number in the dissatisfaction side of, to make anyone loyal customer much and coordinated effort had to be exerted to gate 100% satisfied customers. For the third question 25 percent of customers are strongly satisfied, 63percent of customers are satisfied, 8percent of the customers are neutral, 3 percent of customers are dissatisfied, and 1 percent customers are strongly dissatisfied. This shows as they are more satisfied by contributing 88% of the total population, but 12% steal hold part of the entire respondent, these shows that there is a much more thing that we can learn from other private banks by acquiring new service excellency.

The question about the performance of the employees, 22% strongly satisfied, 40% satisfied, 14% were neutral out of 100%, While 14% dissatisfied and the rest 10% strongly dissatisfied out of the 100%, not only 62% all has to satisfied with the with the issue more human resource and training work has to be done to satisfy all the customers by the perfect performance of the employees.

The final reply of the respondent on the question service is delivered within a short time period The response of CBE customers implemented on the above table out of 100 percent as stated.27 percent strongly satisfied, 59 percent satisfied, 12 percent were neutral out of 100%. While 2 percent has dissatisfied, the strongly dissatisfied once are 0% percent. In today's business activity *TIME* is the major issue so delivering a service in a short period of time is must for existence and continuity of CBE.

4.4 Regression and correlation

4.4.1 Pearson Correlation analysis

To determine the relationship between service quality dimensions (tangibility, reliability, responsiveness, assurance, and empathy), customer satisfaction, and between core banking and customer satisfaction, Pearson correlation was computed. The table below presents the results of Pearson correlation not only on the relationship between service quality dimension and customer satisfaction but also core banking and customer satisfaction.

❖ The relationship between service quality dimensions, core banking and customer satisfaction

Table 4.10

Core banking	Service quality	Measurement result	Customer satisfaction	Measurement Result
Pearson Correlation Sig. (2-tailed) N	Assurance	0.78 000 100	Pearson Correlation Sig. (2-tailed) N	0.81 000 100
Pearson Correlation Sig. (2-tailed) N	Tangibility	0.83 000 100	Pearson Correlation Sig. (2-tailed) N	0.80 000 100
Pearson Correlation Sig. (2-tailed) N	Responsiveness	0.84 000 100	Pearson Correlation Sig. (2-tailed) N	0.83 000 100
Pearson Correlation Sig. (2-tailed) N	Empathy	0.81 000 100	Pearson Correlation Sig. (2-tailed) N	0.89 000 100
Pearson Correlation Sig. (2-tailed) N	Reliability	0.80 000 100	Pearson Correlation Sig. (2-tailed) N	0.85 000 100

Source: own survey, 2018

❖ Correlation is significant at the 0.01 level (2-tailed)

The above table shows that there is a significant and positive relation between core banking and service quality also there is a significant and positive relation between core banking and customer satisfaction, relation between assurance and core banking ($r = 0.78 < 0.01$), relation between tangibility and core banking ($r= 0.83 < 0.01$), relation between responsiveness and core banking ($r=0.84 < 0.01$), relation between empathy and core banking ($r= 0.81 < 0.01$), relation between reliability and core banking ($r=0.80 < 0.01$)

4.4.2 Regression Analysis

There are different models which are used to the effect of one variable over the other in our case of study, it's better to examine use regression analysis. Coefficient of determination-R² is the measure of proportion of the variance of dependent variable about its mean that is explained by the independent or predictor variables (Hair et.al, 1998). Higher value of R² represents greater explanatory power of the regression equation.

Regression model effect on service quality and customer satisfaction Coefficient^a

Table 4.11

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.698	.095		5.079	.000
	Assurance	.282	.083	.261	2.680	.000
	Reliability	.294	.093	.273	2.852	.000
	Responsiveness	.214	.093	.220	2.307	.001
	Tangibility	.300	.801	.278	2.969	.001
	Empathy	.216	.091	.222	2.373	.002
	Customer satisfaction	.520	.037	.205	2.193	.000

Source: own survey 2018

The above table show as the level of relation between core banking and customer satisfaction and, core banking has a positive and significant effect on customer satisfaction with a beta value (beta = 0.520), which is 0.520 $p < 0.01$. And the other outcome of the multiple regression model is also showed that the standardized coefficient beta and p value of assurance were positive and significant (beta= 0.282, $p < 0.01$). As shown in above table, empathy and tangibility has no

positive and significant effect on customer satisfaction with the beta value of (beta = 0.216) and (beta = 0.300) respectively.

Table further shows that, responsiveness has a positive and significant effect on customer satisfaction with a beta value of (beta = 0.214), at with a great confidence level ($p < 0.01$) there is a great confidentiality in reliability with (beta= 0.294 $p < 0.01$)

From the above multiple regression model result and outcome we can come to conclusion that there is a core banking has putted major effect on service quality and customer satisfaction, from the response of the respondent it's easy to come to conclusion most of the respondents have nearly similar response regarding service quality in which its made up from assurance, responsiveness, reliability, tangibility and empathy and the other variable which is customer satisfaction dependent on core banking.

4.3 reliability test

Reliability test is conducted to know the accuracy of the respondent reply so their couldn't be any plagiarism.

Table 4.12

Case Processing Summary			
		N	%
Cases	Valid	100	100.0
	Excluded	0	.0
	Total	100	100.0
Result of reliability test			
Reliability Statistics			
Cronbach's Alpha		N of Items	
0.76		100	

Source: own survey 2018

As we can see the above table shows Cronbach's Alpha fall at **0.76** which means the reliability test as the rank of “**GOOD**” we can conclude that the response of the respondent were believed to be reliable, which is tested by SPSS model version 24.

4.4 Interview

As the response of ato fikreselase zewdu core banking has created major and vital change in the banking operation of the bank which also resulted in enhanced service quality and customer satisfaction, as his past experience the old banking operation has many drawbacks which are failure of the system, hard to recover data once they are lost, long hour of operation and many more has been stated by ato fikreselase the researcher also asked about if there are any the previous study conducted to examine the level of customer satisfaction and ato fikreselase replied the bank has conducted different studied and the result has been good as compared to the past banking operation of the CBE after the application of core banking the response of the respondent has been positive and show the result of core banking.

The customer compliance manager ato girma belay has forwarded a positive response regarding on what change has come after the application of core banking he describe it simply core banking is simply a transportation of commercial bank of Ethiopia.

4.5 Analysis of open ended question

Most of the respondent give suggestion on the network problem, there is difficulty which are seen the connection problem it consumes major time of the customer, the other comment is that the bank in some branches didn't have the adequate facilities, and in some branches there is a less employees assigned in that branch so it will the work pressure high on the employees and long hour waiting to gate service to the customers. The last one is the ATM machines most of the time will encounter network problem hardware problem so the bank should engage all of its man power and facilities to eliminate the problems which is making the employees uncomfortable.

CHAPTER FIVE

Findings, Conclusion and Recommendations

5.1. Discussion of Findings

The study was planned at investigating the effect of core banking and service quality on customer satisfaction in CBE NAAD. The data were obtained through questionnaire from customers of the bank.

When we see the first part of the background of the study there are different group which are included in the group they are starting from gender up to frequency of using the bank and I will list only the major one from each groups (65 percent) are male, (42 percent) aged in the range of 21-30 years, (32 percent) are degree holders, and (24 percent) of the respondents visits the bank twice a week. The results of the descriptive statistical analysis indicated that, customers were most satisfied with the assurance dimensions of service quality followed by responsiveness, empathy and tangibility. Furthermore, customers were less satisfied reliability and assurance with dimensions of service quality. Again the result of descriptive statistics also indicates that customers have satisfied with the application of core banking.

The correlation result show that there is a positive and significant relationship between tangibility and customer satisfaction, reliability and customer satisfaction, assurance and customer satisfaction, empathy and customer satisfaction and responsiveness, customer satisfaction and core banking and customer satisfaction and there is high degree of satisfaction between customer satisfaction and core banking. The finding also indicates that the highest relationship was found between responsiveness and customer satisfaction, while the lowest relationship was found between assurance and customer satisfaction.

Finding of this study also indicates that core banking has a positive and significant effect on customer satisfaction. This finding is supported by (Biju et al, 2012) they found that core banking has a positive and significant effect on customer satisfaction. This finding is also supported by (Vijay Mm & Kumbha, 2011). He reported that core banking has a positive and significant effect on customer satisfaction. In overall, the results revealed that all independent

variables (core banking dimension) accounted for 81.20 percent of the variance in customer satisfaction ($R^2 = 0.821$). Thus, 81.20 percent of the variation in customer satisfaction can be explained by the core banking and other unexplored variables may explain the variation in customer satisfaction which accounts for about 18.80 percent. On the other hand, the independent variable (core banking) accounted for 83.6 percent of the variance in customer satisfaction ($r^2 = 0.836$). Thus, 0.836 percent of the variation in customer satisfaction can be explained by the core banking factor and other unexplored variables may explain the variation in customer satisfaction which accounts for about 0.164 percent.

5.2.

Conclusion

The aim of this research was to find out effect of the application of core banking and service quality on customer satisfaction CBE NAAD. The finding of the study indicates that customers of bank have satisfied by core banking and the five service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) and the way service is delivered to them.

It's visible that the result of the study or the final finding of this paper shows that customers were most satisfied with the all dimensions of service quality; the correlation result shows that, core banking and all service quality dimensions (tangibility, assurance, empathy, responsiveness and reliability) are positively and significantly related with customer satisfaction.

All of the service quality dimensions tangibility and responsiveness the three service quality dimensions including reliability, assurance and empathy have positive and significant impact on customer satisfaction. It's not only service quality but the other major issue of this paper which is core banking also has positive and significant impact on customer satisfaction. The findings of this study also indicated that core banking is the most important factor to have a positive and significant impact on customer satisfaction. So it's easy to conclude that there is little variation between all elements of service quality, in which the entire respondent has almost the same level of satisfaction for all service quality dimensions.

Other researches which are conducted with the related topic have relatively the same conclusion regarding core banking, endalkachew abebe has stated that conclude that core banking & service quality have direct impact on customer satisfaction and the same conclusion has been witnessed By the finding of mesay s, which focus on core banking and service quality.

Finding of the study also indicates that, customers are satisfied by core banking system of the bank from the result of this study the researcher concludes that core banking has positive and significant relationship with customer satisfaction. And also core banking has positive and significant effect on customer satisfaction

5.3.

Recommendations

Standing on the whole research finding and conclusion, the researcher forwards the following recommendations and suggestion to the management of the banks, and give some high light to other researchers. All dimension of service quality significantly important factors influencing customer satisfaction. But it doesn't mean all of the respondents were not equally satisfied by the service quality of the bank customers of the bank a lot of effort has to be exerted, so that the respondent can be fully satisfied and delighted by the special service quality and customer handing of the bank.in order to put this target into reality all of the managers should enhance customers' reliability on the bank by fulfilling the service a promised, performing the service exactly at the first time, showing a keen interest in solving customer's problems, providing the service at the promised time and by insisting on error free record also surprising all of the customer by giving foreign remittance prize, additional bonus and gifts so that all of the customers can rely on.

Endalkachew abebe has given the following recommendation regarding service quality on the research he has conducted in 2013. By stating that Empathy dimension was also considered as one of the most important factors influencing customer satisfaction. However, the customers of the banks were less satisfied in terms of the empathy dimensions. One way of addressing this could be by treating customer with great respect, giving individual attention to customers, serving customers based on their specific needs and treating customers in a friendly manner. This is to say, the bank management should focus on this factor to maximize customer satisfaction

The word customer is a king it's not just some normal word it's a basic rule for organizations like CBE, so the banking services will be meaningless and it will be difficult to talk about the good will of the bank. Therefore, the bank should handle its customers so well to achieve its organizational aims. Finally, it is worthy to affirm that customers are the key for any business organization's success Empathy dimension was also considered as one of the most important factors influencing customer satisfaction, therefore a due attention and respect has to be given to the customers and prospect clients.

In order to achieve and retain current and future potential customers the bank has to give individual attention to its customers, serving customers based on their specific needs and treating customers in a friendly manner, In addition to the above recommendation, the bank should create and implement some strategies so that the problem currently facing the bank like network problem, inadequate facility, insufficient skill of employees, outdated and old banking practices should be eliminated. Therefore commercial bank of Ethiopia has to integrate and fully engage all of its human, financial, intellectual and capital resource so it can achieve better than ever.

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Interview questions

- 1. What does the bank is doing to integrate the core banking system with service quality and customer satisfaction?**
- 2. Does the bank conduct any study to know the level of customer satisfaction?**
- 3. What result has been found after application of core banking?**

APPENDIX 1

St Mary University
Faculty of business and economics
Department of general MBA

Dear respondents.

This questionnaire is prepared to gather data from commercial bank of Ethiopia north Addis district for the preparation of research titled (the effect of core banking on service delivery and customer satisfaction) as a customer of commercial bank of Ethiopia your participation in this study will be valuable and greatly appreciated.

Information gathered will be treated with utmost confidentiality and will not be used for any other purpose.

General direction

- Don't write your name
- Put tick mark () in front of your best option
- Give your answers for open ended questions in the blank space.

Please indicate the following by marking (*) on the spaces in front of the response options

① back ground information.

1. Gender:

Male

female

2. Age:

1.15-20

2. 21-30

3. 31-40

4.41-50

5.51-60

6. 60 and above

3. Educational level:

1.Primary school 8 complete

2.certificate

3.diploma

4.First degree

5.second degree

6. above masters

4. Years of being commercial bank of Ethiopia's customer.

1.0-5 years

2. 6-10 years

3.11-15 years

3. 16 and above

5. Frequency of using the bank.

1. Daily 2. Twice a week 3. Weekly 4. Monthly 5. Sometimes

② please put (*) mark in a box corresponding to a scale which best reflect your level of satisfaction.

The scale number are designed to measure your satisfaction and satisfaction level in relation with each question and it's interpreted as follows

1. Strongly satisfied (SS),

2.satisfied (S), Neutral (N),

3. Dissatisfied (D),

4.Strongly dissatisfied (SD)

1. Empathy

Section one your perception about empathy	SS	S	N	D	SD
	1	2	3	4	5
The employees understood my specific needs					
The employees and the bank give detail attention to its Customers					
The operating hours are convenient to me					
The bank gives prior attention to the customer need					
The bank is opened to any suggestion and recommendation					
Every customer is treated equally by both the staff and the bank.					

2. responsiveness

Section two your perception about responsiveness	SA	A	N	D	SD
	1	2	3	4	5
The employees does inform you the time consumption of each <i>service to be delivered</i>					
Does the staff give you adequate and quick service					
Are the staff there to assist to you on your need					
Bank staff are not too busy to respond to my question					
The bankers give information about the time the service will be performed					

3. Tangibility

	SA	A	N	D	SD
Section three your perception about tangibility	1	2	3	4	5
The bankers has neat and professional appearance					
Materials like vouchers, table, chair, and adequate things are available at the bank					
The bank is equipped with modern equipment and tools					
Adequate physical facilities are available at the bank					

4. Assurance

	SA	A	N	D	SD
Section five your perception about reliability	1	2	3	4	5
The bank perform error free transaction					
The staff show a keen interest in solving any problems					
The bank perform each and every transaction neatly					
Each transaction will be completed in a minimum time					

5. Reliability

	SA	A	N	D	SD
section four your perception about reliability	1	2	3	4	5
The bank insist zero error transaction					
Bank show keen interest in giving solution to problem					
The bank fulfill its promise at the stated time					
There is no delay in service delivery					
There is reliability in secrecy of my account					
Problem are solved easily and quickly					

6. Core banking questionnaire

	SS	S	A	D	SD
	1	2	3	4	5
Core banking brings quick transfer of transaction and banking process					
Core banking reduces the time spent in the bank					
There is more flexibility of service due to core banking					
Transaction cost is low due to core banking technology					
Core banking improve the way business performed					
Core banking enhance error free transaction					
Core banking brings enhanced security of account information					
Core banking brings high speed of services					

7. Level of customer satisfaction questionnaire

ITEMS	SA	A	N	D	SD
	1	2	3	4	5
I am satisfied with the whole service range of the bank					
I am satisfied by the quick service delivery of the bank					
I am lucky being a customer of commercial bank of Ethiopia					
I am satisfied by the performance of the employees					
The employees are respectful toward me					

8. Service delivery questionnaire

ITEMS	SA	A	N	D	SD
	1	2	3	4	5
I am satisfied with the way service is delivered					
I am satisfied by the coordinated service delivery of the bank					
I am amazed by the service delivery of the bank as compared to the other private banks					
I am satisfied by the performance of the employees					
A service is delivered within a short time period					

What you recommend to the bank for the future improvement and any recommendation that might be important to commercial bank of Ethiopia.

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APPENDIX 2

ቅድስት ማርያም ዩኒቨርሲቲ

የንግድና ኢኮኖሚክስ ፋካሊቲ

የቢዝነስ አስተዳደር ክፍል

ውድ ምላሽ ሰጪዎች

ይህ መጠይቅ ከኢትዮጵያ ንግድ ባንክ ከሰሜን አዲስ አበባ ዲስትሪክት ላይ ለሚሰራው ጥናት መረጃ ለመሰብሰብ የተዘጋጀ ነው። የጥናቱም እርዕስ የኮርባንኪንግ ተፅዕኖ በአገልግሎት ጥራት እና በደንበኞች እርካታ ላይ ያለውን ተፅዕኖ ለመመዘን የተዘጋጀ መጠይቅ ነው። እርስዎ እንደየኢትዮጵያ ንግድ ባንክ ደንበኝነትዎ ይህን መጠይቅ በመሙላት በዚህ ጥናታዊ ፀሁፍ ላይ የበኩላዎትን አስተዋጽኦ እንዲያደርጉ በአክብሮት እንጠይቃለን።

አጠቃላይ መመሪያ

- ስምዎን አይጻፉ
 - ከርስዎ ምርጥ ምርጫ ፊት ለፊት ያለው ሳጥን ላይ ምልክት ያድርጉ
- ተጨማሪ አስተያየት ካለዎት ክፍት በተቀመጡ ቦታዎች ላይ አስተያየትዎን መስጠት ይችላሉ።

1. የደንበኛ መረጃ

የእርሱን ሀሳብ ይገልጽልኛል ባሉት ምርጫ ላይ አጠገቡ ባለው ሳጥን ላይ ምልክት በማድረግ ምላሽዎትን ይስጡ።

1. ያታ:

ወንድ

ሴት

2. ዕድሜ:

1. 15-20

2. 21-30

3. 31-40

4. 41-50

5. 51-60

6. 60 እና ከዚያ በላይ

3. የትምህርት ደረጃ:

1. የመጀመሪያ ደረጃ ትምህርት ቤት 8 ያጠናቀቀ

2. የምስክር ወረቀት

3. ዲፕሎማ

4. የመጀመሪያ ዲግሪ

5. ሁለተኛ ዲግሪ

6. ማስተርስ እና ከዚያ በላይ

4. የኢትዮጵያ ንግድ ባንክ ደንበኛ የሆኑበት አመት ብዛት

ከ0-5 ዓመት

6-10 ዓመታት

11-15 ዓመት

16 እና ከዚያ በላይ

5. ወደ ባንኩ ለምን ያህል ጊዜ ርዕዮ-መጣሉ

በየቀኑ

በሳምንት ሁለት ጊዜ

በየሳምንቱ

በየወሩ

አልፎ አልፎ

2. እባክዎን የእርሶን የስምምነት-ደረጃ መጠን ለመግለጻችን ሳጥን ውስጥ ምልክት ያድርጉ.

የመሊያ ቁጥሩ ከእያንዳንዱ ጥያቄ ጋር በተያያዘ የእርስዎን እርካታና ስምምነት ደረጃ ለመለካት የተነደፈ ሲሆን እንደሚከተለው ነው። በጣም እስማማለሁ (1) እስማማለሁ (2), ገለልተኛ (3), አልስማማም (4), ፈፅሞ አልስማማም (5)

1. ትኩረት ስለመስጠት

	1	2	3	4	5
ሰራተኞቹ የእኔን ልዩ ፍላጎት ይረዳሉ					
ሰራተኞቹ እና ባንኩ ዝርዝር መረጃ ለመስጠት ዝግጁ ናቸው					
የሰራ ሰዓቱ ለእኔ ምቹ ነው					
ባንኩ ለደንበኞች ፍላጎት ቅድሚያ ይሰጣል					
ባንኩ ለማንኛውም አስተያየት እና ማሻሻያ ለመቀበል ዝግጁ ነው					
ሁሉም ደንበኛ በባንኩም ሆነ በሰራተኛው በእኩል አይን ይታያል					

2. ቀና ምላሽ

	1	2	3	4	5
ሰራተኛው የእያንዳንዱን አገልግሎት የጊዜ ፍጆታ በቅድሚያ ያሳውቃል					
ሰራተኛው አግባብ የሆነ መረጃ ይሰጠኛል					
ሰራተኛው ለሚያስፈልገኝ ነገር ሁሉ ከጎኔ ናቸው					
ባንኩም ሆነ ሰራተኞቹ ጥያቄዎቼን ለመመለስ ዝግጁ ናቸው					
ሰራተኞቹ አገልግሎት የሚሰጥበትን ጊዜ በአግባቡ ያሳውቃሉ					
ሰራተኛው የእያንዳንዱን አገልግሎት የጊዜ ፍጆታ በቅድሚያ ያሳውቃል					

3. በተጨማሪም የሚታይ

	1	2	3	4	5
ሰራተኞቹ ጽዳታ እና አግባብ የሆነ የአለባበስ ስርአት አላቸው					
መሠረታዊ እቃዎች እንደወንበር፣ ጠረጴዛ፣ ደረሰኝ የመሳሰሉት በአግባቡ ይገኛሉ					
ባንኩ አስፈላጊ የሆኑት ማሳሪያ እና እቃዎች በሙሉ አሟልቷል					

4. ተአማኒነት

	1	2	3	4	5
ባንኩ ከስህተት የፀዳ አሰራር ይከተላል					
ባንኩ ለተፈጠሩ ችግሮች በፍጥነት ምላሽ ይሰጣል					
ባንኩ የገባቸውን ቃሎች በጊዜው ተግባራዊ ያደርጋል					
በአገልግሎት አቀራረብ ላይ ምንም አይነት መዘገፍ አይታይም					
በሒሳብ እንቅስቃሴ ላይ አመኔታ አለኝ					
ችግሮች በአፋጣኝ እና በቀላሉ ወዲያውኑ ይፈታሉ					

5. እምነት ማሳደር

	1	2	3	4	5
ባንኩ ከማንኛውም ስህተት የፀዳ የሒሳብ እንቅስቃሴዎችን ያደርጋል					
ሰራተኞቹ ለችግሮች መፍትሔ ለመስጠት ሁሌም ዝግጁ ናቸው					
ባንኩ እና ሰራተኞቹ ሁሉንም የሂሳብ እንቅስቃሴዎች ከስህተት የፀዳ እንዲሆን ይሰራሉ					
እያንዳንዱ የሂሳብ እንቅስቃሴ በአጭር ጊዜ ውስጥ ይፈፀማሉ					

6. ኮርባንኪንግ ጥያቄዎች

	1	2	3	4	5
ኮርባንኪንግ ፈጣን የሆነ የባንክ እና የሂሳብ እንቅስቃሴን አምጥቷል					
ኮርባንኪንግ በባንክ ውስጥ የሚፈጅውን ጊዜ ቀንሶታል					
በኮርባንኪንግ ምክንያት አገልግሎቶች ሁሉ ቀልጣፋ ሆነዋል					
በኮርባንኪንግ ትግበራ ምክንያት የሂሳብ እንቅስቃሴ ወጪዎች ቀንሷል					
ኮርባንኪንግ የንግድ እንቅስቃሴውን ቀንሶታል					
ኮርባንኪንግ ከስህተት የፀዳ የባንክ አሰራር እንዲኖር አድርጎታል					
ኮርባንኪንግ የሂሳቦችን ደህንነት በይበልጥ ጨምሯል					
ኮርባንኪንግ የአገልግሎት ፍጥነትን አምጥቷል					

7. የደንበኛ እርካታ ጥያቄ

	1	2	3	4	5
እኔ በአጠቃላይ በባንኩ አገልግሎት እረክቻለሁ					
ፈጣን በሆነው በባንኩ አገልግሎት እረክቻለሁ					
የኢትዮጵያ ንግድ ባንክ ደንበኛ በመሆኔ በጣም ደስተኛ ነኝ					
በሰራተኞቹ አገልግሎት እረክቻለሁ					
ሰራተኞቹ ለደንበኞቻቸው ጥሩ የሆነ አክብሮት አላቸው					
በኮርባንኪንግ አጠቃላይ አሰራር እረክቻለሁ					
እኔ በአጠቃላይ በባንኩ አገልግሎት እረክቻለሁ					
ፈጣን በሆነው በባንኩ አገልግሎት እረክቻለሁ					

8. የአገልግሎት አሰጣጥ ጥያቄ

	1	2	3	4	5
አገልግሎት የሚሰጥበትን መንገድ አስደሣች ነው					
የተቀናጀ በሆነው አሰራር እረክቻለሁ					
ከግል ባንኮች አንጻር በኢ.ን.ባንክ አገልግሎት ተደስቻለሁ					
በሰራተኞች ቀልጣፋ አገልግሎት ተደስቻለሁ					
እያንዳንዱ አገልግሎት በአጭር ጊዜያት ውስጥ ይከናወናል					
አገልግሎት የሚሰጥበትን መንገድ አስደሣች ነው					

ለባንኩ ተጨማሪ አስተያየት እና ምልከታዎች ካለዎት ከታች ባለው ክፍት መስመር ላይ አስተያየትዎን መፃፍ ይችላሉ።

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