



**St. Mary's University**  
**SCHOOL OF GRAGUATE STUDIES**

**The Effect of Digital Banking Service Quality on Customer Satisfaction in  
Selected Branches of Awash Bank in Addis Ababa City Administration**

**By: Habtemichael Geressu**

**Advisor: Tasew Shedaga (PhD)**

**A Thesis Submitted to School of Graduate Studies in Partial Fulfillment of  
Master of Business Administration (MBA)**

**July 2023**

**Addis Ababa, Ethiopia**

**The Effect of Digital Banking Service Quality on Customer Satisfaction in  
Selected Branches of Awash Bank in Addis Ababa City Administration**

**By: Habtemichael Geressu**

**ID.No: SGS/0140/2013A**

**Advisor: Tasew Shedaga (PhD)**

**A Thesis Submitted to School of Graduate Studies in Partial Fulfillment of  
Master of Business Administration (MBA)**

**July 2023**

**Addis Ababa, Ethiopia**

**Approval**

**ST. MARY'S UNIVERSITY**  
**THE EFFECT OF DIGITAL BANKING SERVICE QUALITY ON CUSTOMER**  
**SATISFACTION IN SELECTED BRANCHES OF AWASH BANK IN ADDIS ABABA**  
**CITY ADMINISTRATION**

**BY:**

**HABTEMICHAEL GERESSU DEBELLA**

**SCHOOL OF GRADUATE STUDIES**  
**MBA PROGRAM**

**APPROVED BY THE COMMITTEE OF EXAMINERS**

NAME

SIGNATURE

\_\_\_\_\_

\_\_\_\_\_

DEAN (SGS)

\_\_\_\_\_

\_\_\_\_\_

ADVISOR

\_\_\_\_\_

\_\_\_\_\_

INTERNAL EXAMINER

\_\_\_\_\_

\_\_\_\_\_

EXTERNAL EXAMINER

## **Declaration**

I, hereby declare that the thesis entitled The Effect of Digital Banking Service Quality on Customer Satisfaction in Selected Branches of Awash Bank in Addis Ababa is my original work prepared under the guidance of my advisor Tasew Shedaga (PhD). All information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work

Furthermore, I confirm that this thesis has not been submitted for any other degree or qualification at any other institution. Any similarities between this work and the work of others are purely coincidental and unintentional.

I also understand that any act of academic misconduct, including plagiarism, fabrication, or falsification of data, will result in severe consequences. I take full responsibility for the content of this thesis and any errors or omissions contained therein.

Habtemichael Geressu

Signature \_\_\_\_\_

## **Endorsement**

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

Advisor's Name: **Tasew Shedaga (PhD)**

Signature \_\_\_\_\_ Date \_\_\_\_\_

## **Acknowledgments**

I would like to express my deepest gratitude to all those who have contributed to the completion of this thesis. First and foremost, I would like to thank the almighty God for his unwavering guidance and blessings throughout this research journey. Without His divine intervention and wisdom, this study would not have been possible.

I would like to express my sincere gratitude to my research advisor, Tasew Shedaga (PhD), for his invaluable guidance, support, and encouragement throughout the course of this research. His expertise and insights have been instrumental in shaping the direction and scope of this study.

I am also grateful to the participants who generously shared their time and insights, without them this study would not have been possible. Additionally, I would like to acknowledge the invaluable assistance provided by my colleagues, friends, and family members who have supported me in various ways.

Finally, I extend my heartfelt appreciation to the academic community for providing me with a platform to pursue my research interests and contribute to the field.

Thank you!

## Table of Contents

Approval .....	i
Declaration .....	i
Endorsement .....	ii
Acknowledgments .....	iii
Aabbreviations and Acronyms .....	ix
Abstract.....	x
CHAPTER ONE.....	1
INTRODUCTION .....	1
1.1 Background of the Study.....	1
1.2 Statement of the Problem .....	3
1.3 Objective of the Study.....	5
1.3.1 General Objective .....	5
1.3.2 Specific Objectives .....	5
1.4 Research Questions .....	6
1.5 Significance of the Study .....	6
1.6 Scope of the Study .....	6
1.7 Limitation of the study .....	7
1.8 Operational Definitions.....	7
1.9 Organization of the Thesis .....	8
CHAPTER TWO .....	9
LITERATURE REVIEW .....	9
Introduction .....	9
2.1 Review of Theoretical Literature .....	9
2.1.1 Defining the concept of Service .....	9
2.1.2 Definition of E-Banking.....	10
2.1.3 Types of E-Banking Services .....	11
2.1.4. Introduction of Digital Banking in Ethiopia.....	14
2.1.5 Service Quality in Digital Banking .....	15
2.1.6 Characteristics of Services .....	16
2.1.7 Service quality Dimensions.....	18
2.1.8 Customer Satisfaction .....	19

2.1.9 Distinction Between Service Quality and Customer Satisfaction .....	20
2.2 Empirical Studies .....	21
2.3 Research Gap .....	24
2.4. Conceptual Frame Work of The study .....	24
2.5 Hypothesis Development .....	25
CHAPTER THREE .....	27
RESEARCH DESIGN AND METHODOLOGY .....	27
3.1. Introduction.....	27
3.2 Description of the Study Area.....	27
3.3 Research Design .....	27
3.4. Research Approach .....	28
3.5 Target Population of the Study.....	28
3.6 Sample Design and Techniques.....	29
3.6.1 Sampling Frame and or Sampling Unit .....	29
3.6.2 Sampling Technique.....	29
3.6.3 Sample Size Determination .....	30
3.7. Sources of Data .....	30
3.7.1 Primary Data Sources.....	30
3.7.2 Secondary Data Sources .....	31
3.8 Methods of Data Analysis and Interpretation.....	31
3.8.1. Data Quality Management .....	31
3.8.2 Statistical Tools of Data Analysis .....	31
3.8.2.1 Descriptive Statistical Analysis .....	31
3.8.2.2 Inferential Data Analysis.....	31
3.8.3 Model and Model Diagnostics or Specifications .....	32
3.9. Validity and Reliability .....	32
3.9.1 Validity .....	32
3.9.2. Reliability.....	33
CHAPTER FOUR.....	34
DATA ANALYSIS, PRESENTATION AND RESULTS .....	34
4.1 Response Rate.....	34
4.2 Demographic Characteristics .....	35



4.3 Digital Banking Service Quality Dimensions.....	38
4.3.1 Service Tangibility.....	38
4.3.2 Service Reliability.....	39
4.3.3 Service Assurance.....	41
4.3.4 Service Empathy.....	42
4.3.5 Service Responsiveness.....	43
4.4 Customers Satisfaction in the Digital Banking Service.....	45
4.5 Inferential Statistics Data Analysis.....	47
4.5.1 Correlation Analysis.....	47
4.5.2 Regression Analysis Assumption Test.....	49
4.6 Discussion.....	56
4.7 Hypothesis Testing and Interpretation of Results.....	58
CHAPTER FIVE.....	59
SUMMARY OF MAJOR FINDGS, CONCLSUSIONS AND RECOMMENDATIONS.....	59
5.1 Summary of Major Findings.....	59
5.2 Conclusion.....	60
5.3 Recommendations.....	61
5.3.1 Recommendation for Bank’s Concerned Management Organ.....	62
5.3.2 Recommendation of Further Research.....	63
Reference.....	64
Appendix I.....	74
Appendix II.....	79

## List of Tables

Table 3.1 Summary of sample size from each branch.....	30
Table 3. 2: Alpha Coefficient for Each Section of Questionnaire.....	33
Table 4.1: Response rate of respondents (N=387) .....	34
Table 4. 2: Mean score range for the five Likert scale responses .....	35
Table 4.3 Demographic Characteristics of the Respondents.....	36
Table 4.4 Respondents response towards service tangibility in the bank .....	38
Table 4.5 Response of respondents towards service Reliability in Awash bank .....	39
Table 4.6 response of respondents toward service Assurance in awash bank.....	41
Table 4.7 Respondents response towards service Empathy in the digital banking service...	42
Table 4.8 response of respondents towards service Responsiveness in the bank.....	44
Table 4.9 Customer satisfaction towards digital banking service .....	46
Table 4.10 Correlations .....	47
Table 4.11: Durbin Watson statistics.....	51
Table 4.12 Normal distribution of data using skewness and Kurtosis .....	52
Tables 4.13: Multi-collinearly test of the Independent Variable.....	53
Table 4.14 The regression model statistics.....	54
Table 4.15 Coefficients of determination .....	55
Table 4.16: Summary of the overall outcome of the Research Hypotheses.....	58

## List of Figures

Fig 2.1 Conceptual framework of the Study.....	24
Fig 4.1: P-P Plot of Regression Standardized Residual.....	50
Fig 4.2: Scatterplot of standardized residuals.....	51
Fig 4.3 Normality Histogram.....	53

## **Aabbreviations and Acronyms**

ATM.....	Automated Teller Machine
CBE.....	Commercial Bank of Ethiopia
ECX.....	Ethiopian Commodity Exchange
EFT.....	Electronic Funds Transfer
G.C.....	Gregorian Calendar
ICT.....	Information Communication Technology
NBE.....	National Bank of Ethiopia
PC.....	Personal Computer
POS.....	Point of Sale terminal (POS)
S.C.....	Share Company
SERVQUAL.....	Service Quality
WWW.....	World Wide Web

## **Abstract**

*This research examined the effect of digital banking service quality on customer satisfaction in selected branches of Awash bank in Addis Ababa. To achieve the objectives of this study, data was collected through questionnaire from a sample of 387 customer of the bank. These respondents were selected using cluster and convenience sampling method. The data collected from the questionnaire were analyzed using Statistical tools such as mean, standard deviation, correlation, and multiple regression analysis. The results of this study indicate that, all the five service quality dimensions (tangibility, reliability, assurance, empathy and responsiveness) have positive and significant relationship with customer satisfaction. The finding of this study also indicates that customers were most satisfied with the information available in the website, friendly and easy use of the digital banking and Safety & protection) mechanism. On the contrary, customers were less satisfied with accuracy of data in digital banking and the up to date information in the bank. Furthermore, the service quality dimensions (tangibility, reliability, empathy and responsiveness) significantly explain 54 % of the variations in customer satisfaction in Awash Bank S.C. Assurance service dimension was considered as one of the most important factors influencing customer satisfaction in Awash Bank. Finally, the study suggests that Awash bank tries to work hard in addressing service empathy and other quality service dimensions so that they can retain their customer and attract even new customer.*

**Key Words:** - Customer Satisfaction, Service Quality, Service Quality Dimension

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

The rapid modernization of information technology and increasing competition in the financial sector has changed the landscape of the financial industry in recent decades (Koksal, 2016; Mortimer et al, 2015; Rajeswari et al, 2017). Specially, the technology used in mobile banking has increased competition among customers for choosing banking products and providers (George & Kumar, 2013). These changes not only impacted on the traditional banking channel but also forced the industry to reengineer its face-to face encounter to customers and furthermore change the level of expectation of the customers (Rask & Dholakia, 2001). In most of the cases new technologies adopted in the financial industry gave the customers more freedom and convenience than ever (Kumar et al., 2017). Customer self-service channels, such as ATMs, Internet banking and mobile banking services are getting popular among the masses, as the customers always want convenience, secure and full control over the required financial services (Thakur, 2014). Innovative technology-based services not only satisfy the customers but also enable the financial institutions to become more cost effective and sustainable (Kumar et al., 2017).

Service quality is predominantly for financial service providers who typically offer items that are homogeneous in nature (Royne et al, 1998). Customer satisfaction is the feeling that clients get when they encounter benefit that satisfies or outperforms their desire. Primarily in marketing, satisfaction is characterized as the worldwide assessment of relationship fulfillment by a firm (Dwyer & Oh, 1987) or the decidedly influenced state coming about because of the evaluation of firm's working relationship (Farrelly & Quester, 2005; Gaski & Nevin, 1985). Satisfaction is likewise a standout among the most imperative components to clarify any kind of relationship among members and a purchaser's satisfaction reaction (Oliver, 1997). Customer satisfaction is known as a result of service quality, which implies that it is identified with the nature of the items or administrations gave to the client in a positive way (Yeo et al, 2015, p. 439).

Parasuraman et al (1988) & Zeithaml et al (1990) present the factors that affect service quality. Recommended using a five-dimensional structure of perceived service quality metrics, including tangibility, responsiveness, reliability, empathy, and assurance. The banking sector is a business that manages funds for private individuals and businesses, exchanges currencies, provides loans, and provides other financial services. The importance of banks to any nation's economy cannot be overstated. They serve as the primary go-betweens for depositors and people and businesses that have credible projects that need funding for investment.

Ethiopia's economy is forecast to grow quickly, and banks are anticipated to play a significant and active role in the financial sector. Additionally, the Bank contributes significantly to the nation's financial development and economic expansion. The banking industry offers a variety of financial services to the general public, and it is the responsibility of banks to deliver high-quality customer service in order to remain competitive. Without providing excellent service. The mere fact that the bank exists is insufficient. The quality of service has improved to satisfy customers as a result of increased competition. Customer satisfaction is greatly influenced by the quality of the bank's services, which is a significant component. Because it offers a high degree of satisfaction, service quality is particularly important in financial services. Service quality has drawn a lot of attention in recent years and is closely related to customer happiness (Sileshi, 2018).

One of the top private banks and a leader in bringing modern banking to the nation is Awash International Bank S.C. (source: bank website). For more than 20 years, it has been offering a variety of products and services to its clients and stakeholders as bank services. According to Addisu and Tadele (2018), these include deposits, credit options, local and international money transfers, trade services, forex services, correspondent banks, card banking, internet banking, mobile banking, and other services.

This study aims to look at how customer satisfaction levels were affected by the quality of the digital banking services in a few Awash Bank branches in Addis Ababa.

## **1.2 Statement of the Problem**

In this area of globalization, with increased competition around the globe in all sectors, a strong banking industry is important in every country and can have a significant effect in supporting economic development through efficient financial services; as a result, many banks in the world are modifying their strategies to reach customers worldwide more easily and cheaply. Therefore, banks are developing the technologies that will help them deliver banking products and services by the most cost-effective channels and one of such channel is adoption of digital-banking. Digital-banking is a way to keep existing customers and attract new ones to the bank. The transaction costs of providing these services are lower than the traditional approach. The rapidly growing information and communication technology is knocking the front door of every organization in the world (Booz & Hamilton, 1997).

The service quality is the most crucial precursor for surviving in a competitive environment and providing the best possible services able to achieve the sustainable competitive advantage. It is essential to deliver high quality services to consumer for the success of a dynamic and competitive business arena (Shankar et al., 2019). Improving the different dimension of service helps the service provider from their competitors in different ways such adding new customers, increasing profitability, reducing the cost, increasing the satisfaction of the stakeholders, retaining the existing customers and establishing the corporate image (Gounaris et al., 2003). Furthermore, it is easy to attract new customers with the help of positive word of mouth (Caruana, 2002).

Customer satisfaction is directly related with the dimensions of service qualities (Silvestri et al., 2017). In addition, customer satisfaction depends on enhancing dimensions of service. On the other hand, some behavioral impacts such as commitment, customer retention, building bonds, increasing customer tolerance and positive word of mouth influence on customer satisfaction (Oh & Kim, 2017). Özkan et al. (2020) conclude that quality of service is the most vital element for the progress in the mobile banking service industry. In essence, the service providing firms offer various dimensions of service which leads to the customer satisfaction and customer satisfaction influence to enhance customer loyalty (Heskett et al., 1997; Kashif et al., 2015; Kaur & Soch, 2018).



A company can only be successful by comprehending and meeting client needs. A happy customer feels more connected to the business. Customer satisfaction is crucial for the survival and success of a firm. Recently, studies on customer satisfaction concepts and theories have been discovered (Parasuraman & Zeithaml, 1988; Kanojia, et al., 2012; Parasuraman et al., 1988). On this subject, (Kanojia, et al., 2012) and (Besterfield, 1994) are also mentioned.

Despite the banks' vigorous branch network expansion, introduction of new technology, and annual increase in capital. Many customers have expressed worry about the bank industry's poor service practices and lack of efficiency. As stated by (Arasli et al., 2005), more gaps are being filled in by providing individualized attention, extending working hours to accommodate customer needs, having personnel offer customers their undivided attention, understanding their unique needs, and never being too busy to attend to a client's request.

Risk exposure, a lack of appropriate legal and regulatory framework, the absence of financial networks connecting various banks, a low internet penetration rate and underdeveloped telecommunications infrastructure, high internet costs, and security concerns are some of the main obstacles to the adoption of e-banking services in Ethiopia (Beza, 2010). Banks in Ethiopia are involved in tough competition to attract customers by delivering various services. It is better for customers to have broad choices to select best bank for them to satisfy their needs. For banks as well, they have to find the ways to satisfy customers and keep competitive advantages above other banks. In pursuit of round the clock customer services and keep abreast with the developing global banking technology, almost all banks in Ethiopia are fast moving toward launching new technology based products and services such as Mobile Banking, Internet Banking, ATMS and POS( Mahlet, 2020).

Studies that evaluate the factors influencing customer satisfaction have been conducted. Ethiopian research like Sileshi (2018) compared the effects of service quality and customer satisfaction in Jimma town's Awash and Dashen banks. Ayenew (2014) focused once more on the insurance company's service quality, clientele, and loyalty. Amaha (2014) concentrated on evaluating customer satisfaction and service quality (in the context of Commercial Bank of Ethiopia in ATM Service). Dereje (2014) also placed a strong emphasis on providing excellent customer service.

None of these studies have assessed the satisfaction of users of digital banking in the region of the Awash bank branch that was chosen for Addis Ababa. Additionally, the aforementioned studies include gaps in time, making it challenging to determine the present state of customer satisfaction in the digital industry.

Some banks have undergone different technological developments since the implementation of digital banking in the Ethiopian banking sector, and the customer's expectation and demand for quality of service is occasionally rising. The current study examined the impact of digital banking service quality on customer satisfaction in a few Awash Bank branches in Addis Ababa in an effort to close time and analysis gaps.

### **1.3 Objective of the Study**

The research under the study has the following objectives, the general objective & the specific objective.

#### **1.3.1 General Objective**

The general objective of the study was to investigate and analyze the effect of digital banking service quality on customer satisfaction in selected branches of awash bank in Addis Ababa.

#### **1.3.2 Specific Objectives**

1. To examine the effect of digital banking service reliability on customer satisfaction in case of Selected branch of Awash Bank.
2. To examine the effect of digital banking service responsiveness on customer satisfaction in case of Selected branch of Awash Bank
3. To study the effect of digital banking service assurance on customer satisfaction in case of Selected branch of Awash Bank.
4. To analyze the effect of digital banking service empathy on customer satisfaction in case of Selected branch of Awash Bank.
5. To investigate the effect of digital banking service tangibility on customer satisfaction in case of Selected branch of Awash Bank.

## **1.4 Research Questions**

The study was guided by the following research questions

1. To what extent digital banking service reliability influence customer satisfaction in case of Selected branch of Awash Bank?
2. To what extent digital banking service responsiveness affects customer satisfaction in case of selected branch of Awash Bank?
3. To what extent digital banking service assurance influence customer satisfaction in case of Selected branch of Awash Bank?
4. To what extent digital banking service empathy affects customer satisfaction in case of selected branch of Awash Bank?
5. How digital banking service tangibility affects customer satisfaction in case of selected branch of Awash Bank?

## **1.5 Significance of the Study**

The researcher will have examined the impact of Digital banking services provided by Awash Bank and its impact on customer satisfaction. It identified the strengths and weaknesses of the Online banking service delivered by the Bank and its effect on customer satisfaction. The significance of the study is to give sufficient information on the Digital banking service the bank is currently providing and help it to know areas which need improvement and plan towards it so that its customers enjoy quality service.

It also allows the stake holders to have knowledge on where the bank stands in the eyes of its customer. Moreover, as employees are one of the stake holders, it will help them to evaluate their service deliveries through the eyes of the customer.

## **1.6 Scope of the Study**

**Geographical Scope:** The study covered Selected Branches of Awash Bank in Addis Ababa as a sample among other private and public banks due to the concern on the availability of data, time and budget.

**Thematic/Conceptual Scope:** The study focuses on the effect of Digital Banking service quality on financial performance at Awash Bank. It only incorporates the five-dimension quality service delivery such as tangibility, reliability, responsiveness, assurance and empathy.

**Methodological Scope:** the study was use mixed research approach to gather meaningful result from primary and secondary data sources. In addition to this, the study was employed descriptive and explanatory research designs which enable to describe and explain the variables.

**Time scope:** the study was mainly used a cross sectional which was conducted September 2022 to June 2023.

### **1.7 Limitation of the study**

One of major challenges of this study was perspective that put the instrument validity in question because this research has considered the modified attributes of the major service quality dimensions to contextualize within the bank industry. Moreover, the generalizability of this study for the reason that considering only Head office, Hayu, Sidamo Tera and Yosef branches of Awash International Bank out of the 278 branches found in Addis Ababa City Administration was the other limitation which is a likely challenge. In addition, this study solely focused on Awash bank. So, the finding of the study doesn't manifest other branch of the bank.

### **1.8 Operational Definitions**

- **Assurance:** includes to the information and cordiality of employees and furthermore their capacity to express certainty and trust (Wilson et al., 2016).
- **Customer Satisfaction:** According to Saha & Zhao (2005), customer satisfaction is defined as a collection of outcome of perception, evaluation, and psychological reactions to the consumption experience with a product/service.
- **Empathy:** Refers to the ability to understand and share the feelings of others. It involves not only recognizing another person's emotional state but also experiencing that state oneself (American Psychological Association, 2021)
- **Service Quality:** is Customers experience service quality and perceive the value of delivered service, and it also improves operational readiness for short time-to-market of new innovative services (Ma et al., 2008).

- **Reliability:** Reliability refers to the ability to perform the promised service accurately and consistently. It involves accuracy in billing, keeping records correctly, and performing the service at the designated time. Reliability consists of providing services as promised, dependability in handling customers' service problems, prompt reply to customer enquiries, provide services at the promised time and maintaining error- free record. Reliability is the most important factor in -conventional service (Parasuraman et al., 1988)
- **Responsiveness:** According to Parasuraman et al. (1988) "Responsiveness is the willingness to help customers and provide prompt service.
- **Tangibles:** Concern to the appearance of the establishments, physical facilities, equipment and personnel (Lee & Johnson, 1997).

## 1.9 Organization of the Thesis

The research paper was organized in to five chapters. The first chapter starts by giving a brief introduction on digital banking, service quality, and background information about Awash bank S.C. and followed by a brief statement of the problem. It also includes the objectives, research question and, significance of the study, literatures on the problem under study to provide definitions to the various concepts as well as the scope and limitation of the study. The second chapter was focused on review of literature exploring the theoretical & empirical perspectives, research gap and conceptual framework. The third chapter presents the methodology of the study. It covers research design, data type and source, sampling method and size, data collection procedures method of data collection and analysis of the study and the forth chapter covers the result of the study. The last chapter was provided summary of findings, the conclusion and recommendation of the study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **Introduction**

This chapter presents a review of previous studies related to the present study. The chapter constitutes examination of studies related to digital banking and customer satisfaction in the service industry especially in banks. It also examines the dimensions of digital banking affecting customer satisfaction in the banking industry. It also outlines the digital banking services available in the Awash Bank currently in use. In addition to this, it defines service quality and its dimension in detail.

#### **2.1 Review of Theoretical Literature**

##### **2.1.1 Defining the concept of Service**

Services are commercial ventures that one party provides to another. Customers of services demand value in return for their money, time, and effort from access to goods, labor, professional skills, facilities, networks, and systems; nevertheless, they often do not assume ownership of the tangible. A service is established when there is interaction between clients and service providers, as well as between the physical part of the service and the systems used to deliver it (Shahin & Janatyan, 2011). Compared to items, services have a unique personality.

Chesbrough & Davie (2010) asserted that service cannot be inventoried. Because a service is intangible and has a subsequent consumption after it is generated, there is a fundamental need for close communication between the service provider and the client (end user). The nature of service is intangible. To remain competitive in the service business, service delivery organizations need to be more watchful and proactive.

Grönroos (2001) asserts that services have a certain quality that sets them apart from products. The most crucial aspect of a service is revealed by the fact that it is a process as opposed to a product, which can be seen as a physical object and inventoried. Service cannot be mass manufactured since it is an intangible good. After manufacture, it cannot be inventoried or saved.

Services cannot be generated before the customer is prepared to consume them since services and service consumers are intertwined. Due to variety, it is challenging to provide services with constant quality. The basic definition of services is actions, procedures, and performances (Zeithaml & Bitner, 2004). It is clear that services are produced by both service businesses and manufacturers of manufactured items, in addition to being produced by service businesses. Services, according to Zeithaml & Bitner (2004), include all economic activities whose output is not a physical good or building, is typically consumed at the time it is produced, and adds value in ways that are essentially intangible concerns (such as convenience, amusement, timeliness, comfort, or health).

### **2.1.2 Definition of E-Banking**

Electronic banking, often known as e-banking, is the word used to characterize all transactions that take place between businesses, organizations, and individuals and their banking institutions, according to Sintayehu & Sapana (2022), as mentioned in Bob Bachelor (2017). Electronic banking was first proposed in the middle of the 1970s, and some banks began to offer it to clients in 1985. However, growth was hampered by the low number of Internet users and the high costs of using online banking. People become more accustomed to conducting business online after the late-1990s Internet boom.

E-banking continued to develop alongside the Internet despite the dot-com disaster. The success of internet access, new online banking services, household internet usage growth, and the legal and regulatory environment are only a few of the variables that influence the expansion of electronic banking in a nation. In comparison to a manual banking system, e-banking can provide customers with faster, more dependable services for which they may be satisfied. The e-banking system can improve customer interactions in addition to producing the most recent feasible returns. The goal of this study is to understand how e-banking factors in Bangladesh affect customer satisfaction (Sintayehu & Sapana, 2022).

Since moving from the old banking system to the internet banking system, Ali & Akter (2010) claimed that Bangladesh's banking industry has been going through a transitional phase. These statements show that electronic banking is increasingly becoming more significant in Bangladesh. For the banking industry to increase profitability, corporate growth, and success, consumer satisfaction is a requirement.

The banking industry is currently upgrading and increasing its involvement in many financial events on a daily basis. The banking process is also getting simpler and speedier. Commercial banks are looking for greater customer service prospects in order to survive in the cutthroat banking industry. The early 1970s saw banks start to consider these services as alternatives to some of their traditional banking operations, and this is when the e-banking business began to develop. First off, this decision was deemed wise since it guarantees lower expenses, as branches were quite expensive to establish and manage. Second, e-banking services and products such as ATMs and electronic financial transfers were crucial differentiators (Driga & Isac, 2014).

Automated teller machines (ATM), phone banking, telebanking, computer banking, and most recently internet banking are examples of how distribution channel changes have influenced the development of banking technology (Chang, 2003).

Early in the 1980s, the practice of utilizing a computer to access banking services through a phone line came to be known as "e-banking." In 1981, major banks in New York, including Citibank, Chase Manhattan, Chemical, and Manufactured Hanover, began offering e-banking services. The Bank of Scotland was the first to promote the idea, and British banks began to use it in 1983. Early on, there were just rudimentary online banking services available, such as reading bank statements and paying bills without a full transaction banking service (Driga & Isac, 2014).

### **2.1.3 Types of E-Banking Services**

The financial services provided to customers via electronic, intelligent devices are known as "e-banking services." E-banking, according to Gan & Clemes (2006), is a term that refers to a number of platforms, including internet banking (also known as "online banking"), TV-based banking, mobile phone banking, and PC (personal computer) banking (also known as "offline banking"), in which users access these services through an intelligent electronic device, such as a PC, personal digital assistant (PDA), automated teller machine (ATM), point of sale (POS), kiosk, or touch tone telephone. As a result, the many E-banking services that are provided using sophisticated electronic equipment are listed below.



### **a) Automated Teller Machine (ATM)**

An ATM is a device that allows you to withdraw cash without entering the banking area. The following is how Fenuga (2010) describes ATMs: "an ATM combines a computer terminal, database system, and cash vault in one unit, permitting customers to enter the bank's book keeping system with a plastic card containing a PIN or by punching a special code number into the computer terminal linked to the bank's computerized records 24 hours a day" (Fenuga, 2010). It also sells recharge cards and transfers funds, and it can be accessed 24 hours/7 days with account balance enquiry. It provides customers with a wide range of banking services. However, due to the quick advancement of technology, ATMs can now do provided account balance checks and bill payments. This electronic banking tool is used by banks to obtain a competitive edge. During business hours, the bank is more productive thanks to the combination of automation and human tellers (Sintayehu & Sapana, 2022).

### **b) Mobile Banking**

Mobile banking is a relatively new invention in e-banking services, according to Munir and Rahman's study from 2015. It is a wireless internet banking application, often known as M-Banking. The integration of the internet with mobile phones enables a new service (mobile data service), and the banking sector carried out the first such wireless internet commercial transaction. According to Tiwari et al. (2007), "Mobile Banking" refers to carrying out balance inquiries, account transactions, payments, credit requests, and other banking tasks via a mobile device like a cell phone or personal digital assistant (PDA).

SMS banking, a service that provided mobile banking, was available. Many places in the world, especially in isolated and rural areas, where there is little to no infrastructure, employ mobile banking. The range of services provided may include tools for managing accounts, conducting bank and stock market transactions, and accessing personalized information. In the study by Sintayehu & Sapana (2022) Mobile banking is a system or platform in which customers are automatically updated on any changes in their account. These changes are may come in the form of account debits and credits or any charges to the account. All it needs for mobile banking is a mobile phone with a well-functioning text messaging system.

**c) Internet banking**

According to the Sintayehu & Sapana (2022) study, Internet banking would allow users to access their bank accounts through websites and carry out specific transactions as long as they comply with strict security requirements. Customers can access convenient and adaptable services through internet banking. Customers can do practically all of their banking operations online thanks to it. The most financially astute and creative way to increase profitability allows one to monitor accounts, question the bank, and transfer money to other persons on separate accounts. Customers have 24/7 access to their accounts thanks to internet banking, which is another perk.

According to Sintayehu & Sapana (2022) Define, online/Internet banking is growing in popularity as a means of luring new clients and satisfying existing ones. It is crucial for banks to align their strategies in response to shifting customer needs and technological developments as a fundamental understanding of the factors influencing customer satisfaction in online banking has gained more prominence. This is because more and more banks are competing to provide their customers with superior services.

**d) Point of Sales (POS)**

According to the study by Abebe (2016), the point of sale, also known as the checkout or point of buy, is the place where a transaction takes place. The phrase "checkout" describes an electronic cash register (POS terminal) or, more broadly, the hardware and software used for checkouts. A sales person-accessible interface on a POS terminal controls the selling process. The receipt can be created and printed using the same system. For tax and business purposes, POS systems keep track of sales. Because the purchase amount is debited from the buyer's card and credited to the seller's account, POS makes it easier for clients to pay for goods and services without having to handle real currency.

**e) Personal Computer Banking**

According to the study by Munir and Rahman (2015), PC-banking is raising awareness of the value of computer education, which has led to a rise in personal computer usage around the globe. The term "PC banking" refers to banking activities carried out using a customer's personal computer (PC). Customers can use their PCs at home or at work to log into their accounts using a password on the bank's own intranet software system.

## **f) Agent Banking**

A banking agent is a retail or postal outlet contracted by a financial institution or a mobile network operator to process clients' transactions. Rather than a branch teller, it is the owner or an employee of the retail outlet who conducts the transaction and lets clients deposit, withdraw, and transfer funds, pay their bills, inquire about an account balance, or receive government benefits or a direct deposit from their employer. Banking agents can be pharmacies, supermarkets, convenience stores, lottery outlets, post offices, and many more. Banking agents are usually equipped with a combination of POS card reader, mobile phone, barcode scanner to scan bills for bill payment transactions, PIN pads, and sometimes personal computers (PCs) that connect with the bank's server using a personal dial-up or other data connection.

### **2.1.4. Introduction of Digital Banking in Ethiopia**

There is no doubt that Ethiopia's banking sector is underdeveloped, and as a result, there is an urgent need to start developing capacity and modernizing the financial system using the most advanced technology available. All banks operating in Ethiopia should be aware of the need to introduce digital banking systems in order to satisfy their customers and meet the requirements of rapidly expanding domestic and international trades, as well as increasing international banking services, given the increasing number of import-export businesses, increased international trades, and increased international relations.

With its fleet of eight ATMs based in Addis Abeba, Commercial Bank of Ethiopia, unquestionably the largest state-owned bank launched ATM service for local consumers in 2001. Additionally, CBE has been a member of Visa since November 14, 2005. But due to a lack of the necessary infrastructure, it was unable to benefit from its membership. Despite having introduced the first ATM-based payment system and being a Visa member, CBE trailed behind Dashen Bank, which made a concerted effort to keep its advantage in electronic payment systems.

The agreement between three private commercial banks to begin operating an ATM and Point of Sale terminal network in February 2009 is a positive step in enhancing Ethiopia's electronic card payment infrastructure. Awash International Bank S.C., Nib International Bank S.C., and United

Bank S.C., three private commercial banks, have in principle agreed to build the "Fettan" ATM network. If all goes according to plan, Fettan ATM will set up more than 140 ATMs and 340 POSs throughout Ethiopia.

Every branch of the consortium banks, every domestic airport served by commercial service, shopping centers, and businesses will have an ATM. As there is no one bank in Ethiopia that can afford to provide vast geographical coverage and access, the arrangement represents the first meaningful collaboration between rival banks in Ethiopia. Others should be encouraged to follow.

Between Ethiopian Commodity Exchange (ECX), Dashen Bank, and CBE, the first electronic banking gateway has ever been inked. According to Abiy Demilew (2008), the electronic banking system being built with both banks is intended to provide a secure electronic data sharing gateway between customers, banks, and ECX. Dashen Bank has been the only player in the sector of electronic banking since 2006 as the CBE continues to move slowly with its turnkey solution for Card Based Payment System. It is encouraging to see other private banks sign agreements to implement e-banking.

### **2.1.5 Service Quality in Digital Banking**

According to Gummeson (1991), "Quality research in the goods sector was established long before it was established in the service sector." According to Bandyopadhyay (2003), "Common definitions of quality in the goods sectors include the product's fitness for its intended use, which refers to how well the product meets the needs and expectations of its customer."

"The product oriented quality approach is 'objective quality,' according to Garvin (1983). 2007; Clemes et al. Nevertheless, "understanding quality in the goods sector is inadequate for understanding service quality because of the fundamental difference between the two terms" (Parasuraman et al., 1985, pp.42). (Parasuraman et al., 1985) Infer that service quality is performance-based rather than object-based, and that it is consequently uncommon to be able to create precise production criteria that ensure uniform quality.

In contrast to product quality, service quality is "more difficult for consumers to evaluate than product quality; this is due to a lack of tangible evidence associated with the service" (Hong and

Goo, 2004). Service quality is an elusive and abstract concept, which makes it challenging to quantify (Carman 1990; Garvin 1983; Parasuraman et al., 1985, 1988).

In his 1977 article, Shostack "described the intangibility of service that can only be rendered or experienced but not change the physical ownership after consumption." Service quality, according to Parasuraman et al. (1985), "involves not only the outcome but also the delivery method. The two are not the same, yet service quality and satisfaction are related (Cronin & Taylor, 1992; Parasuraman et al., 1985). Additionally, other service quality definitions were used by other researches. According to Lovelock and Wright (1999), "quality is the extent to which a service meets the needs, wants, and expectations of customers."

Service quality is defined by Bitner & Hubbert (1994) as the general perception of the company and its services by the clientele. According to Berry et al. (1990), "the gap between customers' expectations or desires and their perceptions" is another definition of "service quality."

According to earlier research, evaluating the quality of services is more challenging than evaluating the quality of goods (Parasuraman et al., 1985), and providing high-quality services is increasingly seen as the key to service providers' success (Cronin and Taylor, 1992).

### **2.1.6 Characteristics of Services**

According to Sileshi (2018), services have four major features: intangibility, inseparability, variability, and perishability. These traits provide particular difficulties for services. It is generally agreed that services vary from goods in four key ways.

#### **A. Intangibility**

The term "service intangibility" describes the inability to physically or aurally experience a service prior to purchase. Customers therefore attempt to assess the quality of a service by examining concrete elements such as the setting, personnel, cost, tools, and apparent communications (Sileshi, 2018).

## **B. Inseparability**

The concept of service inseparability states that service and their providers—whether they be humans or machines cannot be split apart. This implies that the service provider becomes an integral component of the service; often, the client is also there at the moment the service is rendered. As a result, how the provider and client interact influences how well the service is provided (Sileshi, 2018).

## **C. Variability**

Service variability describes how the type of service offered, as well as when, where, and how it is delivered, affect its quality (Sileshi, 2018). This implies that the service provider, as well as the firm, is responsible for determining the quality of a given service. In order to comprehend perceptions of service quality, it is essential to understand the role of service providers.

## **D. Perishability**

Although Lovelock & Wirtz (2011) contend that "not all service performances are perishable," such as video recordings of events and concerts, "not all service performances are perishable" (Sileshi, 2018), the fourth characteristic of services is perishability. This refers to the fact that services cannot be preserved for later sale or usage. When demand outpaces supply, this trait might lead to problematic circumstances (Sileshi, 2018). This can be used in the banking industry when there is a high volume of customers at the counters and not enough service providers, which prevents the service from being saved for later use. In this situation, banks should come up with better solutions to balance the supply and demand of their services. Understanding service perishability is crucial in the context of this study because of this.

By their very nature, banks don't create physical products; instead, they offer services that must satisfy the needs of their clients. In this regard, it is essential for BOA to establish its criteria for service quality and regularly assess client satisfaction in order to identify any gaps and determine how to close them. Due to this and related difficulties, I will attempt to look at each of the above-mentioned service qualities in my study.

### 2.1.7 Service quality Dimensions

Services have high levels of experience and credence features as a result of their distinctive intangibility, heterogeneity, and inseparability traits, which make them harder to evaluate than tangible items (Zeithaml, 1981; Bitner, 1990). In order to define, measure, control, and enhance customer perception of service quality, it is required to identify the factors that influence service quality (Johnston, 1995). According to Parasuraman et al. (1988), the SERVQUAL is a condensed multiple-item scale with strong reliability and validity that researchers can use to better understand consumer service expectations and perceptions and, as a result, enhance service.

Additionally, SERVQUAL was chosen because, according to Parasuraman et al. (1985), it is crucial when used infrequently to monitor service quality trends and when combined with other types of service quality instrument. "Identify ten determinants for measuring service quality," according to Parasuraman et al. (1985), "which are tangibility, reliability, responsiveness, communication, access, competence, courtesy, credibility, security, and understanding/knowledge of customers." In the future, "these ten dimensions were further purified and developed into five dimensions i.e. tangibility, reliability, responsiveness, assurance and empathy to measure service quality, SERVQUAL" (Parasuraman et al., 1988). The following are these five dimensions.

**Tangibility:** refers to the surroundings, tools, and personnel's outward look. Customers in the banking industry, according to Jabnoun & Al-Tamimi (2003), prefer tangible aspects of high-quality service. According to Zineldin (2005), "Bank could build customer relationships by delivering added tangible and intangibility elements of the core products".

**Reliability:** is the capacity to deliver the promised service precisely. Along with good customer service, staff attitude, staff knowledge, and staff abilities, reliability is an important component of product quality (Walker, 1990). According to Berry et al. (1990), "service reliability is found to be the service "core" for most customers, and managers should take every opportunity to build a "do-it-right first" attitude."

**Responsiveness:** readiness to assist clients is both examples of responsiveness. In service firms, "customers are very sensitive to employees' working environments" (Brown & Mitchell, 1993). According to Galloway & Ho (1996), a good balance between staff abilities and customer expectations led to exceptional customer service quality.

**Assurance:** refers to an employee's knowledge, politeness, and capacity to foster confidence and trust. (Parasuraman et al., 1988) discovered that assurance, along with dependability and responsiveness to client needs, is a crucial component of service quality. According to Arasli et al. (2005), assurance has "the strongest impact on customer satisfaction that leads to positive word of mouth outcome."

**Empathy:** is the kind, specialized attention a business gives its clients (ibid). According to Jabnoun and Al-Tamimi's research from 2003, bank clients view empathy as a crucial component of good customer service. "It is suggested that employees' commitment to deliver quality services, skillfully handling of conflicts, and efficient delivery of services resulted in satisfied customers for long-term benefits" (Nelson & Chan, 2005).

### **2.1.8 Customer Satisfaction**

According to Drucker (1954), the primary goal of a firm is to produce happy consumers. Higher levels of customer retention and loyalty (Anderson & Sullivan, 1993), lower costs associated with defective goods and services (Anderson et al., 1997), increased buyer willingness to pay price premiums, provide referrals, and use more of the product have all been found to be correlated with higher levels of customer satisfaction. Retaining clients should be seen as an asset that generates money for the company in order for it to be profitable in the future (Anderson & Sullivan, 1993).

According to empirical studies, increased customer satisfaction need not result in greater expenses; in fact, it may result in cheaper costs due to a decrease in defective items, product rework, etc. (1992, Fornell). The same long-term impact on profitability as when such attitudes and behaviors are won through superior products and services is unlikely to occur when customer satisfaction and retention are purchased through price promotions, rebates, switching barriers, and other similar means (Anderson & Mittal, 2000).



According to Yi (1990), customer satisfaction is "a collective outcome of perception, evaluation, and psychological reaction to the consumption expectation with a product or services". Satisfaction, according to Kotler (2000), is "a person's feelings of pleasure or disappointment resulting from comparing the product's perceived performance or outcome in relation to his or her expectations." Hansemark & Albinson's (2004) definition of satisfaction states that it is "an overall consumer attitude toward a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some demands, goals, or desires. Customer satisfaction is defined by Jamal & Kamal (2002) as "a feeling or attitude of a customer towards a product or service after it has been used."

### **2.1.9 Distinction Between Service Quality and Customer Satisfaction**

Customer satisfaction and service quality have been distinguished in the literature on services (Bitner, 1990; Parasuraman et al., 1988). For businesses to concentrate on improving their capacity to please customers through excellent service quality, this differentiation is crucial.

According to Parasuraman et al. (1988), "service quality involves an attitude and is an evaluation over several service encounters overtime. " This is the position of academics. Respondents in the study by Parasuraman et al. (1988) provided evidence of satisfaction with particular service interactions but expressed dissatisfaction with the firm's level of service quality.

In his definition of attitude as "the consumer's relatively enduring affective orientation for a product, store, or process while satisfaction is the emotional reaction following a disconfirmation experience which acts on the base attitude level and is consumption-specific" (Oliver, 1981, p. 42), Oliver distinguished between customer satisfaction and service quality. As a result, Oliver (1981, p. 42) stated that service quality is "more stable and is situational oriented".

According to Bitner (1990; Bolton & Drew, 1991), "Initially, scholars take the position that satisfaction is an antecedent of service quality since to reach an overall attitude (service quality) implies an accumulation of satisfactory encounters."

However, according to other researchers (Cronin & Taylor, 1992; Ekinci, 2004; Rust & Oliver, 1994; Swan & Bowers, 1998) mentioned in Gezahegn (2018), service quality is the precursor to customer happiness. Cronin & Taylor's empirical study from 1992 "showed that service quality has a significant effect on customer satisfaction." In a similar vein, recent research employing recursive structural models by Gonzalez & Brea (2005) and Ekinci (2004) as referenced in Gezahegn (2018) offered empirical evidence for the relationship between service quality and customer satisfaction. Customer satisfaction "is a broader concept than service quality, which focuses specifically on dimensions of service," (Zeithaml et al., 2006).

## **2.2 Empirical Studies**

The following is a quick discussion of a few of the empirical investigations that are mentioned in the title.

Abdul et al (2021) studied understanding the service quality and customer satisfaction of mobile banking in Bangladesh: using a structural equation model. The results showed that there are positive and significant effects of all constructs of service quality, namely, tangibility, reliability, responsiveness, assurance and empathy on customer satisfaction for using mobile banking. Particularly, the responsiveness has a strong impact ( $b = 0.3165$ ) on customer satisfaction. Furthermore, the tangibility has identified as less significant factor ( $b = 0.0770$ ) on customer satisfaction. Findings also indicate that mobile banking service providers should concentrate on all dimensions of service quality, with special focus on responsiveness and reliability for improving their customer satisfaction. This study has several implications for researchers, banking authority, policymakers and financial agencies when rendering services to end users and customers of mobile banking. Furthermore, this implication also helps banks to understand and develop strategies as well as policies to improve the services of mobile banking of Bangladesh.

Alice et al (2016) have also a studied the effect of Mobile Banking on Customer Satisfaction in Selected Banks in Trans-Nzoia County. From the findings, the researcher concluded that the regression effect was statistically significant indicating a reliable prediction of the dependent variable. The F calculated ( $F = 39.96$ ) greater than 5% level of significance thereby showing that the model was significant where the independent variables explained 85% of the mobile banking customer satisfaction. The study was significant to the banking sector since mobile banking is a phenomenon that has taken off and can't be washed away.

Nwachukwu et al (2016) studied Mobile Banking Service Quality and Customer Satisfaction of Deposit Money Banks in Port Harcourt. The study revealed that all the dimensions of mobile banking service quality (mobile convenience, accessibility and security) have significant relationships with the measures of customer satisfaction (customer loyalty and word of mouth). Hence, the study recommends that management have to ensure their mobile banking process is convenient for the customers to use through making it easy since it has been proven to help improve customer satisfaction, also make the mobile banking process to be accessible all round through ensuring its sound and running with good networks for customers to use.

Amaha (2014) conducted a thorough analysis of customer satisfaction and service quality (in the context of the Commercial Bank of Ethiopia ATM Service).

Customers reportedly found the ATM service to be incredibly simple to use and highly secure from fraud. However, it was shown that customers had a negative view of the ATM service's responsiveness and dependability. The main issues customers encounter when using the service are that the ATMs don't always work, they can't always provide accurate and consistent services, there isn't always cash inside the ATMs, the network isn't always available, there isn't a contact person for the ATMs, and the breakdown of the ATMs isn't fixed.

The results also demonstrate a significant and advantageous association between customer satisfaction and all of the chosen service quality measures. The majority of respondents said they were satisfied with the service when asked to rate their overall satisfaction with the ATM service. Finally, by understanding how its customers feel about its ATM service, Commercial Bank of Ethiopia will be able to improve its services. As a result, it will be easier for it to concentrate on the areas where customers believe its ATM service falls short and determine which service areas it needs to develop and enhance. This study used convenience sampling to reach its target group and only focused on the ATM services provided by CBE in Addis Ababa.

Dereje (2014) looked into customer satisfaction and service quality (using the example of the Awash International Bank Gerji branch in Addis Ababa). The results have demonstrated that educated consumers were dissatisfied as a result of their failure to purchase superior services. The study finally reveals that the Bank has experienced service failure. The target bank have to conduct significant research going forward to help market the quality of its services.

Gezahegn (2018) conducted research on the impact of service excellence on client satisfaction at Awash Bank. The findings of this study show that, aside from dependability, customer satisfaction is positively and significantly correlated with each of the four service quality aspects (tangibility, assurance, empathy, and responsiveness). Customers were most satisfied with the empathy dimensions of service quality, according to this study's findings. Customers, on the other hand, expressed less satisfaction with the tangible and reliable aspects of service quality. Additionally, in Awash Bank S.C., the four characteristics of service quality—tangibility, reliability, assurance, and empathy significantly account for 80% of the variances in customer satisfaction.

The researcher makes several comments to the bank management based on the study's findings, as well as advice for future researchers. One of the key findings of this research was that the empathy dimension was thought to be one of the most significant variables impacting customer happiness at Awash bank. Awash Bank needs to put a lot of effort into addressing the Empathy aspect of service quality if they want to keep their current customers and draw in new ones.

According to Sileshi (2018)'s findings, customer satisfaction and the independent variables of service quality dimensions are significantly correlated. According to the results, assurance and empathy significantly affect customer happiness, whereas tangibility, responsiveness, and reliability have no real bearing on it. Although The SERVQUAL dimensions have a favorable link with customer satisfaction, the research advises that Awash Bank and Dashen Bank were not fully employed to properly satisfy customers. As a result, banks should focus on characteristics that improve client happiness, such as service quality.

So, according to the researcher, the aforementioned studies attempt to solve the problem of quality service from the standpoint of customer satisfaction in the banking industry. However, the impact of quality service on client satisfaction varies depending on the bank branch. Therefore, more research is required to determine the impact of the quality of digital banking services in a particular Awash Bank branch in Addis Ababa. In the same way, all the researchers did not use the same variables. They used different variables to know the effect of digital banking service quality on customer satisfaction in banking sector.

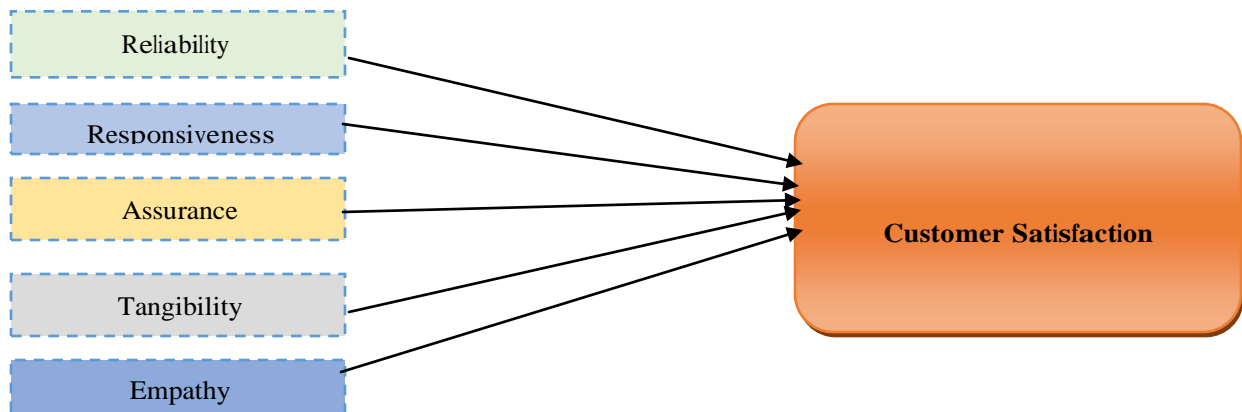
### 2.3 Research Gap

There isn't enough local research on the effect of digital banking service quality on customer satisfaction in a few Awash Bank branches in Addis Ababa. However, a study by Sintayehu and Sapana (2022) on the impact of electronic banking on customer satisfaction used data from Ethiopian commercial banks that operated in the Hawassa municipal administration. The Ethiopian government bank was the primary subject of this study. Similar to this, Addisu and Tadele (2018) investigated the impact of high-quality service on customers' satisfaction with interest-free banking: a case study of Awash Bank S.C. in the town of Diredawa.

The study only focused on interest-free users at Awash Bank and ignored the perspective of digital services. It also contains gaps in time to handle the bank's current predicament. Amaha (2014) looked into customer satisfaction and service quality (in the context of an ATM service provided by a commercial bank in Ethiopia). The purpose of the study is to determine the current impact of service quality on customer satisfaction. Therefore, the purpose of this research was to close the analysis and time gap regarding consumer satisfaction with digital banking services provided through ATMs, POS terminals, mobile banking, and internet banking service.

### 2.4. Conceptual Frame Work of The study

The conceptual frame work indicates that crucial process, which is useful to show the direction of the study. The study was showed the effectiveness of the five service quality dimension intermesh of customer satisfaction.



Source: Adopted from Sintayehu & Sapana (2022)

**Figure 2.1 Conceptual framework of the Study**

## **2.5 Hypothesis Development**

### **Reliability**

The ability to deliver the promised service dependably and precisely is referred to as reliability. Along with good customer service, staff attitude, staff knowledge, and staff abilities, reliability is an important component of product quality (Walker, 1990). According to Armstrong's (2000) findings, transactional speed has a significant impact on customer satisfaction.

Additionally, Addisu & Tadele (2018) found that customer happiness is significantly impacted by reliability. Similarly, Amaha (2014)'s findings confirmed that dependability and customer satisfaction are positively correlated.

The following is an indication of the hypothesis.

**H1: Service Reliability has a positive & significant effect on customer satisfaction**

### **Responsiveness**

According to Addisu & Tadele (2018), the responsiveness dimension has a positive connection with customer satisfaction of 0.042, which is statistically insignificant and exhibits low correlation. The responsiveness dimension has a coefficient of 0.032 in the Multiple Linear Regression study, indicating a positive but negligible link between the responsiveness dimension and customer satisfaction. Additionally, Amaha's (2014) research supported the idea that responsiveness and customer satisfaction are positively correlated. This suggests that giving customers the service they need at the right moment increases their satisfaction with the bank's service. As a result, the following is how the hypothesis is indicated.

**H2: Service Responsiveness has a positive & significant effect on customer satisfaction**

### **Assurance**

The Assurance dimension has a coefficient of 0.157 in the Multiple Linear Regression study, indicating a substantial positive association between the Assurance dimension and customer satisfaction (Addisu & Tadele, 2018). According to them, the degree of customer satisfaction showed the strongest link with the assurance dimension, which has a correlation of 0.804. The results of this study were in line with those of Arasli et al. (2005), who identified assurance as having the greatest impact on customers. According to Melkam (2021), service assurance significantly affects customer happiness. The following is how the hypothesis is presented.

**H3: Service Assurance has a positive & significant effect on customer satisfaction**

## **Tangibility**

According to Addisu & Tadele (2018), there is a positive association between the tangible component and customer satisfaction of 0.165. The tangible dimension had a coefficient of 0.144 in the Multiple Linear Regression study, indicating a substantial positive association between the tangible dimension and IFB's customer happiness.

Tangibility was described by Iwaarden et al. (2003) as including tangible assets including buildings, machinery, and the management team's staff. Additionally, it is stated that customer satisfaction will be positively impacted by well-groomed employees, easy access to written materials like pamphlets, brochures, folders, and information, and the ease of visibility of resources required for providing service to customers (Parasuraman et al., 1985). In the banking industry, tangibility is seen as having a beneficial impact on client satisfaction through modern-looking or smart equipment and aesthetically pleasing or beautiful surroundings (Ananth et al., 2011). The study's identified hypothesis is explained in the manner that follows.

**H4: Service Tangibility has a positive & significant effect on customer satisfaction**

## **Empathy**

Melkam (2021) confirmed that service emphasis significant effect on customer satisfaction. Convenient working hours, individualized attention, better understanding of customer's specific needs, enhanced communication between management and customers will have a positive outcome on customer satisfaction (Ananth et al., 2011). Thus, the hypothesis is stated as follows.

**H5: Service Empathy has a positive & significant effect on customer satisfaction**

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1. Introduction**

This chapter explores the research methodology that was used in carrying out the research by describing the research approach, research design, population and sampling, sources of data and types, and finally data collection procedure. The selection of research methods was depending on the research objectives, nature of the subject and implementing facilities.

#### **3.2 Description of the Study Area**

The study was mainly focused on selected branches of Awash Bank in Addis Ababa City Administration. Awash Bank is one of competitive banks having many customers to conduct the study. The Bank was established in February 13, 1995 G.C. In the context of this study, Head Office, Hayu, Sidamo Tera and Yosef branches of Awash Bank were selected out of the 278 branches in Addis Ababa.

#### **3.3 Research Design**

"A research design is the arrangement of conditions for data collection and analysis in a manner that aims to combine relevance to the research purpose with economy in procedure" (Kothari, 2004, p. 31). To accomplish the research purpose in this study, descriptive and explanatory research designs were used. Give detailed responses to the who, what, where, when, how, and how many inquiries. In order to characterize, contrast, classify, analyze, and interpret the things in many fields of research, it looks at people, groups, institutions, methods, and materials (Abiy et al., 2009).

Accordingly, descriptive research design was utilized in the study to enable the description of the service quality aspects and total customer satisfactions, whereas explanatory research design focused on examining the link between independent and dependent variables. The relationship between independent variables of digital banking's tangibility, dependability, assurance, empathy, and responsiveness with customer satisfaction must be demonstrated using explanatory design.



Thus, it involves more than just gathering and evaluating both types of data; it also entails combining the two methodologies so that the study's overall strength is greater than that of either qualitative or quantitative research (Creswell, 2009).

### **3.4. Research Approach**

Research approach is to be selected based on the research purpose, the nature of the research, the problem area, and research questions (Alhamadni et al., 2006). According to (Creswell, 2009), there are three basic types of research approaches including quantitative, qualitative, and mixed approach. Quantitative research is an approach for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures

A quantitative research is a type of research in which the researcher decides what to study, asks specific narrow questions, collects numeric (numbered) data from participants and analyzes these numbers using statistics, and conducts the inquiry in an unbiased, objective manner. Variables can be defined as attributes or characteristics of individuals, groups, or sub-groups of individuals (Creswell, 2009). This research was designed to apply the mixed research approaches to conduct to strengthening the weakness of the other type of data. In addition to this, the researcher used mixed research approach to draw meaningful result from both type of data.

### **3.5 Target Population of the Study**

According to Naresh (2007) the target population is said to be a specified group of people or object for which questions can be asked or observed made to develop required data structures and information. The total numbers of customers' existing in the four branch of Awash bank were 61,521.

## **3.6 Sample Design and Techniques**

### **3.6.1 Sampling Frame and or Sampling Unit**

The sampling frame was a source material from which the sample was selected based on some selection criteria from the total population (Saunders et al; 2007).

In this research, the sampling frame was Awash Bank in Addis Ababa and their customer's willingness to fill the questionnaire in doing so, based on this sampling frame, respondents were selected by using simple random or probability sampling techniques and each respondents had equal chance of being selected as a sample. The sample frame comprises the Head Office, Hayu, Sidamo Tera and Yosef branches of Awash Bank. On the other hand, the sample units are individual units which participate in the study. Thus, the sample units of the study are customers who are using digital banking service like card banking, mobile banking, internet banking and others.

### **3.6.2 Sampling Technique**

Sampling techniques can be divided into two types, probability or random sampling and non-probability sampling. Probability Sampling was a selection of sampling techniques in which the chance or probability of each case being selected from the population is known. While, non-probability sampling was a selection of sampling techniques in which the chance or probability of each case being selected is not known (Saunders et al, 2007).

In regarding to this study, the researcher used convenience sampling technique to take sample branch of the bank namely Head Office, Hayu, Sidamo tera and Yosef branches and to select respondents from those branches. This sampling technique was appropriately used when customers available in time and space. The sampling units were accessible, easy to measure and cooperative. The researcher personally contacted the respondents and gave a short brief explanation about the purpose of the study. Requests were kindly made to them to fill up the questionnaire with correct and unbiased manner and to return it as much as they have completed.

### 3.6.3 Sample Size Determination

Malhortra & Peterson (2006) stated that, larger the sampling size of a research, the more accurate the data generated but the sample size was different due to different situation. Therefore, the sample size of respondents who were replied to the research study was assumed to be reasonable and representative.

Sample Size Determination (SSD) was done based on the formula of sample size determination formula developed by (Yamane, 1967) and also by consulting the research main advisor. According to (Yamane, 1967) determination formula, sample size could be calculated as follows

$$n = N / [1 + N(e^2)], \quad \text{where; } n = \text{the required sample size,}$$

$N$  = the population size, and

$e$  = the level of precision.

By considering the above calculation, the required sample size with 5% or 0.05 precision level would be:  $61521 / [1 + 61521(0.05)^2] = 397$ .

Thus, the total number of respondents that were participated in the study counted to 397.

**Table 3.1 Summary of sample size from each branch**

No	Branches	Total population	Sampling Proportion
1	Head Office Branch	33,221	54%=214
2	Hayu Branch	3,076	5%=20
3	Sidamo Tera Branch	15,995	26%=103
4	Yosef Branch	9,229	15%=60
<b>Total</b>		<b>61,521</b>	<b>397</b>

### 3.7. Sources of Data

#### 3.7.1 Primary Data Sources

The primary source of data, closed ended self-administered questionnaire was used to gather the data from the respondents. In addition to this, the researcher used semi-structured interview to gather in-depth information for the purpose of the study.

### **3.7.2 Secondary Data Sources**

The secondary data was obtained from review of various related literatures, published and unpublished articles, different concerned reports, manuals, and books. In addition to these sources, necessary documents were derived from both manual and e-library.

## **3.8 Methods of Data Analysis and Interpretation**

### **3.8.1. Data Quality Management**

There are points at which the quality of data may be affected unless measures are taken at each stage. These points were questionnaire designing, data collection and data entry. As this is, one of the points to control the quality of data, great emphasis was given to questionnaire designing. Data collection and supervision were another focus area to keep and maintain the quality of the data. The data collectors and supervisors were provided training on the objective of the study, the contents of the questionnaire, how to maintain confidentiality and privacy of the study respondents. The collected data were checked by researcher on daily basis for any incompleteness and/or inconsistency and timely correction was made.

### **3.8.2 Statistical Tools of Data Analysis**

Descriptive and inferential statistics were used to attain the purpose of the study. Therefore, the statistical tools of the data analysis stated briefly as follows.

#### **3.8.2.1 Descriptive Statistical Analysis**

In this study, different tools were employed to draw meaningful results from the data collection instruments. The data collected from the primary data was analysis using mean, standard deviation, frequency and percentage. These tools assert how much the response of the respondents seems in the study objective.

#### **3.8.2.2 Inferential Data Analysis**

For the sake of handling the data analysis, software called SPSS version 25 was employed. In the data analysis steps, first the quantitative data was tabulated for the sake of making the data user-friendly and easy to understand and then the data computed in the form of average values and percentages pertaining to each of the intended indicators or variables. Analysis of Variance (ANOVA) was used to determine the differences among group means in the sample with reference to satisfaction levels.

Besides, correlation analysis was conducted to examine the extent to which respondents' overall satisfaction was associated with the aforementioned predictor variables. Finally, multiple linear regression analysis was undertaken to capture the effect of predictor variables on the dependent variable (overall satisfaction).

### 3.8.3 Model and Model Diagnostics or Specifications

Multiple linear regressions were employed to show the cause and effect relationship between independent and dependent variables. This model was employed because the dependent variables are continuous.

Generally, the model of data analysis technique was indicated as follows

$$Y_i = \beta_0 + \beta_1 \times X_1 + \beta_2 \times X_2 + \beta_3 \times X_3 + \beta_4 \times X_4 + \beta_5 \times X_5 + E$$

Where Y is the dependent variable of customer satisfaction while X1, X2, X3, X4 and X5 were independent variables stated as follows.

X1= Reliability

X2=Tangibility

X3=Responsiveness

X4= Assurance

X5= Empathy

$\beta_0$  is the intercept term- it gives the mean or average effect on Y of all the variables excluded from the equation, although its mechanical interpretation was the average value of Y when the stated independent variables are set equal to zero.

Whereas  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$ ,  $\beta_4$  and  $\beta_5$  refer to the coefficient of their respective independent variable which measures the changes in the mean value of Y, per unit change in their respective independent variables while E is the Error.

## 3.9. Validity and Reliability

### 3.9.1 Validity

Validity refers to whether an instrument measures what it was designed to measure. (Hair et al., 2007) defined the validity as “the degree to which a measure accurately represents what is supposed to”.

Validity is concerned with how well the concepts are defined by the measure(s). It also refers to the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration. However, an instrument cannot measure the attribute of interest if it is unpredictable, inconsistent, and inaccurate. (Leary, 2004) mentioned about four types of validity: Internal validity, external validity, constructs validity, and statistical conclusion validity.

In this research, criterion and content validity were assessed numerically, but can only be subjectively judged by the researcher.

### 3.9.2. Reliability

Reliability refers to the degree to which the data collection tools or analysis procedures offer consistent findings. Reliability analysis measures the internal consistency of a group of items which are used in questionnaire construction. Coefficient of Cronbach’s alpha was the most frequently used index of reliability. A Cronbach’s alpha coefficient value above 0.70 is generally regarded as acceptable. Specifically, if the value is 0.9, it is taken as excellent as, greater than 0.8 is good, greater than 0.6 is acceptable, greater than 0.5 is poor and that of less than 0.5 is unacceptable (Saunders et al, 2009).

**Table 3. 2: Alpha Coefficient for Each Section of Questionnaire**

S/n	Section	No. of Items	Alpha Value
1	Tangibility	5	0.722
2	Reliability	5	0.766
3	Assurance	5	0.719
4	Empathy	5	0.760
5	Responsiveness	5	0.800
6	Customer Satisfaction	5	0.733

*Source: Research Questionnaire (2023)*

As shown the reliability result indicated above, the internal consistency of the data was acceptable because the *alpha coefficient was greater found between above 0.7*.

## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND RESULTS

This chapter presents the analysis and interpretation of both quantitative and qualitative data collected from respondents. The data results obtained via questionnaire and interview were analysed, presented and interpreted by using frequency distributions, tables, percentage, figures, mean, standard deviation, correlation and regression analysis.

#### 4.1 Response Rate

**Table 4.1: Response rate of respondents (N=387)**

No	Questionnaire	Number	%
1	Dispatched/distributed	397	100
2	Return	387	98
3	For analysis	387	98
4	Interview	Seven	100%

**Source: field survey (2022)**

The response of respondent rate is displayed in Table 4.1. In this instance, 387 completed questionnaires with a response rate of 98% were included in the analysis out of a total of 397 respondents who were invited to participate in the study. The remaining ten surveys, however, were not returned by the deadline since the respondent weren't busy by other tasks when the researcher wants to gather the relevant information's. Similarly, seven responses (100%) were used for the interview.

**Table 4. 2: Mean score range for the five Likert scale responses**

No.	Mean range	Response Options
1	[1.00, 1.80)	Strongly Disagree
2	[1.81, 2.60)	Disagree
3	[2.61, 3.40)	Neutral
4	[3.41, 4.20)	Agree
5	[4.21, 5.00]	Strongly Agree

Source: Al-Sayaad et al. (2006)

#### **4.2 Demographic Characteristics**

The demographic characteristics of the respondents comprises the gender, age, occupation, level of education, kind of bank service customers use, kind of digital banking customers use, time of established relationship with the bank and the frequency of customers visiting the bank were discussed briefly as follows.



**Table 4.3 Demographic Characteristics of the Respondents**

Description		Frequency	Percent
Gender	Male	194	50.1
	Female	193	49.9
	Total	387	100.0
Age	18-29 years	128	33.1
	30-39 years	75	19.4
	40-49 years	130	33.6
	50-60 years	54	14.0
	Total	387	100.0
Occupation	Unemployed	15	3.9
	Student	30	7.8
	Salaried	207	53.5
	Business man	135	34.9
	Total	387	100.0
Level of education	Diploma	63	16.3
	Degree	174	45.0
	Above degree	150	38.8
	Total	387	100.0
What kind of bank service do you use at the bank?	Saving account	227	58.7
	Current account	160	41.3
	Total	387	100.0
What Kind of digital banking services are you using at the banks?	Card Banking (ATM, POS, Others)	41	10.6
	card and mobile banking	263	68.0
	All	83	21.4
	Total	387	100.0
How long you established relationship with the bank?	Less than one year	40	10.3
	1-5 years	99	25.6
	6-10 years	152	39.3
	11-15 years	42	10.9
	Above 15 years	54	14.0
	Total	387	100.0
In What frequency you visit the branch for service?	Daily	26	6.7
	Weekly	206	53.2
	Monthly	33	8.5
	More than two times in a month	122	31.5
	Total	387	100.0

**Source: Survey result (2023)**

The demographic characteristics of the respondents looked in to table 4.3. In this regard, 194(50.1%) and 193(49.9%) of the respondents were male and female respectively. As noted in the table, men made up the majority of the respondents that participated in filling out the questionnaire. At the same time, relative to male involvement in the study, female participation was practically equal.

With regard the age of respondents seen in table 4.3, 128(33.1%) and 75(19.4%) of the respondents their age ranges between 18-29 and 30-39 years respectively. In the same way, 130(33.6%) and 54(14%) of the respondents they found the age ranges between 40-49 and 50-60 years respectively. As can be seen the response rate of the respondents, majority of them were lies the age range between 40-49 years.

In relation the occupation, the response of the respondents showed that 15(3.9%) were unemployed, 30(7.8%) were students, 207(53.5%) were salaried and 135(34.9%) of the respondents are business man. Therefore, the finding revealed that majority of the respondents was salaried which able to contact the bank to bring their money when they need. The respondents were asked to indicate their level of education. In this context, 63(16.3%) had diploma educational background, 174(45%) of the respondents had degree educational background while 150(38.8%) of the respondents had masters and above degree educational background.

As can be seen the table, most of the respondents had degree educational background. This implies they had the advantage to use the digital banking service properly. In addition to this, the respondents indicated the kind of bank service they use in the bank. Based on their response, 227(58.7%) had saving account while 160(41.3%) of the respondents had current account. Therefore, the result showed that most of the customers had saving account. With regard the kind of digital banking service customers use, 41(10.6%) and 263 (68%) of the respondents were used card banking (ATM, POS, others) and card and mobile banking respectively while 83(21.4%) of the respondents use both card and mobile banking. As can be seen the response of the respondents, majority of the respondents were sued card and mobile banking. This implies customers can easily use both digital banking services when they need in the bank.

In terms of establish relation with the bank, 40(10.3%) had less than one year, 99(25.6%) and 152(39.3%) of the respondents had 6-10 years' experience respectively. In the same way, 42(10.9%) and 54(14%) of the respondents had 11-15 and above 15 years respectively. Therefore, the finding of the study disclosed that most of the respondents had 6-10 years' experience. This implies they had gotten the necessary experience to use the digital service of the bank.

The respondents also asked to show their frequency of visiting the bank for service, 26(6.7%) and 206(53.2%) of them visiting daily and weekly respectively. Among the respondents, 33(8.5%) and 122(31.5%) were visited the bank monthly and more than two times in a month. Therefore, the finding of the study depicted that the respondents were visited the bank weekly.

### 4.3 Digital Banking Service Quality Dimensions

In this study, the five dimensions of service quality dimension in the digital banking of selected Awash were incorporated. The dimensions were tangibility, reliability, assurance, empathy and responsiveness. In addition to this, the responses of the respondents about the overall customer's satisfaction in the digital banking services were briefly indicated in the following tables.

#### 4.3.1 Service Tangibility

The tangibility dimension holds within it five items which indicate transaction, convenient banking service, visually appealing of the bank, modernity of the bank facilities and up to date equipment of the bank. The customer's responses to the questions of tangibility are analyzed below in table 4.4.

**Table 4.4 Respondents response towards service tangibility in the bank**

S/No	Statements	N	Mean	Std.Dev
1	Digital transformation provides an easy way to do banking transactions to customers as per your needs.	387	3.64	1.34
2	Digital banking provides convenient banking services.	387	3.48	1.39
3	Digital banking facilities are visually appealing.	387	3.46	1.36
4	Digital banking facilities are modern.	387	3.62	1.36
5	You are satisfied with the technological, up-to-date equipment of the bank.	387	2.32	.75

**Source: survey result (2023)**

Table 4.4 specifies the response of the respondents towards service tangibility in selected branch of Awash bank. In this regard, respondents were questioned on their opinions on whether or not clients can conduct banking transactions easily thanks to digital transformation, depending on their needs. Based on this claim, the respondents' mean score of 3.64 and standard deviation of 1.34 indicated that digital transformation had given clients an easier way to do banking activities as needed.

The sentences "Digital banking provides convenient banking services" and "Digital banking facilities are visually appealing" were the subjects of items 2 and 3 of the respondents' questionnaires, and they got mean scores of 3.48 and 3.46, respectively. According to this, digital banking offers convenient banking services, and bank locations are also aesthetically pleasing.

A mean score of 3.62 and 2.32, respectively, were given to the claims that "Digital banking facilities are modern" and "You are satisfied with the technologically advanced equipment of the bank."(see table 4.4, item-4 & 5). This suggests that although the bank's digital banking services were state-of-the-art, customers weren't happy with the bank's cutting-edge technology.

### 4.3.2 Service Reliability

The second service quality dimension to be analyzed is reliability, this dimension also includes five items which indicate about accurate and reliable information, timely updates and maintenance of accounts, error-free transactions, availability of service and the service right for the first time. Customer's responses regarding these questions are presented in the table 4.5 below.

**Table 4.5 Response of respondents towards service Reliability in Awash bank**

S/ No	Statements	N	Mean	Std. Dev
1	Digital banking provides you accurate and reliable information.	387	3.49	.86
2	Digital banking provides timely updates and maintenance of accounts.	387	3.53	.81
3	Digital banking provides error-free transactions as promised.	387	2.54	1.04
4	Digital banking has all the services available when you want it.	387	2.45	.99
5	Digital banking performs the service right the first time.	387	2.48	.99

**Source: survey result (2023)**

Item-1 of table 4.5 of the table indicates the response of respondents towards service reliability in the bank. Based on this, the mean score of 3.49 and standard deviation of 0.86 showed that the digital banking in the bank was provided accurate and reliable information's. This implies reliable information's was given for the customers as they want.

In addition to the data collected quantitatively through questionnaire was also supported the data collected from qualitative through interview as follows.

Reliability has been identified as a key factor in boosting client satisfaction with the digital banking service by one of Sidamo Tera's branch manager. He pointed out that users of digital banking also have issues about links that don't work properly, accurate links, and page download speeds. He also guaranteed that digital banking has to take more care and attention when transferring money across accounts. Last but not least, accurate and up-to-date information as well as text that is easy to comprehend on the bank's website are crucial quality criteria, especially for international clients and some clients who need higher level services via digital channels, including acquiring investments, stocks, or insurance.

In addition to this, item-2 of table 4.5 of the respondents asked to indicate their view about the statement "Digital banking provides timely updates and maintenance of accounts" has received a mean of 3.53 and standard deviation of 0.81. This suggests that time updates and maintenance of accounts were given for the customers.

The Hayu branch manager brought up concerns about account updates. He clarified that the bank takes account updates and upkeep in a timely manner very seriously. Customers were able to access their accounts by using their name and account number as a result. The bank continually strives to improve its clients' experiences and boost the number of clients who use the bank overall.

The statements "Digital banking has all the services available when you want it" and "Digital banking provides error-free transactions as promised" have got mean scores of 2.54 and 2.45, respectively. Additionally, the two propositions had standard deviation scores of 1.04 and 0.99, respectively. Based on the results, it may be assumed that mistakes were made when using the digital banking service. All of the services weren't available at the same time when customers needed them in the bank.

The most recent claims that "Digital banking performs the service right the first time" had a mean and standard deviation of 2.48 and 0.99, respectively. This suggests that the service for digital banking was not provided correctly the first time. Because of this, there have been instances when clients have needed to deliver and the digital banking services have not been available.

### 4.3.3 Service Assurance

The third service quality dimension to be analyzed is assurance; this dimension also includes five items which indicate about customer confidence, ease in finding out policy statements and notice statements, remembrance of digital service by the customer, transactions digitally and personal information. Customer's responses regarding these questions are presented in the table 4.5 below.

**Table 4.6 response of respondents toward service Assurance in awash bank**

S/ No	Statement	N	Mean	Std. Dev
1	You have confidence in the bank's digital banking services.	387	3.59	.77
2	Digital banking provides ease in finding out policy statements and notice statements.	387	3.62	.77
3	The process of digital banking is easy to remember.	387	2.54	.76
4	You feel secure while making transactions digitally	387	2.41	.77
5	Your digital banking site does not share your personal information with other sites.	387	2.47	.75

**Source: survey result (2023)**

The respondents' opinions on the Awash bank's service assurance are detailed in Table 4.6. You have faith in the bank's digital banking services, according to the first statement, which received a mean score of 3.59 and a standard deviation of 0.77. This shows that clients had faith in the digital banking services they received. With a mean score of 3.62 and a standard deviation of 0.77, the second of the two statements, "Digital banking makes it easy to find out policy statements and notice statements," has also been evaluated. This suggests that bank policy statements and notice statements can now be easily found using digital banking.

Additionally, the respondents who were asked to rate the statements "You feel secure while making transactions digitally" and "The process of digital banking is easy to remember" obtained mean scores of 2.54 and 2.41, respectively (see table 4.6, items 3 and 4). This shows that users thought it was difficult for them to recall how to utilize digital banking. Customers also didn't feel secure when conducting transactions online.

Similar to this, the manager of the Awash Bank branch in Yosef stated unequivocally that some customers forget their passwords when using online banking services. This suggests that some non-literate users of digital services may have had trouble remembering their passwords when using ATMs. The educated customers, however, found it simple to recall the digital service. The manager saw that the bank was making an effort to educate its clients about how to use its digital banking services. The final line of table 4.6 states that the online banking service may share your personal data with other websites. This suggests that the bank shares the required personal information's, as indicated by the mean of 2.47 and standard deviation of 0.75.

#### 4.3.4 Service Empathy

The fourth service quality dimension to be analyzed is empathy, this dimension also includes five items which indicate about sincere interest in solving customers' problem, personal attention given by the employees for the customer, understanding the specific needs of the customer, receive details about the accounts of customer through SMS, email and compensations of the customers when problems created in the bank. Therefore, the customer's responses regarding these questions are presented in the table 4.7 below.

**Table 4.7 Respondents response towards service Empathy in the digital banking service**

S/No	Statements	N	Mean	Std. Dev
1	When you have a problem, the bank shows a sincere interest in solving it.	387	3.64	1.45
2	You receive personal attention from bank employees if the need for a contract arises.	387	2.49	.82
3	The employee of the bank understands your specific needs.	387	3.71	1.45
4	You always receive details of your account through SMS/email on your phone or mail.	387	2.47	.78
5	The bank compensates for a problem they create.	387	3.66	1.37

**Source: survey result (2023)**

Table 4.7 shows the respondents' opinions about the service. Compassion in the online banking experience. Regarding this, the first claims that "When you have a problem, the bank shows a sincere interest in solving it" had a mean of 3.64 and a standard deviation of 1.45. This demonstrates that the bank genuinely wants to help its customers with their concerns. The second statement has a mean score of 2.49 and a standard deviation of 0.82 in the context of "You receive personal attention from bank employees if the need for a contract arises." This suggests that clients didn't get individual attention from bank staff when a contract is required.

Regarding this, the 3 and 5 statements, "The bank compensates for a problem they create" and "The bank employee understands your specific needs," obtained mean scores of 3.71 and 3.66, respectively. This suggests that staff members were aware of customers' unique needs and that the bank had made adjustments to solve any issues brought on by the use of digital services. However, the respondents' mean score of 2.47 and standard deviation of 0.78 suggest that customers did not always receive account information by SMS/email or phone. This suggests that when users use digital banking services, they don't receive detailed information.

One of the consumers using the bank's digital banking services at the Sidamo Tera branch stated that she received excellent service from the bank. However, she didn't receive any email or SMS notifications about her transactions. This meant that even after using the bank's digital banking services to conduct transactions; she was unable to quickly determine the transaction's value and the person for whom it was done.

#### **4.3.5 Service Responsiveness**

The fifth service quality dimension to be analyzed is responsiveness, this dimension also includes five items which indicate quick confirmation of the services, handle customer complaints, provides appropriate information, promptly respondents to requests and questions and quick resolve of problems were indicated in table 4.8. Therefore, the customer's responses regarding these questions are presented in the table 4.8 below.



**Table 4.8 response of respondents towards service Responsiveness in the bank**

S/N	Statements	N	Mean	Std. Dev
1	Digital banking provides quick confirmation of the service ordered.	387	2.48	.78
2	Digital banking can handle customer complaints directly and immediately.	387	2.49	.78
3	The bank's website provides appropriate information to customers when a problem occurs.	387	3.68	1.38
4	Digital banking promptly responds to requests and questions that are made by email or other means.	387	2.50	.78
5	In digital banking, the bank quickly resolves problems that you encounter with your digital transactions	387	2.59	.83

**Source: survey result (2023)**

The responses of respondents regarding the responsiveness of the bank's customer service are shown in Table 4.8. The first and second statements "Digital banking provides quick confirmation of the service ordered" and "Digital banking can handle customer complaints directly and immediately" had received a mean score of 2.48 and 2.49 respectively, in this regard. This implies that no prompt confirmation of the services ordered for digital banking was given. Similarly, digital banking didn't instantly and directly respond to client complaints.

The interview data from the Joseph branch manager confirmed that the bank has an issue with offering complaint addressing. For instance, the bank might withhold payments for a month if her ATM broke down. This results in a lack of satisfaction with the bank's digital service. Customers at the Yosef branch also mentioned that prompt responses to complaints weren't given on schedule.

With a mean score of 3.68 and a standard deviation of 1.38, the statements "The bank's website provides appropriate information to customers when a problem occurs" have been evaluated. This shows that when an issue occurred, clients were given the right information on the bank's website.

The final two claims—"Digital banking promptly responds to requests and questions that are made by email or other means" and "In digital banking, the bank quickly resolves problems that you encounter with your digital transactions"—had received mean scores of 2.50 and 2.59, respectively. This shows that requests and inquiries made via email and other channels for digital banking were not promptly addressed. Similarly, when issues arose with digital transactions, the required prompt solutions were sent too late. The ability of users of digital banking to access the necessary service at the moment is somewhat impacted by this.

Furthermore, consistent with the earlier study, the results of the interview with the manager of the Awash Bank's head office point to swift response as one of the major factors influencing customer happiness or discontent. The key informant also mentioned that certain clients require and demand individualized services from the bank, which is more significant.

Building strong relationships with consumers and winning their confidence and loyalty are both possible with personalized services. The outcome shows that live support should be offered over digital banking rather than email by the bank. As a result, the email answer is too slow. Therefore, communicating with staff via the digital banking service may make it simpler to resolve issues and result in more convenient service for customers.

#### **4.4 Customers Satisfaction in the Digital Banking Service**

After using a service or product, a customer's satisfaction is how they feel about it (Solomon, 1996). According to Dabholkar et al. (1996), it would be one of the main strategic objectives that any organization should pay close attention to. Five criteria were used to gauge customer happiness, and the results are shown in table 4.9. In this regard, the rates provided by the digital banking service, the accuracy of the data in the service, the user-friendliness and ease of use of the service, the provision of up-to-date information, and the security (Safety & protection) mechanism of the bank's digital banking services are important considerations. As a result, the replies from customers regarding their satisfaction with digital services are shown below the table.

**Table 4.9 Customer satisfaction towards digital banking service**

S/ No	Statement	N	Mean	Std. Dev
1	The bank's website provides precise information that the user needs.	387	3.89	1.39
2	I am satisfied with the accuracy of data in digital banking.	387	2.49	.76
3	Digital banking is user friendly and easy to use.	387	3.59	1.39
4	Digital banking service of the bank provides you up-to-date information.	387	2.50	.75
5	I am satisfied with the security (Safety & protection) mechanism of digital banking services of the bank.	387	4.02	1.31

**Source: survey result (2023)**

The responses of respondents regarding their satisfaction with the digital banking service are displayed in Table 4.9. In this situation, the respondents' mean scores of 3.89 and standard deviation of 1.39 indicate that the bank's website provides precise information for users of digital banking, but the respondents' mean scores of 2.49 and standard deviation of 0.76 revealed that customers weren't satisfied with the accuracy of the data.

A mean score of 3.59 and 4.02, respectively, were given to the third and fifth statements, "Digital banking is user friendly and easy to use" and "I am satisfied with the security (Safety & protection) mechanism of the bank's digital banking services." ( see table 4.9, item-3 & 5). This suggests that using digital banking was simple and easy to do. Customers also expressed satisfaction with the security features of the bank's overall digital banking service.

The most recent claim, "Bank's digital banking service gives you the most recent information," had a mean score of 2.50 and a standard deviation of 0.75 (see table 4.9, item-4). Awash Bank's head office user of digital banking also complained that he wasn't given access to the most recent information. He was therefore unaware of the daily operations of the bank in respect to the customers' access to digital banking.

## 4.5 Inferential Statistics Data Analysis

### 4.5.1 Correlation Analysis

Correlation coefficient statistics measure the degree to which two sets of numbers are related. In this section, the researcher tried to accomplish the goal of the study through applying Pearson's correlation (r) as it is the most widely used method of measuring the degree of relationship between two variables.

The relationship between two variables will be: a correlation of .10 is described as a small effect size, a correlation of .30 is described as a medium effect size and a correlation .50 is described as a large effect size.

The correlation coefficient (r) ranging from 0.10 to 0.29 may regarded as indicating a low degree of correlation, r ranging from 0.30 to 0.49 may considered as a moderate degree of correlation, and r ranging from 0.50 to 1.00 may be regarded as a high degree of correlation Cohen (1988).

**Table 4.10 Correlations**

		Customer satisfaction
Customer satisfaction	Pearson Correlation	1
	Sig. (2-tailed)	
	N	387
Tangibility	Pearson Correlation	.459**
	Sig. (2-tailed)	.000
	N	387
Reliability	Pearson Correlation	.448**
	Sig. (2-tailed)	.000
	N	387
Assurance	Pearson Correlation	.635**
	Sig. (2-tailed)	.000
	N	387
Empathy	Pearson Correlation	.588**
	Sig. (2-tailed)	.000
	N	387
Responsiveness	Pearson Correlation	.623**
	Sig. (2-tailed)	.000
	N	387

\*\* Correlation is significant at the 0.01 level (2-tailed).

Source: Survey result (2023)

The correlation between the independent variable and the dependent variables is displayed in Table 4.10. Customer satisfaction was the dependent variable measured by overall satisfaction of the digital banking service, while tangibility, reliability, assurance, empathy and responsiveness were the independent variables. Based on the correlation coefficient indicated in table 4.10, service tangibility has positive correlated with customer satisfaction ( $r=0.459^{**}$ ). This implies the service tangibility increase in the digital banking service so does customer satisfaction increased in the bank.

In the same way, service reliability has positive correlated with customer satisfaction ( $r=0.446^{**}$ ). This suggests that as the service reliability increase in the digital banking service then customers would be increased in the bank vice versa. Furthermore, the correlation coefficient result showed that service assurance has a positive correlation with customer satisfaction ( $r=0.635^{**}$ ). This indicates that the increment of digital banking service so does the customer satisfactions increased in the bank.

In addition to this, the result of correlation coefficient showed that empathy and customer satisfaction have positive correlated ( $r=0.588^{**}$ ). This suggests that the enhancement of service empathy results the enhancement of customer satisfaction in the digital banking service of Awash Bank.

The last variables of responsiveness have also positively associated with customer satisfaction ( $r=0.623^{**}$ ). This implies digital service provider in a responsively manner for the customer leads to the enhancement of satisfaction at large.

Overall, the result of correlation coefficient indicates that the service quality dimensions (tangibility, reliability, assurance, empathy & responsiveness) have a strong positive correlation with customer satisfaction about the digital banking service offered to the customers.

#### **4.5.2 Regression Analysis Assumption Test**

Regression analysis is a way of statistically sorting out the variables that have indeed an impact. While there are many types of regression analysis, at their core they all examine the influence of one or more independent variables on a dependent variable.

Before moving on conducting a regression analysis, the basic assumption tests for the model must be carried out. This is a compulsory precondition in explaining the relationships between dependent and explanatory variables. Four major assumptions namely, Linearity Test, Homoscedasticity Test, Auto Correlation (Durbin Watson Test), and Normality Test checked and proved to be met reasonably well. Each test is explained below:

The following regression analysis is used for estimating the relationships among variables. It enables to determine the strength of the relationship between variables and the predictive power of the independent variables on the dependent variable. In short, regression helps a researcher understand to what extent the change of the value of the dependent variable causes the change in the value of the independent variables, while other independent variables are held unchanged.

The basic assumption tests for the model is carried out. This is a compulsory precondition in explaining the relationships between dependent and explanatory variables. Four major assumptions namely, Linearity Test, Homoscedasticity Test, Auto Correlation (Durbin Watson Test), and Normality Test checked and proved to be met reasonably well. Each test is explained below:

## 1. Linearity Test

The linearity of associations between the dependent and independent variables can be tested by looking at the P-P plot for the model. The closer the dots lie to the diagonal line, the closer to normal the residuals are distributed. As depicted in the below graph, the visual inspections of the p-p plot revealed that there exist linear relationship between the dependent and independent variables.

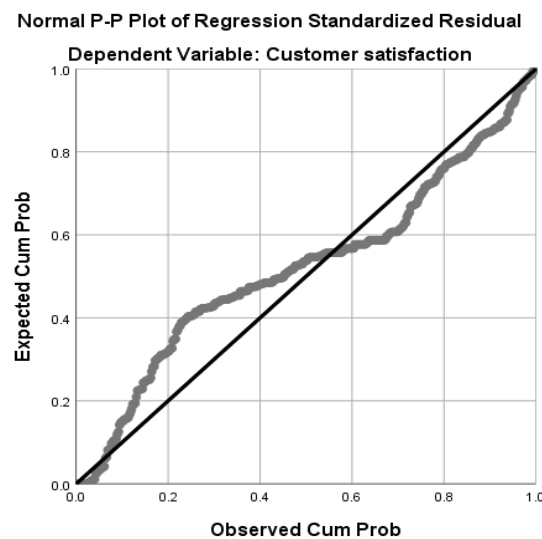
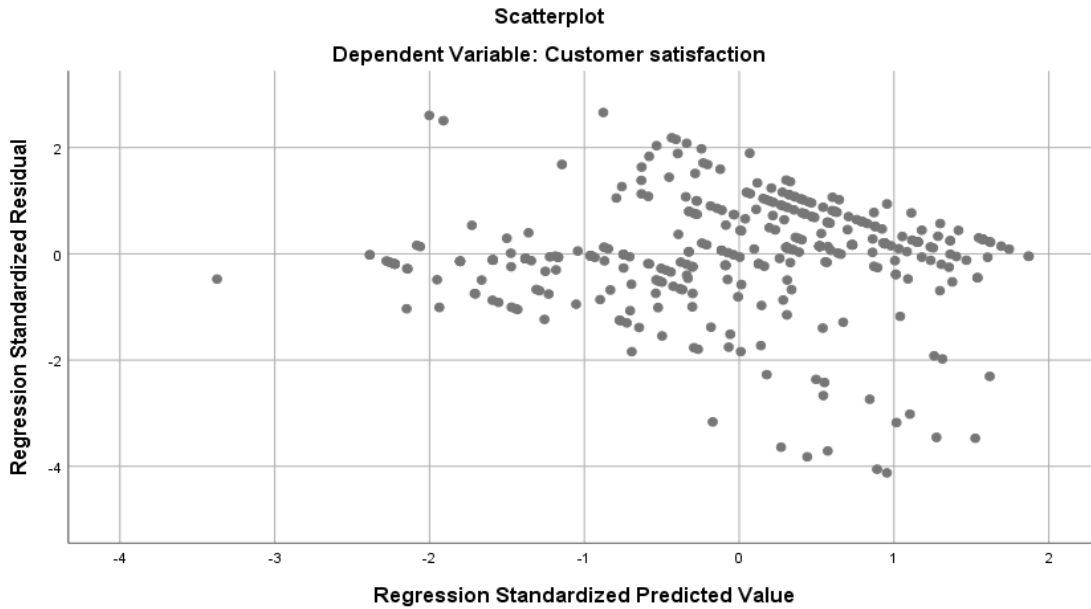


Fig 4.1: P-P Plot of Regression Standardized Residual

## 2. Homoscedasticity Test

The assumption of homoscedasticity refers to equal variance of errors across all levels of the independent variables (Osborne & Waters, 2002). This implies it requires even distribution of residual terms or homogeneity of error terms throughout the data. Homoscedasticity can be checked by visual examination of a plot of the standardized residuals by the regression standardized predicted value (Osborne & Waters, 2002). If the error terms are distributed randomly with no certain pattern, the problem is not detrimental for analysis. The scatterplot in fig 4.2 shows that the standardized residuals in this research are distributed evenly which shows that no violation of homoscedasticity.



**Fig 4.2: Scatterplot of standardized residuals**

### 3. Auto Correlation (Durbin Watson Test)

Autocorrelation or independence of errors refers to the assumption that errors are independent of one another, implying that subjects are responding independently Stevens (2009). Durbin-Watson statistic can be used to test the assumption that our residuals are independent (or uncorrelated). This statistic can vary from 0 to 4. For this assumption to be met, the Durbin-Watson value needs to be close to 2 (Field, 2006). Values below 1 and above 3 are problematic and causes for concern. To check this assumption, it needs to look at the Model Summary box presented below.

**Table 4.11: Durbin Watson statistics**

Model Summary		
Model	Std. Error of the Estimate	Durbin-Watson
1	.65839	1.792
a. Predictors: (Constant), Responsiveness, Reliability, Assurance, Tangibility, Empathy		
b. Dependent Variable: Customer satisfaction		

The above reveals that errors are responding independently and autocorrelation is not a concern with Durbin-Watson value of 1.792. Therefore, it is possible to say the auto-correlation test has been met.



#### 4. Normality Test

Multiple regressions require the independent variables to be normally distributed. This means that errors are normally distributed, and that a plot of the values of the residuals will approximate a normal curve (Keith, 2006).

Frequency distribution comes in many different shapes and sizes. Therefore, it is quite important, to have some general description for common types of distributions. In an ideal world our data would be distributed symmetrically around the center of all scores. As such, if we draw a vertical line through the center of the distribution then it should look the same on both sides. This is known as a normal distribution and is characterized by bell-shaped curve. This shape basically implies that the majority of scores lie around the center of the distribution (Field, 2006). The normal distribution graph was shown on fig 4.3 below and revealed that the assumption of normality of has been met. In addition to this, for kurtosis the normal value is less than 3 whereas for skewness the normal value is supposed to be less than 6 (Asghar & Saleh, 2012). Based on the value of Kurtosis and Skewness, one can deduce that the data was normally distributed.

**Table 4.12 Normal distribution of data using skewness and Kurtosis**

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Customer satisfaction	387	-.548	.124	-.921	.247
Tangibility	387	-.268	.124	-.383	.247
Reliability	387	-.252	.124	-.346	.247
Assurance	387	-.652	.124	-.370	.247
Empathy	387	-.557	.124	-.360	.247
Responsiveness	387	-.542	.124	-.177	.247
Valid N (listwise)	387				

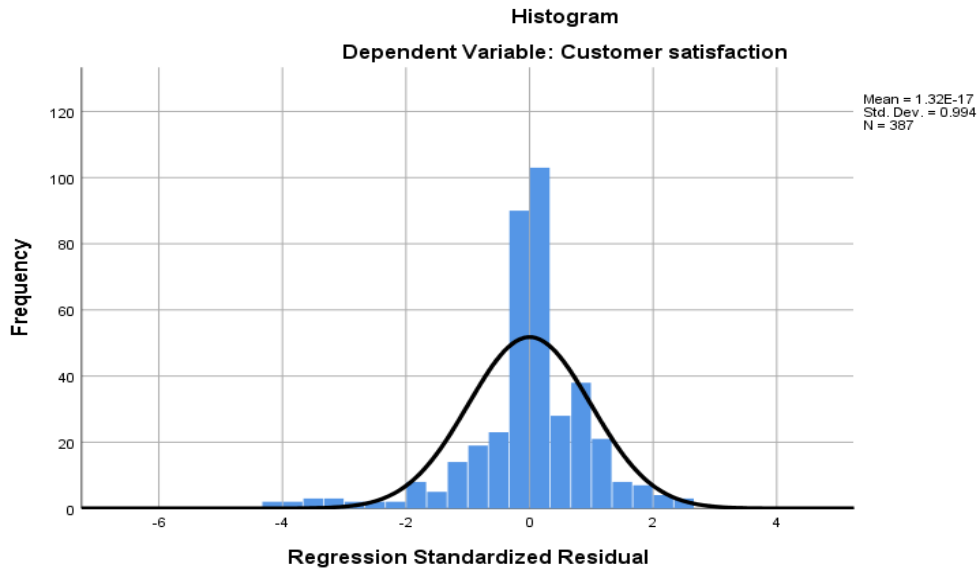


Fig 4.3 Normality Histogram

### 5. Multi-collinearity Test

Multi-collinearity exists whenever an independent variable is highly correlated with one or more of the other independent variables in a multiple regression equation. It is a problem because of it under mines the statically significance of an independent variable. For this study result of multi-collinearity test of the dependent variables was display in the following table.

**Tables 4.13: Multi-collinearly test of the Independent Variable**

Model		Collinearity Statistics	
		Tolerance	VIF
1	Tangibility	.407	2.458
	Reliability	.406	2.461
	Assurance	.623	1.606
	Empathy	.399	2.506
	Responsiveness	.351	2.848
a. Dependent Variable: Customer satisfaction			

The variation inflation factor (VIF) is a measure of the reciprocal of the complement of the inter-correlation among the independent variables. The decision rule is a variable whose VIF value is greater than 10 indicates the possible existence of the multicollinearity problem. Tolerance (TOL) is a statistic used to show the variability of the specified independent variable that is not

explained by another independent variable in the model. It is also used by many researchers to check on the degree of Collinearity.

The decision rule for tolerance is a variable whose TOL value is less than 0.1 shows the possible existence of a multi-collinearity problem (Gujarati, 2004).

From the above table information, all VIF variables less than 10 and all tolerance (T) is greater than 0.1, therefore, this study has no multi-collinearity problem.

In general, the below tables of regression model statistics & coefficients of determination depicts that the model works well for the study.

**Table 4.14 The regression model statistics**

<b>Model Summary</b>						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.735 <sup>a</sup>	.540	.534	.65839		
a. Predictors: (Constant), Responsiveness, Reliability, Assurance, Tangibility, Empathy						
b. Dependent Variable: Customer satisfaction						
<b>ANOVA</b>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	194.117	5	38.823	89.562	.000 <sup>b</sup>
	Residual	165.156	381	.433		
	Total	359.274	386			
a. Dependent Variable: Customer satisfaction						
b. Predictors: (Constant), Responsiveness, Reliability, Assurance, Tangibility, Empathy						

The above model also showed that the model is significant in predicting customer satisfaction and it is interpreted as 54 % of variance in customer satisfaction is due to Responsiveness, Reliability, Assurance, Tangibility, Empathy (p value < 0.05). Whereas the remaining variability was unexplained in the current model and it can be explained by adding other variables that is not included in this model. Therefore, p-value test table shows that model is working well.

**Table 4.15 Coefficients of determination**

<b>Coefficients</b>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.331	.166		1.998	.046
	Tangibility	.109	.045	.133	2.438	.015
	Reliability	.058	.046	.069	1.267	.206
	Assurance	.350	.043	.355	8.073	.000
	Empathy	.179	.056	.176	3.193	.002
	Responsiveness	.201	.061	.192	3.276	.001

a. Dependent Variable: Customer satisfaction

The causal relation between the independent and dependent variables is displayed in Table 4.15. Customer satisfaction was the dependent variable, while the independent factors were quality service dimensions such as tangibility, reliability, assurance, empathy and responsiveness. Consequently, using unstandardized Beta Coefficient, it is possible to assess the effectiveness of each predictor (an independent factor impacting the dependent variable). The average change in the dependent variable brought on by a unit change in the independent variable is explained by the regression coefficient. The more support an independent variable receives from its highest Beta coefficient value, the more crucial a role it plays in forecasting the dependent variable.

Tangibility is one of the independent variable determine customer satisfaction. This case, the sig-value of customer satisfaction was 0.015 and the unstandardized Beta value of 0.109. This implies that service tangibility has a significant effect on customer satisfaction at the significance level of 0.05. In other words, the service tangibility increase by 0.109 then the customer satisfaction was increased by this unit.

In addition to this, service reliability has a sig-value of 0.206 and unstandardized Beta value of 0.58. This implies reliability hasn't a significant effect on customer satisfaction at the significance level of 0.05.

The third independent variable which determines the level of customer satisfaction was service assurance. For this reason, the sig-value of assurance was 0.000 and unstandardized Beta value 0.350. Therefore, the finding of the study showed that service assurance has a significant positive effect on customer satisfaction. This implies when the service assurance increase by 0.350 then customer satisfaction increase by this unit.

The 4<sup>th</sup> variable of service quality dimension was service empathy. Based on the regression result, the sig value of service empathy was 0.002 and its unstandardized Beta value of 0.179. This indicates that other factors remain constant; service empathy has a significant effect on customer's satisfaction at the significance level of 0.05.

The last independent variable which determines customer satisfaction was responsiveness. For this case, the sig-value of responsiveness was 0.001 with unstandardized Beta value of 0.201. Therefore, the finding of the study revealed that responsiveness has a significant effect on customer satisfaction at the significance level of 0.05.

Overall, the service quality of dimensions such as service tangibility, assurance, empathy and responsiveness has a significant effect on customer satisfaction. However, service reliability hadn't a significant effect customer satisfaction because the sig-value was greater than 0.05.

Among the four variables of service quality dimension, assurance was the highest Beta value. This implies that service assurance has the main effect of customer satisfaction than other factors of digital banking service quality dimensions.

#### **4.6 Discussion**

This study shows how customer satisfaction and service quality interact in a particular private Awash bank in Ethiopia. Positive connections between the five SERVQUAL factors and customer satisfaction are evident. The results of this study further demonstrate that SERVQUAL is the best method for assessing the standard of private banking services in Ethiopia. As a result, bank managers in Ethiopia can evaluate the quality of bank services using this instrument. For the purpose of preserving and enhancing customer happiness, service quality should be prioritized. Tangibility, dependability, responsiveness, and empathy were revealed to be important predictors of customer satisfaction among the five SERVQUAL qualities.

In this study it has been demonstrated that service quality and customer satisfaction are significantly positively correlated. The outcome inconsistent with the research conducted by Parasuraman et al in 1988.

This suggests that for Awash banks' clients, these four factors are the most significant. According to the research, tangibility, reliability, responsiveness, and empathy have a major impact on customers' satisfaction with banking services. Additionally, it shows that the assurance sector has the highest client perception. According to this finding, Saghier & Nathan (2013) and Parasuraman et al. (1985, 1988) and other studies are consistent.

The results also show a favorable relationship between tangibility and customer satisfaction. Customers' perceptions of concrete elements, such as physical facilities, technology, and employee looks, can be used to explain this. Customers can evaluate the physical attributes of banks, the equipment's sufficiency and visibility, and the staff members' looks. The results of this study are in line with those of Sintayehu & Sapana (2022), who found that, at a significance level of 0.05, tangibility has a positive and substantial impact on customer satisfaction.

The finding of the study revealed that service reliability hasn't a significant effect on customer satisfaction. According to data, clients are fairly satisfied with the services that banks deliver as promised and the level of transaction security. Customers can purchase goods and services with confidence because they know that banks can deliver on their promises. Sileshi (2018) demonstrated through research in the exclusive private banks of Awash and Dashen in Jimma town that dependability has a favorable impact on client satisfaction. The study's findings also inconsistent with those made by Melkam (2021). According to the study, reliability hasn't a 0.05 degree of significance impact on customer satisfaction.

The earlier research from Murugiah & Akgam (2015) and Kheng et al. (2010). Customers prefer to receive banking services in-person since research indicates a strong link between empathy and client happiness. The same findings from this study's field research of an Arab bank in Irbid, Jordan, by Abdel (2015) demonstrate that there is a substantial relationship between empathy and customer happiness. Furthermore, Melkam (2021), the research proved that empathy has a significant impact on consumer satisfaction.

According to the hypothesis' final findings, responsiveness significantly affects customer satisfaction. This study supported the conclusion made by Sintayehu & Sapana (2022). This suggests that responsiveness affects customer satisfaction in a favorable and meaningful way. However, Melkam (2021) did not agree with the study's findings. The author claims that responsiveness has no impact on client satisfaction. When clients evaluate banks, they heavily weigh the desire of service providers to help them and offer fast services.

The findings demonstrate that timeliness has a favorable impact on client satisfaction. Customers are happy with the personalized services offered and the helpful service staff. The findings demonstrate that timeliness has a favorable impact on client satisfaction. Customers are happy with the personalized services offered and the helpful service staff. Mei (2013) found that Hong Kong's retail banking industries supported the notion that responsiveness has a favorable impact on client satisfaction.

#### 4.7 Hypothesis Testing and Interpretation of Results

**Table 4.16: Summary of the overall outcome of the Research Hypotheses**

<b>Hypothesis</b>	<b>Result</b>	<b>Reason</b>
H1: Tangibility has a significant effect on customer satisfaction in digital banking service	Accepted	$\beta = 0.109, p < 0.05$
H2: Reliability has a significant effect on customer satisfaction in digital banking service	Rejected	$\beta = 0.058, p > 0.05$
H3: Assurance has a significant effect on customer satisfaction in digital banking service	Accepted	$\beta = 0.350, p < 0.05$
H4: Empathy has a significant effect on customer satisfaction in digital banking service	Accepted	$\beta = 0.179, p < 0.05$
H5: Responsiveness has a significant effect on customer satisfaction in digital banking service	Accepted	$\beta = 0.201, p < 0.05$

**Source: survey result (2023)**

## **CHAPTER FIVE**

### **SUMMARY OF MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

This chapter presents a summary of findings, conclusions, and recommendations. After conclusions are made from the major findings, possible recommendations forwarded based on the findings of the study. The study aimed assessment of service quality and customer satisfaction on digital banking services in selected branches of Awash Bank in Addis Ababa.

#### **5.1 Summary of Major Findings**

The study mainly summarized the main points in the context of demographic characteristics and the service quality dimensions in the digital banking services and the overall customer's satisfaction with in the digital banking service.

The finding of the study indicates that customers of Awash bank were satisfied by the bank's website provides precise information that the user needs, digital banking is user friendly and easy to use and customer were satisfied with the security (Safety & protection) mechanism of digital banking services of the bank but dissatisfied the accuracy of data and up-to-date information given by the digital banking service.

With regard the effect of service tangibility in the digital banking service, the finding revealed that digital transformation provides an easy way to do banking transactions to customers as per their needs. At the same time, digital banking provides convenient banking services, digital banking facilities are visually appealing and the facilities are modern. However, the study identified that customers didn't satisfied with the technological, up-to-date equipment of the bank.

In the context service reliability, the response of the respondents showed that digital banking provides accurate and reliable information and provides timely updates and maintenance of accounts. But digital banking provides had error-free transactions as promised, all the services weren't available when customers want it and the digital banking didn't well perform the service right the first time.



With regard the effect of service assurance in the digital banking service, the finding of the study revealed that customers were confident in the bank's digital banking service offered by the bank. In addition to this, the digital banking provides ease in finding out policy statements and notice statements. On the contrary, the study identified that the process of digital banking wasn't easy to remember and customers believed they didn't feel secure while making transaction digitally.

The other dimension of service quality in the digital service of Awash bank was service empathy. In this service dimension, the finding collected from the customers showed that when problems arise among the customers then the bank tried to show a sincere interest to provide solution to it. Likewise, the employees were understood the specific needs of the customer when they came in the bank. On the other hand, customers assured that they didn't receive personal attention from bank employees if the need for a contract arises and they did not always receive details of their account through SMS/email on their phone or mail.

In the context of service responsiveness, the finding depicted that the bank's website provides appropriate information to customers when a problem occurs. However, there was lack of providing quick confirmation of the service ordered lack of handle customer complaints directly and immediately, lack of providing promptly responds to requests and questions that are made by email or other means. In addition to this, in digital banking, the bank wasn't quickly resolved problems that when encountered with the digital transactions.

## **5.2 Conclusion**

The study was conducted to examine the effect of customer service quality on customer satisfaction of selected branches of Awash Bank in Addis Ababa city administration. This research uses explanatory (causal and relational) and descriptive research design. Quantitative and qualitative research approaches were used in this research. Head office, Hayu, Sidamo tera and Yosef branches were selected to draw sample and research subject was selected by using simple random and convenience sampling.

The study concluded that tangibility has a positive and significant effect on customer satisfaction in awash selected branch in Addis Ababa. The study found that easy way to do banking to customers as their need, convenient use of digital banking service, visual appealing, modern

equipment and up to date equipment of the bank in the digital services affected customer satisfaction.

The study also concluded that service reliability has a positive and significant effect on customer satisfaction in Awash selected bank in Addis Ababa. Beside to this, the study addressed that provide error-free transaction as promise, available of the digital services at the customers want and performs the service right the first time were significantly affected the digital banking service users in Awash bank.

In the context of service assurance, the result of correlation analysis indicates that services assurance has positively correlated but insignificant effect with customer satisfaction. Having to this, easy to remember while using the digital service, feel secure while using the service sharing of personal information with other sites were problems faced among the customers.

Moreover, the study concluded that service empathy has a positive and significant effect on customer satisfaction in the digital banking service of Awash bank. Thus, the study found that receive personal attention from the bank employees if customers need for a contract arises and receive details of account through SMS/email on the cell phones are significantly affected the customers.

Finally, the study concluded that service responsiveness has a positive and significant effect on customer satisfaction in the digital banking service of Awash bank in Addis Ababa. Therefore, the found that also inferred that provide quick confirmation of the service ordered, handle customer complaints directly and immediately, provide prompt respondents to requests and questions that are made by email or other means and quickly resolve problems of the customers encountered in the digital transactions were significantly affected customer satisfaction.

### **5.3 Recommendations**

The study was conducted to examine the effect of customer service quality on customer satisfaction in selected branches of Awash Bank in Addis Ababa city administration. The effects of each service quality dimension have been examined and investigated in deeps and the researcher have been drawn some recommendation. Based on the findings and conclusions of the study, the researcher forwards the following recommendations to the management of the banks and suggestion for other researchers.

### **5.3.1 Recommendation for Bank's Concerned Management Organ**

The finding of the study depicted that customer weren't satisfied with the technological, up-to-date equipment of the bank. To address this problem, the bank manager provides up to date equipment to enhance the satisfaction of the customers. In the same way, there are problems related to the bank's digital banking error-free transactions as promised. To solve this problem, the bank has to seriously work to boost digital banking service and application of up-to-date technology in order to reduce errors in the transaction of customers. Moreover, the finding of the study identified that the digital banking hasn't all the services available when customers want it. To alleviate this problem, the bank has to receive feedback from the customers in order to improve the accessibility of the digital banking service at any time.

It is recommended to the bank to handle customer complaints directly and immediately, promptly responds to requests and questions that are made by email or other means and quickly resolves problems that customers encounter with the digital transactions. Likewise, the bank has to facilitate capacity building program for the security guards of the bank in order to ensure the proper delivery of the digital banking service to its customers with the expected standards.

Receive personal attention from bank employees if the need for a contract arises was also the other problems identified in the study. To address this issue, the employees working in the bank facilitate personal information for the customers when they need for a contract arises. This makes to enhance the customer's satisfaction in the digital banking services.

Moreover, the study revealed that customers didn't always receive details of their account through SMS/email on their phone or mail. To alleviate this problem, the bank has to use the state of the art of banking technology to give the intended digital banking service & to satisfy its customers so that they can get what they need the service. Hence, the bank has to timely update & send continuous confirmation for the customers in their email, phone and other means of communication. Furthermore, the study identified that provision of quick confirmation of the service ordered was the other problems that encounter during the digital transaction. To address this issue, the bank has to establish strong monitoring, controlling and evaluation mechanism in order to enhance customer's satisfactions in the digital banking service.

The study also identified that accuracy of data and provision of up to date information weren't satisfied by the customers. To address this issue, the employees provides accurate information's through sharing various means such as website, Facebook, telegram and other means. In the same way, the finding of the study identified the digital banking wasn't easy to remember for the customers. To address this problem, the bank has to develop user friendly digital banking applications and consistently create awareness to customers so that they can use the digital banking service conveniently.

### **5.3.2 Recommendation of Further Research**

This study was conducted to examine the effect of customer service quality on customer satisfaction in Awash Bank S.C. The sample was drawn from only four branches of the bank found in Addis Ababa city; thus this study may be limited in its generalizability of the findings to other outlying branches of the bank & private banks. So, future researchers have to draw sample of respondents on more number of awash bank branch as well as other commercial banks for the sake generalizing the results of the study.

The study can be carried out the effect of quality service on customer satisfaction in a comparative perspective of other banks even with other service quality measures or variables. This helps to identify for which bank has more enhanced customer services in the digital banking services with the highest level of customer satisfaction. Furthermore, conducting a replication study in other service industries is also needed; for example, in the government owned banks, micro finances, tourism and hospitality service, airport service and so on. This may assist future researchers to explore relevant knowledge, get reliable, accurate data and provide up-to-date information to the service sector regarding the effects of service quality on customers' satisfaction in various dimensions.

## Reference

- Abdel Fattah, M. A. (2015). The Impact of Service Quality Dimensions on Customer Satisfaction. *European Journal of Business and Management*, vol.no. 15
- Abebe, S. (2016). The effects of electronic banking service quality on customer satisfaction: A survey study on the commercial bank of Ethiopia (Doctoral dissertation, St. Mary's University).
- Abiy, Z., Alemayehu, W., Daniel, T., Melese, G., & Yilma, S. (2009). *Introduction to Research Methods: Preparatory Module for Addis Ababa University Graduate Programs*. Graduate studies and research office. Addis Ababa
- Addisu, T, T & Tadele, W, B. (2018). The Effect of Quality Service on Satisfaction of Interest Free Banking User: The Case of Awash International Bank S.c in Diredawa Town. *International Journal of Science and Research (IJSR) ISSN: 2319-7064*
- Al-Sayaad, J., Rabea, A & Samrah, A. (2006). *Statistics for Economics and Administration Studies*. Dar Hafez, Jeddah, Kingdom of Saudi Arabia
- Amaha,T.(2014). Assessment of service quality and customer satisfaction (In the Case of Commercial Bank of Ethiopia ATM Service)
- Ananth, Aet al., (2011). Service Quality GAP Analysis in Private Sector Banks a Customer Perspective. *Internationally Indexed Journal*, II (1), 245-252
- Anderson, Eugene W & Mary W. Sullivan (1993). "The Antecedents and Consequences of Customer Satisfaction for Firms," *Marketing Science*, 16 (2), 129-45.
- Anderson, Eugene W & Vikas Mittal. (2000). "Strengthening the Satisfaction-Profit Chain," *Journal of Service Research*, 3 (2), 107-120.
- Anderson, Eugene W., Claes Fornell & Donald R. Lehmann. (1994). "Customer Satisfaction, Market Share, and Profitability: Findings from Sweden," *Journal of Marketing*, 58 (3),53-66.

- Anderson, Eugene W., ClaesFornell & Roland T. Rust. (1997). "Customer satisfaction, Productivity, and profitability: differences between goods and services," marketing science, 16 (2), 129-145.
- Arasli H, Katircioglu ST, Smadi SM (2005). A comparison of service quality in the banking Industry: Some evidence from Turkish- and Greek- Speaking areas in Cyprus, Inter. J.Bank Mark, 23(7): 508- 526.
- Asghar, A., & Saleh, M. S. (2012). Skewness and kurtosis in complete randomization. Journal of Applied Statistics, 39(3), 549-555. doi: 10.1080/02664763.2011.627733.
- Aynew, N. (2014). Improving customer satisfaction and quality in the banking industry CBE SAAD district management trainee program2014
- Bandyopadhyay, J. (2003). A Total Quality Information Management System for Auto Parts Manufacturers in the United States. International Journal of Management. 20(2), pp.187-193.
- Berry LL, Zeithaml VA & Parasuraman A. (1990). Five imperatives for improving service quality. Sloan Manage Rev, 31(4): 29-38.
- Besterfield, D.H. (1994), Quality control. Prentice Hall, Englewood Cliffs, NJ
- Bitner M. (2004). Service Marketing 7 west patal Nagar, New Delhi
- Bitner, J.M & d Hubbert, A.R. (1994). 'Encounter Satisfaction versus Overall Satisfaction versus Quality', In Rust, R. & Oliver, R. (Eds.), Service Quality: New Directions in Theory and Practice, Sage, Thousand Oaks, California, 72-94.
- Bitner, M.J. (1990). Evaluating service encounters: the effect of physical surroundings and employee responses. Journal of Marketing, 54, April, 69-82.
- Bolton, R.N. and Drew, J.H. (1991), "A Longitudinal Analysis of the Impact of Service Changes on Customer Attitudes," Journal of Marketing, 55, 1-9.

- Brown KA & Mitchell TR. (1993). Organizational obstacles: links with financial performance, customer satisfaction and job satisfaction in a service environment, *Hum Relat*, 46(3):725-727.
- Caruana, A. (2002). Service Loyalty: The Effects of Service Quality and the Mediating Role of Customer Satisfaction. *European Journal of Marketing*, 36, 811-828.  
<https://doi.org/10.1108/03090560210430818>
- Chang, Y. T. (2003). Dynamics of banking technology adoption: An application to Internet banking (No. 2068-2018-1398)
- Chesbrough H & Davies A. (2010). Advancing Service Innovation: Five Key Concepts. In J. Sporer (Ed). *The hand book of service science- a research perspective*, springer Verla
- Clemes, M.D., Gan, C & Kao, T.H. (2007). University Student Satisfaction: An Empirical Analysis. *Journal of Marketing for Higher Education*, 17(2), pp. 292-325.
- Cohen, J. (1988). *Statistical Power Analysis for the Behavioral Sciences* (2nd ed.). Hillsdale, NJ: Lawrence Erlbaum Associates, Publishers.
- Cohen, P., West, S. G., & Aiken, L. S. (2007). *Applied multiple regression/correlation analysis for the behavioral sciences*. Mahwah, NJ: Erlbaum
- Creswell. W. (2009). *Research design; Qualitative, Quantitative and Mixed Approaches*, 3rd California: Sage
- Cronin, J. J. Jr & Taylor, S. A. (1992). Measuring Service Quality: A Reexamination and Extension. *Journal of Marketing*, 56 (July), pp. 55-66.
- Darlington,N; Jennifer,G,O & Bekwele, D,L.(2022). Mobile Banking Service Quality and Customer Satisfaction of Deposit Money Banks in Port Harcourt. *International Academic Journal of Management and Marketing* ISSN: 2384-5849. Volume 7, Number 1
- Dereje, G. (2014). Assessment of service quality and customer satisfaction: The case of Awash International Bank Gerji Branch, Addis Ababa)

- Drigă, I. (2014). Online banking in the Romanian banking system. *Annals of the University of Petroșani. Economics*, 14, 85-92.
- Drucker, Peter F. (1954). *The Practice of Management*, New York: Harper & Row.
- Dwyer, F. R., & Oh, S. (1987). Output sector munificence effects on the internal political economy of marketing channels. *Journal of Marketing Research*, 24(4), 347–358
- Ekinci, Y. (2004). ‘An Investigation of the Determinants of Customers Satisfaction’, *Tourism Analysis*, 8 (2), 197-203
- Farrelly, F. J., & Quester, P. G. (2005). Examining important relationship quality constructs of the focal sponsorship exchange. *Industrial Marketing Management*, 34(3), 211–219.
- Fenuga, O. J., & Oladejo, R. K. (2010). The effect of electronic payment on customer service delivery in Nigerian banks. *International Journal of Economic Development Research and Investment*, 1(1), 227-239.
- Field, A. (2006). *Discovering statistics using SPSS (2<sup>nd</sup> ed.)*. London, Sage Publications Ltd.
- Fornell, Claes (1992), “A National Customer Satisfaction Barometer: The Swedish Experience,” *Journal of Marketing*, 56 (1), 6-21
- Galloway L & Ho S. (1996). The model of service quality for training, *Training for Quality*, 4(1): 20-26.
- Gan, C., Cohen, D., Clemes, M. D., & Chong, E. (2006). A survey of customer retention in the New Zealand banking industry.
- Garvin, D.A. (1983). Quality on the Line. *Harvard Business Review*, pp. 65-75
- Gaski, J. F., & Nevin, J. R. (1985). The differential effects of exercised and unexercised power sources in a marketing channel. *Journal of Marketing Research*, 22(2), 130–142
- George, A., & Kumar, G. G. (2013). Antecedents of customer satisfaction in internet banking: Technology acceptance model (TAM) redefined. *Global Business Review*, 14(4), 627–638



- Gezahegn, K.(2018). Effects of service quality on customer satisfaction in Awash bank
- Ghasemi, A., & Zahediasl, S. (2012). Normality tests for statistical analysis: a guide for non-statisticians. *International journal of endocrinology and metabolism* 10(2), 486.
- Gounaris, S., Stathakopoulos, V., & Athanassopoulos, A. (2003). Antecedents to Perceived Service Quality: An Exploratory Study in the Banking Industry. *International Journal of Bank Marketing*, 21, 168-190. <https://doi.org/10.1108/02652320310479178>
- Gronroos, C. (2001). Toward a third phase in service quality research: challenges and future directions. In:T.A. Swartz, D.E. Bowen & S.W. Brown (Eds) *Advances in Services Marketing and Management*, Vol. 2, 49- 64.
- Gujarati, D. N. (2004). *Basic econometrics* (4<sup>th</sup> ed.). New York: McGraw-Hill/Irwin
- Gummesson, E. (1991). Marketing Orientation Revisited: The Crucial Role of the Part-Time Marketer. *European Journal of Marketing*, 25(2), pp. 60-75.
- Hansemark, O.C. & Albinson, M. (2004) “Customer Satisfaction and Retention: The Experiences of Individual with Employees”, *Managing Service Quality*, Vol. 14 (1).
- Heskett, J. L., Sasser, W. E., & Schiesinger, L. A. (1997). *The Service Profit Chain: How Leading Companies Link Profit and Growth to Loyalty, Satisfaction and Value*. Free Press.
- Jabnoun N & Al-Tamimi HA. (2003). Measuring perceived service quality at UAE commercial banks, *Inter. J. QualReliab Manage*, 20(4): 458- 472.
- Jamal, Ahmad & Naser, Kamal. (2002). Customer Satisfaction and Retail Banking: an assessment of some of the key antecedents of customer satisfaction in retail banking’, *International Journal of Bank Marketing*, Vol. 20 No. 4, pp.146-160.
- Johnston, R. (1995). The determinants of service quality: satisfiers and dissatisfies. *International Journal of Service Industry Management*, 6(5), 53-71
- Kashif, M., Wan Shukran, S. S., Rehman, M. A., & Sarifuddin, S. (2015). Customer Satisfaction and Loyalty in Malaysian Islamic Banks: A PAKSERV Investigation. *International Journal of Bank Marketing*, 33, 23-40. <https://doi.org/10.1108/IJBM-08-2013-0084>

- Kaur, B., Kiran, S., Grima, S & Rupeika-Apoga, R. (2021). Digital banking in Northern India: The risks on customer satisfaction. *Risks*, 9(11), 209.
- Kaur, H., & Soch, H. (2018). Satisfaction, Trust and Loyalty: Investigating the Mediating Effects of Commitment, Switching Costs and Corporate Image. *Journal of Asia Business Studies*, 12, 361-380. <https://doi.org/10.1108/JABS-08-2015-0119>
- Keith, T.Z. (2006). *Multiple Regression and Beyond: An introduction to multiple regression and structural equation modeling*.
- Khan, A., Lima, R.P & Mahmud, M. S.(2021). Understanding the Service Quality and Customer Satisfaction of Mobile Banking in Bangladesh: Using a Structural Equation Model.
- Kheng, L, et al., (2010), The impact of service quality on customer satisfaction. A study of banks in penang, Malaysia. *International journal of marketing*
- Koksal, M. H. (2016). The intentions of Lebanese consumers to adopt mobile banking. *International Journal of Bank Marketing*, 34(3), 327–346
- Kothari, C. R. (2004). *Research Methodology: Methods and Techniques*. New Age International.
- Kotler, P. & Keller, K. (2006). *Marketing management*. 12th Edition, Pearson Education Inc, New Jersey
- Kotler, P. (2000). *Marketing Management*. 10th ed., New Jersey, Prentice-Hall
- Kumar, V. R., Lall, A., & Mane, T. (2017). Extending the TAM model: Intention of management students to use mobile banking: Evidence from India. *Global Business Review*, 18(1), 238–249
- Lee, M., & Johnson, K. K. (1997). Customer expectations for service at apparel retail outlets. *Journal of Family and Consumer Sciences*, 89(4), 26.
- Lovelock, C & Wright, L. (1999). *Principles of service marketing and management*, PrenticeHall: New Jersey.
- Mahlet, L.A. (2020). The impact of mobile banking service quality on customer's satisfaction (the case of commercial bank of Ethiopia in selected branch)

- Mei MeiLau,et al., (2013). Measuring Service Quality in the Banking Industry: A Hong Kong Based Study. *Contemporary Management Research* Vol. 9, No. 3, Pages 263-282
- Melkam, T. (2021). The effects of service quality on customer satisfaction in the case of Awash bank
- Mortimer, G., Neale, L., Hasan, S. F. E., & Dunphy, B. (2015). Investigating the factors influencing the adoption of m-banking: A cross cultural study. *International Journal of Bank Marketing*, 33(4), 545–570
- Munir, M. M. M., & Rahman, M. (2015). E-banking service quality and customer satisfaction of a state owned schedule bank of Bangladesh. *The Journal of Internet Banking and Commerce*
- Murugiah, L, & Akgam, H, (2015), Study of Customer Satisfaction in the Banking Sector in Libya. *Journal of Economics, Business and Management*, Vol. 3, No. 7, July 2015  
National bank of Ethiopia, annual report
- Mwendwa,A,M; Makokha,E,N & Namusonge, G,S.(2016). Effect of Mobile Banking on Customer Satisfaction in Selected Banks in Trans-Nzoia County. *International Journal of Recent Research in Commerce Economics and Management (IJRRCEM)*. Vol. 3, Issue 4, pp: (12-22
- Nelson NO & Chan KW. (2005). Factorial and discriminate analysis of the underpinnings of relationship marketing and customer satisfaction. *Inter. J. Bank Mark*, 23(7): 542-557
- Oh, H., & Kim, K. (2017). Customer Satisfaction, Service Quality, and Customer Value: Years 2000-2015. *International Journal of Contemporary Hospitality Management*, 29, 2-29. <https://doi.org/10.1108/IJCHM-10-2015-0594>
- Oliver, R. (1997). *Behavioral perspective on the customer*. New York, NY: Irwin McGraw-Hill.
- Oliver, R. L. (1981). Measurement and Evaluation of Satisfaction Process in Retail Setting. *Journal of Retailing*, 57(3), 18-48.
- Osborne, J. W., & Waters, E. (2002). Four assumptions of multiple regression that researchers should always test. *Practical assessment, research, and evaluation*, 8(1), 2.

- Parasuraman, A. Berry, L & Zeithaml, V.A. (1985). "A conceptual model of service quality and its implication for future research," *Journal of Marketing*, Vol.49, No.4, pp.41-50.
- Parasuraman, A., Zeithaml, V., & Berry, L. (1988). SERVQUAL: A multiple item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, Vol.64, No.1, 12-40.
- Rajeswari, S., Srinivasulu, Y., & Thiyagarajan, S. (2017). Relationship among service quality, customer satisfaction and customer loyalty: With special reference to wireline telecom sector (DSL Service). *Global Business Review*, 18(4), 1041–1058.
- Rask, M., & Dholakia, N. (2001). *Next to the customer's heart and wallet: Frameworks for exploring the emerging M-commerce arena*. Paper presented at the American Marketing Association. Winter Marketing Educator's Conf. (pp. 372–378). Conference Proceedings, RITIM Publisher
- Royne Stafford, M., Stafford, T. F., & Wells, B. P. (1998). Determinants of service quality and satisfaction in the auto casualty claims process. *Journal of Services Marketing*, 12(6), 426–44
- Rust, R.T & Oliver, R.L. (1994). Service Quality: Insights and Managerial Implications from the Frontier. In Rust, R. T., and Oliver, R. L. (Eds.), *Service quality: New directions in theory and practice* (pp. 1-19). Thousand Oaks, CA: Sage.
- Saghier, N, & Nathan, D (2013), service quality dimensions and customer's satisfactions of banks in Egypt. 20th international business research conference. 4-5 April 2013, Dubai, UAE
- Saunders M, Lewis P & Thornhill A. (2007). *Research Methods for Business Students* (4th ed). England: Pearson education Limited
- Shankar, A., Datta, B., & Jebarajakirthy, C. (2019). Are the Generic Scales Enough to Measure Service Quality of Mobile Banking? A Comparative Analysis of Generic Service Quality Measurement Scales to Mobile Banking Context. *Services Marketing Quarterly*, 44, 224-244. <https://doi.org/10.1080/15332969.2019.1630176>

- Shostack, L. G. (1977). Breaking Free from Product Marketing. *Journal of Marketing*, 41, pp.73-84.
- Singh, J. and R.E. Wilkes. (1996).
- Sileshi, M. (2018). The effect of Service quality on customer satisfaction in Awash and Dashen banks on Jimma town, a comparative study
- Silvestri, C., Aquilani, B., & Ruggieri, A. (2017). Service Quality and Customer Satisfaction in Thermal Tourism. *The TQM Journal*, 29, 55-81. <https://doi.org/10.1108/TQM-06-2015-0089>
- Sintayehu,Z & Sapana,C. (2022). The Effect of Electronic Banking Service On Customer Satisfaction: Evidence From Commercial Banks Of Ethiopia Operating In Hawassa City Administration. *Journal of Positive School Psychology*, <http://journalppw.com>, Vol. 6, No. 8, 3228-3246
- Swan, J.E. & Bowers, M. R. (1998). Services quality and satisfaction: The process of people doing things together. *Journal of Service Marketing*, 12(1), 59-72.
- Thakur, R. (2014). What keeps mobile banking customers loyal? *International Journal of Bank Marketing*, 32(7), 628–646. doi:10.1108/IJBM-07-2013-0062
- Tiwari, R., Buse, S., & Herstatt, C. (2007). Mobile services in banking sector: the role of innovative business solutions in generating competitive advantage. *Technology and Innovation Management Working Paper*, (48). Vol., 3, No., 7, ISSN, pp. 2222 – 6990
- Walker D . (1990). *Customer First: A Strategy for Quality Service*, Gower, Aldershot.
- Wilson, A., Zeithaml, V., Bitner, M. J., & Gremler, D. (2016). *Services marketing: Integrating customer focus across the firm*. New York, NY: McGraw-Hill.
- Yamane, T. (1967). *Statistics: An Introductory Analysis* (2nd Ed.). New York: Harper and Row.
- Yeo, G. T., Thai, V. V., & Roh, S. Y. (2015). An analysis of port service quality and customer satisfaction: The case of Korean container ports. *The Asian Journal of Shipping and Logistics*, 31(4), 437–447
- Yi,Y. (1990). A critical review of consumer satisfaction, *Review of Marketing*, American Marketing Association, Chicago, IL

Zeithaml, V.A., Bitner, M.J & Gremler, D.D. (2006). *Services Marketing: Integrating Customer Focus Across the Firm*. McGraw Hill, New York.

Zeithaml, Valarie A. (1981). "How Consumer Evaluation Processes Differ Between Goods and Services," in James H. Donnelly and William R. George, eds., *Marketing of Services*, Chicago: American Marketing Association, 186-190.

Zeithaml V & Bitner M. (2004). *Service Marketing* 7 west patal Nagar, New Delhi

Zineldin M. (2005). Quality and customer relationship management (CRM) as competitive strategy in the Swedish banking industry, *The TQM Magazine*, 17(4): 329-344

## Appendix I



### St. Mary's University SCHOOL OF GRAGUATE STUDIES Questionnaire for Customer of Awash Bank

**Dear Respondents.**

My name is Habtemichael Geressu, I am this year's graduating class student of St. Mary's University. I am conducting this survey as part of my research project work for partial fulfillment of Master of Arts Degree in Business Administration. I am interested in studying **the effect of digital banking service quality on customer satisfaction in selected branches of Awash bank in Addis Ababa.** The main objective of this questioner is obtaining your response about the service quality and the level of your satisfaction on the digital banking services of Awash Bank. The response obtained from you will be kept confidential and will only be used for academic purpose. Your responses are important for me and I would like to appreciate if you would take few minutes of your precious time to complete this questionnaire.

The questionnaire consists three sections. The first section is focuses on your personal profile, the second part on your perception of the service quality of the bank and the third section focuses on level of satisfaction of the service provided by the bank. Therefore, I kindly request you to respond all the here below questions as much as possible. I thank you in advance for your concern and giving your valuable time to respond this questionnaire.

If you have any query, please feel free to contact me through my personal mobile no 0911674280.

Thank You

## Section I

### Respondents' Profile

Please tick [√] the appropriate box for your answer. Tick only one box.

1. Gender: Male  Female
2. Age Group: 18-29  30-39  40-49  50-60  others
3. Occupation: Unemployed  Student  Salaried  Business Man  Others
4. Level of Education: Primary School  High School  Diploma  Degree   
Above Degree
5. What kind of bank service do you use at the bank? Saving Account  Current Account   
Fixed Time Deposit  Business Loan  Local Transfer  Others
6. What Kind of digital banking services are you using at the banks?  
Card Banking (ATM, POS, Others)  Mobile Banking/Mobile Wallet   
Internet (Online) Banking
7. How long you established relationship with the bank? Less than one year  1-5 year   
6-10 year  11-15 year  above 15 year
8. In What frequency you visit the branch for service? Daily  Weekly   
Monthly  More than two times in a month  Other



## Section II

### Service Quality Practice

This section of the questionnaire intends to find your perception towards the service quality practice of the bank.

- Strongly Disagree 2- Disagree 3- Neutral 4- Agree 5- Strongly Agree

Please make (√) the number which reflect your perception

Dimension	S/ N	Statement of Evaluation	Rating Scale				
			Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
			1	2	3	4	5
<b>Tangibility</b>	1	Digital transformation provides an easy way to do banking transactions to customers as per your needs.					
	2	Digital banking provides convenient banking services.					
	3	Digital banking facilities are visually appealing.					
	4	Digital banking facilities are modern.					
	5	You are satisfied with the technological, up-to-date equipment of the bank.					
<b>Reliability</b>	1	Digital banking provides you accurate and reliable information.					
	2	Digital banking provides timely updates and maintenance of accounts.					
	3	Digital banking provides error-free transactions as promised.					
	4	Digital banking has all the services available when you wants it.					
	5	Digital banking performs the service right the first time.					
<b>Assurance</b>	1	You have confidence in the bank's digital banking services.					
	2	Digital banking provides ease in finding out policy					

		statements and notice statements.					
	3	The process of digital banking is easy to remember.					
	4	You feel secure while making transactions digitally					
	5	Your digital banking site does not share your personal information with other sites.					
<b>Empathy</b>	1	When you have a problem, the bank shows a sincere interest in solving it.					
	2	You receive personal attention from bank employees if the need for a contract arises.					
	3	The employee of the bank understands your specific needs.					
	4	You always receive details of your account through SMS/email on your phone or mail.					
	5	The bank compensates for a problem they create.					
<b>Responsiveness</b>	1	Digital banking provides quick confirmation of the service ordered.					
	2	Digital banking can handle customer complaints directly and immediately.					
	3	The bank's website provides appropriate information to customers when a problem occurs.					
	4	Digital banking promptly responds to requests and questions that are made by email or other means.					
	5	In digital banking, the bank quickly resolves problems that you encounter with your digital transactions					

### Section III

#### Level of Customer Satisfaction

This section of the questionnaire intends to learn about the level of satisfaction you have on the bank's digital banking services.

Chapter 2 Strongly Disagree 2- Disagree 3- Neutral 4- Agree 5- Strongly Agree

Please make (√) the number which reflect your perception

S/N	Level of Customer Satisfaction	Rating Scale				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
		1	2	3	4	5
1	The bank's website provides precise information that the user needs.					
2	I am satisfied with the accuracy of data in digital banking.					
3	Digital banking is user friendly and easy to use.					
4	Digital banking service of the bank provides you up-to-date information.					
5	I am satisfied with the security (Safety & protection) mechanism of digital banking services of the bank.					

Source: Adopted from Balijinder et al (2021)

## Appendix II

### Interview guiding questions

1. Your position \_\_\_\_\_
2. Your experience \_\_\_\_\_
3. Your educational background \_\_\_\_\_
4. In your opinion how do you evaluate the overall satisfaction of customers in the digital banking service?
5. How do you evaluate the service reliability in the digital banking service?
6. To what extent service tangibility affects the customers in the digital banking services? Is the digital banking modern, up to date equipment, etc.?
7. How do you see service assurance in the digital banking service of your bank?
8. Is the bank providing service in a responsible manner? Does the bank provide prompt service when customers need, does employees show sincere interest to address the problem of the customers?
9. How do you see the empathy of digital banking service in the bank?
10. Generally, what is the problems face in the service quality of digital banking in your bank?
11. What solutions will be taken into consideration to solve the problems face in delivery of digital banking?