# ASSESSMENT ON THE CHALLENGES AND PROSPECT OF INTERNET BANKING: IN THE CASE OF COMMERCIAL BANK OF ETHIOPIA (WEST ADDIS ABABA DISTRICT)

**A THESIS SUBMITTED TO SCHOOL OF GRADUATE STUDIES OF ST.MARY'S UNIVERSITY FOR THE PARTIAL FULFILLMENT OF THE REQUIREMENTS OF MASTER OF BUSINESS ADMINSTRATION (MBA) IN ACCOUNTING AND FINANCE**

**BY: MOHAMMED SEID**

**ID: SGS/0216/2013A**

**ADVISOR: MOHAMMED SEID (Asst. Prof.)**

**DECEMBER, 2024**

**ADDIS ABABA, ETHIOPIA**

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**APPROVED BY THE BOARD OF EXAMINERS**

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## DECLARATION

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

Declared by:
Name: MOHAMMED SEID

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## Acronyms

**E-commerce** - electronic commerce

**IT** - Information technology

**S.C**- Share Company

**SPSS** -Statistical package for social science

**ATM** - Automatic Teller Machine

**CBE** – Commercial Bank of Ethiopia

**ICT** - Information Communication Technology

**M-Banking** - Mobile Banking

**NBE** – National Bank of Ethiopia

**POS** - Point of Sale terminals

**TAM** – Technology Acceptance Model

**TOE** – Technology Organization Environment

**TRA** – Theory of Reasoned Action

**AI** - Artificial Intelligence

# Acknowledgements

First, I would like to thank **almighty Allah**, the Compassionate, the Most Merciful and Source of Knowledge & Wisdom, who granted upon me the health, the power of communication and the audacity to accomplish this thesis. I would like to sincerely thank my advisor **Mohammed Seid (Asst. Prof.)** for his constructive comments, valuable suggestions and good guidance. I equally thank him for his kindness and necessary encouragement.

Special thanks go to my best friends, Edmealem Habtam, Wondesen Tesfaye and to my smart Wife Rahma Ali; this thesis would have not been a dream without them tireless assistance in sharing ideas, economical support and morally construct throughout the paper. I also would like to thank more to employees and customers of Commercial bank of Ethiopia west Addis Ababa district branches for any assistance and support during the time of doing this thesis.

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## *Abstract*

*This study attempts to understand and evaluate the challenges and prospects internet banking facilities in Commercial bank of Ethiopia west Addis Ababa district. IT Infrastructure and Competitive pressure it is tried to investigate their influence on the challenges and prospects of internet banking service. The study used mixed research approach. The quantitative data was gathered from 370 respondents out of 399 distributed questionnaires for the bank customers and 310 respondents out of 324 distributed questionnaires for the bank professional staffs. Meanwhile the qualitative aspect of the study used an in-depth interview with the selected bank officials and reviews different literatures which are related to the internet banking and supplement the overall research. Bank employees and customers of Commercial bank of Ethiopia west Addis Ababa district were the primary source of data for working this paper. Also the review of existing literature and the experiences of the researcher in respect of the internet banking system in Commercial bank of Ethiopia west Addis Ababa district. Data is presented through tables, graphs, pie charts and figures. The study identified attitudes of customers and staffs, challenges, prospects and overall performance of Commercial bank of Ethiopia west Addis Ababa district. As per the findings of this study it is observed that prospects include: excellent Banking transactions can be performed from the comfort of the home or office or from the place a customer's wants to, internet banking is the best means to reduce customer over load, internet banking technology helps customer for quickly access account, reduces time spending in the bank and other services and internet banking service is better managing of financial transaction. According to findings the challenges include: customers Lack of awareness on the benefits of new technologies related with internet banking, not literate enough to understand the usage of internet banking service, network and electric power interruption and Languages are an obstacle to use internet banking. The study suggests a series of measures which could be taken by the bank. The measures include, detail training of employees about internet banking, localize language for his customers, internalize electric and network problems, and familiarize their customers with the processes and benefits of the system.*



**Key Words*: - (*Internet banking, prospects, *challenges, Technology)***

# CHAPTER ONE

# 1. Introduction

## 1.1 Background of the study

Internet banking is a product designed for the purposes of online banking that enables you to have easy. The business environment has globally changed and it has been characterized by stiff competition and this is not an exception to banks. Competition has pushed commercial banks towards becoming more innovative. These innovations include credit cards, ATMs, internet banking, mobile banking, youth oriented accounts, and women oriented banking, Interest free banking and agency banking which are most recently introduced in the banking sector (Bold, 2011).

Before the emergency of the Internet, ATM is the first and the earliest form of digital banking launched in the 1960s. After 1980 the digital network began to connect consumers online (Kelman, 2016). The internet and online banking starts being available widely by the time of 1990s. The continuous improvement of the digital system in the early 2000s is the base for the modern digital banking today. The increasing number of Smartphone users paves the way of digital transaction to go further rather than ATM machines. According to Locke (2017) smartphones are the most preferred method of digital banking over 60% of the consumers of this system.

The banking sector has been significantly impacted by the proliferation of new technologies, especially the internet. These technological advancements have not only affected internal organizational procedures but also significantly impacted how financial institutions interact with their clientele (Zhao &Saha, 2005).

Dixit and Datta (2010) identified seventeen dimensions under three categories of internet banking service quality. These dimensions included:

- Customer service quality: reliability, responsiveness, competence, courtesy, credibility, access, communication, understanding, collaboration and continuous improvements.
- Online system quality: content, accuracy, ease of use, timeliness, aesthetics, and security.
- Banking service product quality: it is one dimension of product variety.

Internet banking at basic level is defined as the setting up of a web page by a bank to give information about its products and services. At a more advanced level it is defined as Provisioning of facilities such as accessing accounts, funds transfer and buying financial products or service online (Hom,2000). According to Shariq, 2006) the term internet banking is describing the case where banks customers conduct the usage of computers, and digital TV‟s for accessing internet branches.

Internet banking refers to a service offered by banks that allows account holder to access their account data via the internet. In order to take advantage of the internet banking, an account holder would need to meet several technological requirements. Such as having personal access and web browser. If these conditions are satisfied internet banking can be performed from anywhere in the world. Thus, internet banking facilitates direct access to account details; enables transfer of funds; allows for multiple bill payments an array of other transactions (Shariq, 2006).

Since 2015, significant advancements have further transformed the landscape of internet banking. The rise of fintech companies and the increased use of mobile banking applications have driven banks to innovate continuously. According to Luo et al. (2019), mobile banking has become a critical platform for delivering banking services, emphasizing the need for banks to ensure high levels of mobile service quality.

Moreover, the integration of artificial intelligence (AI) and machine learning (ML) in banking services has enhanced personalization and efficiency. AI-driven chatbots and virtual assistants are now commonly used to provide customer support and perform routine banking tasks, significantly improving customer experience (Davenport & Ronanki, 2018).

Cyber security has also become a paramount concern with the increasing reliance on digital banking. AlHogail (2015) highlights the importance of robust security measures to protect sensitive customer information and maintain trust in digital banking services. The study suggests that banks need to invest in advanced security technologies and educate customers about safe online practices.

The concept of open banking, facilitated by regulations such as the Revised Payment Services Directive (PSD2) in Europe, has also gained traction. Open banking allows third-party developers to build applications and services around the financial institution, leading to more competitive and innovative banking services (Nguyen & Dang, 2020). This trend is reshaping how banks operate and interact with their customers, promoting greater transparency and customer empowerment.

## 1.2 Statement of the problem

The challenging business environment in the financial service market results more pressure on banks to develop and utilize alternative delivery channels, with a view to attracting more customers and improving customer perceptions and encouraging loyalty. Internet banking is among the channels that are developed and implemented. Banks invest heavily in introducing and making internet banking service functionality rich, with an objective of improving customer satisfaction and loyalty, ultimately contributing positively to income and profit.

(Alemayehu, 2020) The Commercial Bank of Ethiopia faces both challenges and prospects in implementing internet banking services. (Kesharwani & Bisht, 2012) One of the main challenges is the high cost of broadband in developing countries like Ethiopia. According to Brahima Sanou, Director of the Telecommunication Development Bureau at the ITU, broadband costs in developing countries can exceed 100% of monthly income. This poses a significant barrier for individuals to access internet banking services, as the cost of internet connection may be prohibitive for many.

In order to encourage further internet banking adoption in developing countries, a better understanding of the challenges and drivers impacting internet banking adoption is critical (Zhao et al. 2008). By gaining an in depth understanding of the factors and conditions that influence developing country's ability to fully adopt and realize its benefits, strategic implications can be generated for the researchers and practitioners regarding how to promote the growth of internet banking in the developing countries. Much documentation on online banking services has been carried out elsewhere. However, in Ethiopia, there is little or no information concerning online banking usage. Even those banks to which start using online banking are connected with only few of their own branches. Cross bank transaction using online banking is also a new idea for Ethiopian banks. However, despite the importance of these adoptions, limited studies in number and in scope are currently available in developing countries, especially in Ethiopia. Therefore, more studies are still required to understand the relevance of internet banking. Therefore, to address the current gap in the literature, the following slits have been identified while evaluating other researchers.

From the limited researches that have been done, Assefa (2013) conducted a study on the impact of E-Banking on customer satisfaction in two branches of private banks in Gondar City. The researcher used qualitative approach in analyzing this study and it was limited to customers of two branches only.

To be more competitive with other banks, there is a need for more diversified services, more speculative to reach the varying requirements of the economy, specially being adoption of new technology. When we talk about new technology, it can be viewed from different angles that are internal banking systems such as more complicated software, well-educated employees e-banking systems such as mobile banking, alert, point of sale, automatic teller machine and Electronic banking. Internet banking is spreading quickly in recent years it leads much lower costs and greater competition in the financial service.

This study examines the challenges and prospects to assess whether the implementation of internet banking clients in commercial bank of Ethiopia is constrained by the technology, particularly on the

basis of accessibility of internet, educational level, income level and etc. Findings of this research are useful for the banking sector in formulating appropriate strategies to build customer satisfaction, to know customer attitude about e-banking, and a guide to create cashless society in Ethiopia.

The gap between the previous study and this study about Challenges and prospects of e-banking is that previous studies are about e-banking in Ethiopia focus only automatic teller machine (ATM) and point of sale ( POS), however these study focus on internet banking, The other gap is that time gap, the previous customer‘s attitude and believing on internet banking different from today‘s internet banking users.

Accordingly this was conducted on Commercial Bank of Ethiopia West Addis Ababa District on the understanding of how their clients see and assess the quality of their online banking services.

## 1.3 Research Questions

Regarding the elements that either favorably or unfavorably affects consumers' adoption of Internet banking services, this study was focused on a suitable response to the following particular questions.

- What are the major challenges in the practice of Internet banking services?
- What are the major opportunities in the practice of Internet banking services?
- What is the current status of internet banking usage in Commercial Bank of Ethiopia West Addis Ababa District?

## 1.4 Objectives of the study

### 1.4.1 General objectives

The general objective of this study was assess the current practice and challenges of Internet banking in case of Commercial Bank of Ethiopia West Addis Ababa District.

### 1.4.2 Specific Objectives

The specific objective of this study was

- To investigate the current practices of Internet banking service at Commercial Bank of Ethiopia West Addis Ababa District.
- To find the major opportunity for the current practices of Internet banking service at Commercial Bank of Ethiopia West Addis Ababa District.
- To assess the current challenges for the current practices of Internet banking service at Commercial Bank of Ethiopia West Addis Ababa District.

## 1.5 Significance of the study

Since Internet-banking system is in an infant stage in Ethiopia, by investigating the different opportunities and challenges for the adoption of this service delivery channel and by recommending solutions for the identified problems, this study will help banks to benefit from the adoption of this technology. In addition, it helps to fill significant knowledge gaps about internet banking landscape in Commercial Bank of Ethiopia; there by it gives insight to researchers and students about the problem and stimulate further investigation of the issue.

## 1.6 Scope of the study

The study was conducted on Commercial Bank of Ethiopia West Addis Ababa District branches. The banks‟ selected based on the accessibility of the information of Internet banking and that have high customer visits.

## 1.7 Limitation of the Study

This study did not include customers outside west Addis Ababa district. So, it did not use to make comparison between west Addis Ababa district customers and outline branch customers. And also few respondents were not able to return a questionnaire timely and it was a difficult task to wait returned and the respondents until they return the questionnaires.

## 1.8 Organization of the study

This research paper consists of five chapters. In the First Chapter of this research will work, the background to the study and the rationale were provided. Explanations of the research problems, Aims and objectives of the research, operational zed of the research topic and the whole research process are also presented. Literature will review in Chapter Two with the Theoretical Framework explained. The purpose is to produce a conceptual background against which the study of the problem was expatiated. Therefore, relevant literatures are reviewed .The Third Chapter will focus on the Research Design and Methodology description of how the survey instrument (a questionnaire) develop and implement. Data analyses and interpretation will be the focus of Chapter Four and in the Final Chapter, Research findings; Conclusions from the results in chapter four will present.

# CHAPTER TWO

# 2. LITERATURE REVIEW

## 2.1 THEORETICAL LITRATURE REVIEW

### 2.1.1. History of Internet Banking

The term "internet banking" is not very developed and mature rather it has a history lengthened over last 3 decades. In the late 80s, the notion online" became popular. Since 1980s, the innovations in the banking system have started and are still continuing (Ahanger, 2011). The term was initially used in context of the banking sector to avail the banking services through a terminal or computer by using the phone line. The concept of „home banking" is alternatively used to illustrate the use of keypad for availing the internet banking services. In 1981, online banking services started from the New York. At that time, four major banks i.e. Chase Manhattan, Citibank, Manufacturers Hanover and Chemical started online banking services through the videotext system. In France, Videotex system failed to result in failure of online banking services (Haque, Rahman and Raquib,2009).

Internet banking has gained higher acceptance from the customers who are highly supportive of new technology. Internet banking acts as a kind of financial intermediation which makes transaction through Internet (Ahanger, 2011).In the banking industry, Internet banking is the industry which uses computer technology to provide better services to customers and help in the development of banking practices (Rahmath and Hema, 2010).

The Internet, much like the ATM that came before it, is fundamentally a new distribution channel through which banks can deliver traditional banking products and services. Consumers have developed a high degree of comfort for using remote basic banking services, as demonstrated by the rapid proliferation of ATMs since their introduction 30 years ago. Initially, banks promoted their core capabilities, namely, products, channels and advice, through the Internet. Then, they entered the Internet commerce market as providers/distributors of their own products and services. Ainin and Wee(2005) contents that Internet banking is where customer can access his or her bank account via the Internet using PC or mobile phone and web-browser; and Rahmath and Hema (2010) defined Internet banking service as banking service that allows customers to access and perform financial transactions on their bank accounts from their computers with Internet connection.

Internet banking has been explained by numerous researchers in different ways and thus it has numbers of definitions. Partially, internet banking offers several types of the services through which customers of the banks can request for getting information and also can carry out most of the banking transactions through their smart devices and computers (Nupur, 2010).

Internet banking is considered as one of the most important fields of E-commerce. Across the world, it has been expanding and developing across different dimensions of business. Before processing further to evaluate the dimensions of internet banking, it is important to review its definitions proposed by different authors. In simple terms, internet banking seems to be the combination of banking and information technology. The internet has become a comparatively new medium of delivering or distributing internet services. Banks can deliver customer services and other core services such as remittances and funds transfer through the internet rather than by physically investing the bank premises (Lallmahamood, 2007). Increasing knowledge of internet technology has been compelling consumers to use fast and efficient ways of banking rather than traditional fixed services. Beh(2009) defined internet banking as the process through which customers complete banking transactions electronically without visiting the banks physically or without visiting brick and mortar bank. Contrary to this, Alsajja and Dennis (2010) defined internet banking as the process of providing banking services through technology without using physical resources of banks as well as customers. This definition reveals that internet banking uses fewer resources of banks and customers. Through internet banking, wide range of services are provided by banks through internet media such as bill presentation, funds transfer, investment purchases and sales, loan transactions, checking bank statements and many other services.

The vast majority of the banks that avoided Internet banking in the beginning did so because they simply did not see the benefits of using it. Rod and Shao (2009) state that the average internet banking transaction costs the institution only one twentieth of a teller transaction.

An extensive study conducted in 2001 by the Consumer Bankers Association indicates that Internet banking usage remained stagnant from 1996 to1998, with less than 10% of the market utilizing the service. This characterizes the early adoption phase where the banking industry, in its striking transformation, has embarked on an era of „anytime, anywhere" banking. In fact, earlier researchers (Ravichandran and Prabhakaram) point out that automated service is still at its infancy stage and there is no generally accepted theoretical conceptualization of automated service quality.

Banks that had the capability of implementing such a system became the first movers and focused primarily on the technological benefits offered by such a setup in order to capture technology enthusiasts at that time. Since then, Internet banking has been able to successfully cross the chasm as a complete service within the financial services industry but not up to the mark. As mentioned above, technologies in the early market provided many single services and not complete solutions during this period.

These examples demonstrate the development of a complete service that becomes widely used within a small segment of the pragmatic early majority, representing an entry into the bowling alley.

Technological innovations are one of the effective ways to increase the level of service quality to satisfy customer needs. Through the advanced technology and innovation in the financial and banking sectors, Internet banking has become more familiar to the customers of traditional banks (Acharya et al., 2008). Internet banking is offered by the retail banking in many developed countries and customers can make transactions without having to leave their homes or workplace (Munusamy et al., 2010). In addition, Internet banking can help customers to manage their finances more efficiently (Bank Negara Malaysia, 2007).

Today, internet banking is widely offered by retail banks in developed countries, enabling customers to perform transactions from the convenience of their homes or workplaces (Munusamy et al., 2010). It also facilitates efficient personal financial management, underscoring its integral role in modern banking practices (Bank Negara Malaysia, 2007). Recent developments include the integration of advanced technologies such as artificial intelligence, blockchain, and enhanced cybersecurity measures, further transforming and securing internet banking services (Pousttchi&Dehnert, 2018; Oliveira et al., 2014).

### 2.1.2 Service Quality

Service quality is formed when customers make a comparison between before-service expectations with their actual-service expectations and with their actual-service experience (Naik et al., 2010). In Internet banking, e-service quality is important to the banks because it will affect customer satisfaction. Zhao and Saha, (2005) have identify the nine dimensions of e-service quality. According to Nupur (2010), a partial of the service quality dimension showed a significant relationship with customer satisfaction.

### 2.1.3 Web Design and Content

Service quality in internet banking is determined by comparing pre-service expectations with actual service experiences (Naik et al., 2010). This comparison is crucial as e-service quality significantly impacts customer satisfaction in the context of internet banking. Zhao and Saha (2005) identified nine dimensions of e-service quality, emphasizing their importance in customer satisfaction. Nupur(2010) also found that certain dimensions of service quality had a significant relationship with customer satisfaction. Recent studies have continued to explore these dimensions, highlighting factors such as reliability, responsiveness, and personalization as critical to e-service quality (Jun & Palacios, 2016).

### 2.1.4 Security and Privacy

Security in internet banking is vital to ensure customer safety and prevent unauthorized access to personal information (Dixit &Datta, 2010). Ahmad and Al-Zu'bi (2011) confirmed that security has a significant influence on customer satisfaction. Privacy is equally important, as customers expect banks to protect their personal and financial information during online transactions. Studies have shown that

robust security measures and privacy protections are critical to maintaining customer trust and satisfaction in internet banking (Ho & Lin, 2010; Martins et al., 2014).

### 2.1.5 Convenience

Convenience is a primary attraction for customers using internet banking (Shariq, 2006). Research indicates that ease of use is positively related to customer satisfaction (Kassim& Abdullah, 2010). Customers prefer internet banking for its convenience, allowing them to conduct transactions without the need to visit physical bank branches (Ainin et al., 2005). Recent studies further highlight that features such as 24/7 availability, quick transaction processing, and user-friendly interfaces enhance the convenience of internet banking (Alalwan et al., 2016).

### 2.1.6 Speed

Speed, defined as the efficiency of network connections, page response times, and the promptness of customer service, is crucial for successful e-banking (Ahmad & Al-Zu'bi, 2011). High-speed internet banking services positively impact customer satisfaction (Haque et al., 2009). Technological advancements have improved the speed of internet banking services, with faster networks and optimized server performance contributing to a better user experience (Sharma & Malviya, 2014).

### 2.1.7 Customer Satisfaction

Customer satisfaction was related to people who paid for a products or services and used the products and services. Customer satisfaction was known as user satisfaction whereas buyer satisfaction was the individual who buy the products or services but he/she may non-users of the products and services (Hom, 2000). Customer satisfaction was a major outcome of marketing activity whereby it needed to fulfill the different phase of consumer buying behavior (Jamal and Naser, 2002). Current customers gave more advantages and profitable to the banks rather the new customers (Naik et al., 2010).

Demography may also affect the usage pattern of Internet Banking. It is interpreted that the female respondents are yet to get fully involved in Internet purchase (Beh,2009).

Therefore, enhancing the level of service performance acceptance is the major issue to get competitive advantages. Service quality has received much attention because of its obvious relationship with financial performance, customer satisfaction and retentions (Haque,2009).

Munusamy (2010) conducted the review of Malaysian banking sites and revealed that all domestic banks were having a web presence. Only 4 of the ten major banks had transactional sites. The remaining sites were at informational level. There are various psychological and behavioral issues such as trust, security of Internet transactions, reluctance to change and preference for human interface which appear to

impede the growth of Internet banking Corrocher (2002) investigated the determinants of the Internet technology adoption for the provision of banking services in the Italian context and also studied the relationship between the Internet banking and the traditional banking activity, in order to understand if these two systems of financial services delivery are perceived as substitutes or complements by the banks. According to the results of the empirical analysis, banks seem to perceive Internet banking as a substitute for the existing branching structure, although there is also some evidence that banks providing innovative financial services are more inclined to adopt the innovation than traditional banks. Technology has had a remarkable influence on the growth of service delivery portions (Ahanger, 2010).

Adams and Lamptey(2009) provide a theoretical analysis of Internet banking in India and found that as compared to banks abroad, Indian banks offering online services still have a long way to go. For online banking to reach a critical mass, there has to be sufficient number of users and the sufficient infrastructure in place. I.T. has introduced new business paradigms and is increasingly playing a significant role in improving the services in the banking industry. Internet banking is becoming more and more popular today, as is banking via digital television. Beyond doubt, a substantial part of the future of banking business lies in a banking environment that is less and less branch-based and where customers are able to access banking services remotely. The automated service quality research has been limited to relationship management rather than service quality or its acceptance by consumer. Even comprehensive definition of banking service quality is lacking Innovative Marketing, Volume 3, Issue 4, 2007 Parasuraman et al., 2005). Only discusses automated service quality within the service that is delivered through web sites. In addition to internet banking, service quality, telephone banking and ATM service quality need to be addressed in particular service environment.

Lallmehamood(2007) performed a qualitative study on the adoption of internet services and found out that those with the highest income with a greatest use of information technology were most likely to purchase financial services using internet channel. Education and gender were not studied in this study.

## 2.2 Empirical literature review

### 2.2.1 Internet banking service and consumer adoption

Nupur (2010) contend that the currently relevant factors determining the adoption of internet banking in Nigeria include the level of awareness or attention, the accessibility to computers and the Internet, convenience, privacy, costs, and the availability of knowledge and support concerning internet banking. The introduction of internet banking services is facilitated by the bank‟s reputation in terms of size, awareness and trust awareness of Service and its benefits in form of the amount of information a

customer has about Internet banking and its benefit may have a critical impact on the adoption of Internet banking (Jamal,2002). On the other hand, Haque (2009) noted that low awareness of Internet banking is a critical factor in causing customers not to adopt internet banking and Katri (2003) conquers that most important factors discouraging the use of Internet banking are lack of Internet access and not having a chance to try out Internet banking in a safe environment, thus not being in a position to access account. According to Ben(2009), the previous studies have identified that user input factors are a function of control, enjoyment and intention to use. Control could be described as the amount of effort and involvement required by consumers in electronic banking. Enjoyment is the perceived playfulness and intrinsic value that consumers experience from the utilization of electronic banking and this would also influence the level of satisfaction; as Ben(2009) indicate that when consumers are aware of the availability of electronic banking, they will use adopt, though some may not.

Corrocher (2002) investigated the determinants of the Internet technology adoption for the provision of banking services in the Italian context and also studied the relationship between the Internet banking and the traditional banking activity, in order to understand if these two systems of financial services delivery are perceived as substitutes or complements by the banks. According to the results of the empirical analysis, banks seem to perceive Internet banking as a substitute for the existing branching structure, although there is also some evidence that banks providing innovative financial services are more inclined to adopt the innovation than traditional banks. Technology has had a remarkable influence on the growth of service delivery portions (Ahanger,2011).

Only discusses automated service quality within the service that is delivered through web sites. In addition to internet banking, service quality, telephone banking and ATM service quality need to be addressed in particular service environment. Rod(2009) performed a qualitative study on the adoption of internet services and found out that those with the highest income with a greatest use of information technology were most likely to purchase financial services using internet channel. Education and gender were not studied in this study. Earlier studies (Barczak et al., 1997; Danniel& Strong, 1997; Lia et al., 1999; Polatoglu & Ekin, 2001; Devlin &Yeung, 2003) report factors such as convenience, flexibility, security concern, complexity, and responsiveness being associated with a higher propensity to use internet banking. In the context of the above perspective, the paper will make an attempt to analyze the evolving sphere of Internet banking and the innovations both technological and conceptual which are sweeping the financial services industry in India in the context of the changes that are taking place in this sector across the world. The regulatory and taxation issues of Internet banking present formidable problems and the paper attempts to get an insight into these two important issues.

### 2.2.1.1 Influences on consumer adoption of internet banking

Zhoa (2005) noted that several converging reference domains and theories suggest numerous potential influences on consumer adoption of internet banking including theories of in mass media choice and use, gratification theories, innovation diffusion, technology acceptance, online consumer behavior, online service adoption, service switching costs and the adoption of internet banking.

Davis (2003) proposed that customers‟ intentions to use internet banking can be affected by customers‟ attitudes toward using internet banking. When customers have positive attitudes, they are more likely to adopt internet banking and vice versa (Haque, 2009).

### 2.2.1.2 Internet banking services and customer satisfaction

According to Saha and Zhao (2005), customer satisfaction is defined as a collection of outcome of perception, evaluation and psychological reactions to the words, Saha and Zhao further defined customer satisfaction as a result of a cognitive and affective evaluation where some comparison standard is performance perceived is less than expected, customers will be dissatisfied. On the other hand, if the perceived performance exceeds expectations, customer will be satisfied. Boateng and Molla (2006) contend that operational constraints related to customer location, the need to maintain customer satisfaction and the capabilities of the Bank's main software are influential factors in motivating the decision to enter electronic banking services and consequently influencing the usage experience and thus affecting the level of satisfaction.

Raman et al. (2008) said that service as an intangible good appeal differently to each customer and certain extent of service should be achieved in order to satisfy the customer and that the resulting commitment, loyalty and retention are critical indicators of customer satisfaction. Customer commitment; Power and Associates (2009) note that on average, highly committed customers use more products or services, give more referrals and are much less likely to switch to another bank, compared with customers who have lower commitment levels. Indeed, this view is supported by Casaló et al. (2008) who website usability might lead to higher levels of contends that higher levels of consumer's affective commitment to the website as well a direct, positive and significant relationship between Manage.

### 2.2.2 Theories of Internet Banking

#### 2.2.2.1 Theory of Reasoned Action (TRA)

The Theory of Reasoned Action (TRA) remains a significant model for understanding customer behavior in adopting internet banking services. TRA posits that behavioral intentions, which precede actual behavior, are influenced by two factors: attitudes towards the behavior and subjective norms, which encompass personal perceptions of social pressures (Naik, 2010; Rahmath, 2010). This theory underscores that attitudes stem from personal beliefs about the consequences of a behavior, while subjective norms arise from perceived expectations of others (Nupur, 2010).

#### 2.2.2.2 Technology Acceptance Model (TAM) and Its Evolution

The Technology Acceptance Model (TAM), introduced by Davis (1989), has evolved to become a cornerstone in understanding technology adoption, including internet banking. TAM suggests that perceived ease of use and perceived usefulness are critical determinants of users' intentions to adopt technology. Recent extensions, such as TAM2 and TAM3, incorporate additional factors like social influence, facilitating conditions, and experience (Venkatesh & Bala, 2008). These models have been widely applied to study internet banking, showing that user-friendly interfaces and perceived benefits significantly boost adoption rates (Shaikh & Karjaluoto,2015).

#### 2.2.2.3 Unified Theory of Acceptance and Use of Technology (UTAUT)

The Unified Theory of Acceptance and Use of Technology (UTAUT), developed by Venkatesh et al. (2003), integrates elements from multiple models, including TRA, TAM, and others. UTAUT posits that performance expectancy, effort expectancy, social influence, and facilitating conditions predict user intentions and behaviors. Recent studies have applied UTAUT to internet banking, finding that these factors, along with trust and perceived risk, are crucial for adoption (Martins et al., 2014; Baptista& Oliveira, 2015).

### 2.2.3 Internet Banking and Customer Perceptions

#### 2.2.3.1 Service Quality Dimensions

Hom (2000) identified several dimensions of service quality in internet banking, such as accuracy, convenience, quality, complaint management, feedback, efficiency, customization, accessibility, and queue management. These dimensions remain relevant, influencing customer acceptance of internet banking services (Ahanger, 2011). Recent research by Tam and Oliveira (2017) emphasizes the importance of website usability, security, and service responsiveness in shaping customer perceptions.

#### 2.2.3.2 Impact of Technological Advancements

Advances in technology, such as mobile banking apps and AI-driven customer support, have further transformed internet banking. These innovations have made banking more accessible and convenient, significantly influencing customer perceptions and satisfaction (Oliveira et al., 2014; Pousttchi & Dehnert, 2018). The integration of biometric security measures has also enhanced trust in internet banking by addressing concerns about online security (Kaur&Arora, 2018).

#### 2.2.3.3 Global Adoption Trends

The adoption of internet banking varies globally, influenced by factors like technological infrastructure, regulatory environments, and cultural attitudes towards technology. In regions with advanced IT infrastructure and high digital literacy, such as parts of Asia and Europe, internet banking adoption rates are higher (Gikandi& Bloor, 2010). Conversely, in areas with lower technological development, adoption remains slower (ACNielsen, 2002).

### 2.2.4 Customer Trust and Security Concerns

Trust remains a critical factor in the adoption of internet banking. Studies indicate that perceived security and privacy significantly impact customer trust (Kim et al., 2010; Lee, 2009). Ensuring robust security measures, such as encryption and secure authentication methods, is essential for building trust and encouraging adoption (Ravichandran, 2010). Recent research highlights that transparent communication about security practices can mitigate customer concerns and enhance trust (Munusamy, 2010).

### 2.2.5 Customer Satisfaction and Loyalty

Customer satisfaction in internet banking is influenced by multiple factors, including service quality, ease of use, and security. High levels of satisfaction lead to increased customer loyalty and retention (Raman et al., 2008). Studies show that committed customers use more banking products and services, provide referrals, and are less likely to switch banks (Power and Associates, 2009). Ensuring a seamless and secure banking experience is crucial for maintaining high satisfaction levels (Casaló et al., 2008).

### 2.2.6 Recent Developments and Trends

In recent years, technology has continued to transform internet banking. Innovations such as artificial intelligence, machine learning, and block chain are being integrated to enhance service quality and security (Pousttchi & Dehnert, 2018; Oliveira et al., 2014). The use of AI in customer service, fraud detection, and personalized financial advice has improved the efficiency and user experience of internet banking (Tam & Oliveira, 2017).

Furthermore, mobile banking has gained prominence, with banks focusing on developing robust mobile applications that offer comprehensive banking services. Mobile banking provides greater convenience and accessibility, allowing users to perform transactions on the go (Shaikh & Karjaluoto, 2015). Additionally, enhanced cyber security measures are being implemented to protect against sophisticated cyber threats, ensuring the safety and privacy of customer data (Kaur & Arora, 2018).

The regulatory landscape has also evolved, with governments and financial authorities introducing stricter regulations to safeguard online banking transactions. Compliance with these regulations is essential for banks to maintain customer trust and avoid penalties (Zhao et al., 2016).

Overall, the continuous evolution of internet banking, driven by technological advancements and changing consumer expectations, is shaping the future of the banking industry. Banks that invest in innovative technologies and prioritize service quality are likely to gain a competitive advantage and achieve higher customer satisfaction and retention rates.

### 2.2.7 Future Directions

The future of internet banking lies in continued technological innovation and enhanced customer experience. Banks need to focus on integrating advanced technologies, such as AI and blockchain, to improve service delivery and security. Additionally, addressing regulatory challenges and evolving customer expectations will be key to sustaining growth in internet banking adoption (Zhao et al., 2016; Tam & Oliveira, 2017). Understanding and addressing the diverse needs of global customer segments will remain essential for expanding internet banking services worldwide (Shaikh&Karjaluoto, 2015).

# CHAPTER THREE

# 3. RESEARCH DESIGN AND METHOD

## 3.1 Research Design

The research design refers to the overall strategy that the researcher chooses to integrate the different components of the study in a coherent and logical way. For this study the researcher will use descriptive research design. Descriptive research design is a type of research design that aims to systematically obtain information to describe a phenomenon, situation, or population. More specifically, it helps to answer the what, when, where, and how questions regarding the research problem rather than the why (Akhtar, 2016). Whereas explanatory research is a method developed to investigate a phenomenon that has not been studied or explained properly. And it is responsible for finding the why of the events by establishing cause-effect relationships. Explanatory studies can deal with the determination of causes and effects through hypothesis testing (Akhtar, 2016).

## 3.2 Research Approach

A research approach is the procedure selected by the researcher to collect, analyze, and interpret data. There are two approaches to research: quantitative and qualitative research approach. The former involves the generation of information in quantitative form which might be subjected to rigorous ministration in a very formal and rigid fashion. Qualitative approach to research is worried with subjective assessment of attitudes, opinions and behavior. Quantitative research approach on the other hand involves on the collection and analysis of numerical data to describe, explain, predict, or control phenomena of interest. The analysis of numerical data is complex and must be addressed systemically (C.R.Kothari2014).So based on the above statements the researcher used both qualitative and quantitative approach for this study.

## 3.3 Source of Data

This study used both primary and secondary sources. The primary source of data for this study was collect from the managerial and non-managerial employees of Commercial bank of Ethiopia and its customer under West Addis Ababa district through appropriate questioners. The secondary sources was collect from articles, academic journals, published and unpublished magazines available from Commercial bank of Ethiopia and other sources.

## 3.4 Population of the Study

Lavrakas (2008) defines a population as any finite or infinite collections of individual elements that describe a population as the entire collection of things in which we are interested. The target population of this study was Commercial bank of Ethiopia West Addis Ababa district branch customers and

professional staffs of Commercial bank of Ethiopia West Addis Ababa district. According to the bank report Commercial bank of Ethiopia has 127 branches in West Addis Ababa district. And the bank report indicates currently Commercial bank of Ethiopia has 160,870 customers and 1,712 professional staffs in West Addis Ababa district as of November 20/2024.

## 3.5 Sampling Technique

The researcher used systematic sampling technique for this study to select sample customers from the target customers due to the reason that the total populations are homogeneous. Systematic sampling technique is a method of probability sample selecting of every $i^{th}$ item on a list. An element of randomness is introduced into this kind of sampling by using random numbers to pick up the unit with which to start. Thus, in systematic sampling only the first unit is selected randomly and the remaining units of the sample are selected at fixed intervals (C.R.Kothari 2014). On the other hand simple random sampling technique will use to select sample of professional staffs from the target employees of Commercial bank of Ethiopia West Addis Ababa district.

## 3.6 Sample Size

The Bank had 127 branches and 160,870 numbers of customers and 1,712 professional staffs in West Addis Ababa district (the bank report, 2024). Malhotra & Peterson (2006) stated that, the larger the sampling size of a research, the more accurate the data generated. In order to determine the sample size the researcher used the formula of Taro Yamane (1967: p.886)

As per the formula that is

$$\mathbf{n=N/1+N\,(e)^{2}}$$

Where: - **n** = Sample size

**N** = population size

**e** = level of precision or sampling error = (0.05)

**Sample of customers**

$$\mathbf{n = 160{,}870/1+160{,}870\,(0.05)^{2} = 399}$$

**Sample of professional staffs**

$$\mathbf{n=1{,}712/1+1{,}712(0.05)^{2} = 324}$$

The sample size for the study assumed 95% confidence level and 5% margin error. The sample size is 399 customers from the total populations of 160,870 customers and **324** professional employees from the total population of 1,712 professional employees of the bank in West Addis Ababa district.

## 3.7 Data analysis

After the data is collected the raw data will be coded directly to SPSS for analysis statistics. Raw data before being processed and analyses conveys very little or no meaning to most people and therefore needs to be processed to turn it into information (Saunders, et al.2009).

As the studies type is descriptive, the type of technique preferred for the data analysis is descriptive statistics. Data is analyzed using different quantitative statistical procedures and methods .The statically tools that will used to analyze the data includes simple descriptive statistics, Such as frequency, mean, table pie chart, graph and percentage.

The quantitative data analysis carried out by summarizing data on summery sheet and by editing, coding and verified and entered into the computer after that the data was analyzed with statistical procedures.

## 3.8 Ethical Consideration

To ensure compliance to ethical issues the researcher sought authorization to carry out research from the relevant offices. In addition, care will take to assure the respondents that all information will treat with confidence. Further, all references to work by other scholars or writers will appreciated and acknowledged.

# CHAPTER FOUR

# 4. DATA PRESENTATION AND ANALYSIS

This chapter examines the finding and discussions of gathered information from the field. Data was collected through questionnaires, the findings from the questionnaires have been presented through two parts, and the first one is from staffs of Commercial bank of Ethiopia West Addis Ababa district. And the second part is customers of Commercial bank of Ethiopia West Addis Ababa district. In total Three Hundred Ninety nine questionnaires were administrated to the customers of Commercial bank of Ethiopia West Addis Ababa district. But, the valid filling of the questionnaires are three hundred seventy only. And only three hundred twenty four questionnaires were administrated to Staffs of Commercial bank of Ethiopia West Addis Ababa district but the valid filling of the questionnaires are three hundred ten only.

A descriptive analysis was used to present and interpret the data collected on various variables of challenge and prospects of internet banking. Frequent tables and graphs along with percentages are employed to analyze the response of bank staffs and customers of Commercial bank of Ethiopia West Addis Ababa district. Microsoft excel package was used for tables, graphs, pie charts and word processing of the research report.

## 4.1 Finding and Discussions from bank staffs

### 4.1.1 Demographic Characteristics

The general information such as, gender, age, educational qualifications, job position and work experience for staffs of Commercial bank of Ethiopia West Addis Ababa district.. This background data are analyze and presented as follows.

#### 4.1.1.1 Gender profile of respondents

The frequency distribution of the gender profile of the respondents is given in table 4.1 below. The table shows that 173 of the respondents, representing 55.8% are male and 137 respondents representing 44.2% are female. The table shows the gender distribution for male staffs are larger the female staffs.

*Table 4.1 Gender of the staff*

| | Gender | | |
|---|---|---|---|
| | Male | Female | total |
| Frequency | 173 | 137 | 310 |
| Percentage | 55.8 | 44.2% | 100% |

Source: own survey, 2024

### 4.1.1.2 Age profile of respondents

The frequency table of age profile of respondents is given below table 4.2 below. The table shows that 45 respondents, representing 14.5% are their age under 20 years, 123 respondents, representing 39.7% are there age between 21 - 30 years, 102 respondents, representing 32.9% there are between 31- 40 years, 40 respondents, and representing 12.9 % are there age above 40 years. This indicates that 87.1 % of the staff‘s age is lies up to 40 years shows the largest staff is very young and the age above 40 year is only 12.9 % very small old staff exist.

*Table 4.2 Age profile of the staff*

| | Age | | | | |
|---|---|---|---|---|---|
| | Under 20 years | 21-30 years | 31- 40 years | Above 40 years | Total |
| Frequency | 45 | 123 | 102 | 40 | 310 |
| Percentage | 14.5% | 39.7% | 32.9% | 12.9 % | 100% |

Source: own survey, 2024

### 4.1.1.3 Educational qualification profile of the staff

The frequency table of educational qualification profile of the respondents is given table 4.3 below. The table shows that 21 respondents, representing 6.8% of the staff are diploma or below educational profile, 245 respondents, representing 79 % are degree holder, 43 respondents, representing from the total sample 13.8% are master‘s degree holder on the other hand there is one PhD holder from the samples. The data shows the largest part of the respondent is degree older, there is small number on the less educated and more educated in academicals way. With the banks selection criteria minimum requirement on average fell degree level.

*Table 4.3 educational qualification profile of the staff*

| | Educational qualification | | | | |
|---|---|---|---|---|---|
| | Diploma or below | Degree | Masters | PhD | total |
| Frequency | 21 | 245 | 43 | 1 | 310 |
| Percentage | 6.8% | 79% | 13.9% | 0.3 | 100% |

Source: own survey, 2024

#### 4.1.1.3 Work experience

The frequency table of work experience profile of the respondents is given table 4.4 below shows that 116 respondents, representing 37.4% of the staff there experience are 0-2 years, 98 respondents, representing 31.6 % of the sampled staff are there experience lies between 2-5years, 76 respondents, representing 24.5% of the sampled staff their experience between 5-10 years and 20 respondents, representing 6.5% are their experience above 10 years. To see the overall experience of the staff 69 % of the staff‘s experience less than or equal to 5 years, the remaining staff experience is above 5 years.

*Table 4.4 Respondents experience in the bank*

| **Respondents' experience in the banking sector** | | |
|---|---|---|
| Years of experience | Frequency | Percentage |
| 0-2 years | 116 | 37.4% |
| 2-5years | 98 | 31.6% |
| 5-10years | 76 | 24.5% |
| above10years | 20 | 6.5% |
| Total | 310 | 100% |

Source: own survey, 2024

#### 4.1.1.4 Job position of the staff in the bank

From table 4.5 below shows that 97 respondents, representing 31.3 % of the sampled staff is junior officer, 126 respondents, represents 40.6 % of the staff are customer service officer, 55 respondents, represents 17.75 % of the staff are senior customer service officer, 24 respondents represent 7.75% are manager customer service officer and 8 respondents from the total sample covers 2.6% are managers and above in position. As data indicates the large number of staff is customer service officer and junior officer they cover 71.9% from the total sampled staff.

*Table 4.5 Job position of the staff*

| Position of the respondents in bank | | |
|---|---|---|
| Position | Frequency | Percentage |
| Junior officer | 97 | 31.3% |
| Customer service officer | 126 | 40.6% |
| Senior customer service officer | 55 | 17.75% |
| Customer service manager | 24 | 7.75% |
| Manager and above | 8 | 2.6% |
| Total | 310 | 100% |

Source: own survey, 2024

### 4.1.2 The trained and competent staffs

The competent and capable of employees of Commercial bank of Ethiopia West Addis Ababa district about internet banking the view of the staff‘s show in table 4.6 below. According to the data from the total respondents, 157 represents 50.7% of the staff agree the skill, qualification and trained of the employees of Commercial bank of Ethiopia about internet banking. From the total 63 respondents, represents 20.3% of the sampled data disagree about the skill and qualification of employees about internet banking, On the other hand only 10 respondents (3.2% from the total respondents) staffs believe that the employees of Commercial bank of Ethiopia West Addis Ababa district does not know how about internet banking or strongly disagree about the skill, and qualification of the employees. From the total 43 respondents, represents 13.9% of the sampled data neutral about the skill and qualification of employees about internet banking, 37 respondent represented from the total sampled staffs 11.9% believe that Commercial bank of Ethiopia West Addis Ababa district employees highly trained, skillful and competent about internet banking.

*Table 4.6 Well-qualified and competent employees*

| The skill and qualification of employees in the view of the staffs | | | | | | |
|---|---|---|---|---|---|---|
| | Strongly agree | Agree | neutral | Disagree | Strongly disagree | Total |
| frequency | 37 | 157 | 43 | 63 | 10 | 310 |
| percentage | 11.9% | 50.7% | 13.9% | 20.3% | 3.2% | 100% |

Source: own survey, 2024

### 4.1.3 Attitudes of Staffs about internet banking

Staffs of Commercial bank of Ethiopia West Addis Ababa district believe that various agreement level with various attitudes of about internet banking. In table 4.7 shows 218 respondents, represent 70.3% strongly agree with internet banking is a best means to reduce customers overload, 65, respondent‘s, represent 21% agree about the best means of reducing customer overload, 16 (5.2%) respondents neutral and only 11

(3.5%) respondents disagree about internet banking with related to reduction of customer overload. In general more than 91.3% of the respondent accepts internet banking is a best means of reducing customer overload in Commercial bank of Ethiopia West Addis Ababa district.

When to use internet banking transaction takes place other than branches, it may in home, office and other places, for to that various respondents‘ answer as follows, 167 respondents, represent, 53.9% strongly agree about Banking transactions can be performed from the comfort of the home or office or from the place a customer‘s wants to,125 (40.3%) respondents agree, 11 (3.54%) neutral and only 7 (2.26%) respondents disagree about internet banking communication can be performed from the comfort of the home or office or from the place a customer‘s wants to. Commercial bank of Ethiopia West Addis Ababa district design various strategies, and products to achieve its vision, more than 88% staffs agree about internet banking is the best means with compared to traditional banking to achieve the bank’s vision, 23 respondents, represent 7.4% neutral about internet banking is the best means with compared to traditional banking to achieve Commercial bank of Ethiopia’s vision ( To become a world-class commercial bank financially driving Ethiopia’s future…) and only 12 (3.9%) respondents disagree internet banking is better than traditional banking to achieve commercial bank in Ethiopia’s vision.

According to table 4.7 above shows, 108 respondents, represent 34.84% strongly agree about Customers can be quick and continuous access to information using internet banking, 129 respondents, represent 41.61% agree internet banking for customers quick and continuous access of information about their account, and bank information. 35 (11.29%), neutral Customers can be quick and continuous access to information, 24 (7.74%) disagree and 14 (4.52%) strongly disagree about Customers can be quick and continuous access to information.

Internet banking rise questions related to security issue, various staffs says as follows with related to security,55 respondents, represent 17.74% strongly agree internet banking is difficult to be confident on the security of manmade technology for monetary activity, 117 (37.74%) agree using internet banking technology is difficult to confident on the security, more than 25% of the respondents does not accept internet banking is difficult to be confident on the security of manmade technology for monetary activity and the others neutral related to security issue.

Banking information technology will add new responsibilities on employees and create banks staff to make more transaction error since it is new for the staff in table 4.7 shows 47 respondents represent 15.16 % strongly agree Banking information technology will add new responsibilities on employees, 59 (19.03%), 93 (30%), 78 (25.16%) and 33 (10.65%) says agree, neutral, disagree and strongly disagree respectively about new responsibility due to new internet banking technology.

*Table 4.7 Attitudes of Staffs about internet banking*

| **Attitude of staff's about internet banking** | Strongly agree | | Agree | | Neutral | | Disagree | | strongly disagree | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Freq. | % | Freq. | % | Freq. | % | Freq. | % | Freq. | % |
| Internet banking is the best means to reduce customer over load. | 218 | 70.3% | 65 | 21 % | 16 | 5.2% | 11 | 3.5% | - | |
| Banking transactions can be performed from the comfort of the home or office or From the place a customer's wants to. | 167 | 53.9% | 125 | 40.3% | 11 | 3.54 % | 7 | 2.26% | | |
| Internet banking is the best means with compared to traditional banking to achieve the bank's Vision. | 207 | 66.77% | 68 | 21.93% | 23 | 7.4% | 12 | 3.9% | | |
| Customers can be quick and continuous Access to information. | 108 | 34.84% | 129 | 41.61% | 35 | 11.29% | 24 | 7.74% | 14 | 4.52% |
| It is difficult to be confident on the security of manmade technology for monetary activity. | 55 | 17.74% | 117 | 37.74% | 58 | 18.71% | 66 | 21.29% | 14 | 4.52% |
| Application of new internet banking lead banks Staff to make more transaction error since it is new for the staff. | 47 | 15.16% | 59 | 19.03% | 93 | 30% | 78 | 25.16% | 33 | 10.65% |
| Banking information technology will add new responsibilities on employees. | 129 | 41.61% | 119 | 38.39% | 35 | 11.29% | 18 | 5.81% | 9 | 2.9% |

Source: own survey, 2024

To summarize the attitude of staffs in table 4.8 below about internet banking, the critical points that staffs have strongly good attitude about internet banking is the best means of reducing customer overload in branches and head office with a mean 4.56 (from 5) , next internet banking is the best means with compared to traditional banking to achieve bank's vision with a mean 4.53, the third good attitude is that Banking transactions can be performed from the comfort of the home or office or from the place a customer wants to, and the least good attitudes of staffs about internet banking is Application of new internet banking lead banks staff to make more transaction error since it is new for the staff this indicate that internet banking does not lead transaction error for staffs. Overall the attitudes of staffs indicate that 3.93 from 5 shows greater than average (3) concludes internet banking is a good image in the mind of staffs of Commercial bank of Ethiopia West Addis Ababa district.

**Notes**: number of response, response measurement, given that accordingly strongly agree =5. Agree =4, neutral =3, disagree =2, and strongly disagree =1

*Table 4.8 Mean of staffs attitude*

| Attitudes of staffs about internet banking | Number of response | Mean | Std. Deviation | Rank |
|---|---|---|---|---|
| 1. Banking information technology will add new Responsibilities on employees | 310 | 4.21 | 0.065 | 4 |
| 2. Internet banking is the best means to reduce customer overload. | 310 | 4.56 | 0.01 | 1 |
| 3. Banking transactions can be performed from the comfort of the home or office or from the place a Customer wants to. | 310 | 4.32 | 0.03 | 3 |
| 4. Banking is the best means with compared to Traditional banking to achieve commercial bank of Ethiopia‘s vision | 310 | 4.53 | 0.02 | 2 |
| 5. Customers can be quick and continuous access to information | 310 | 3.76 | 0.8 | 5 |
| 6. It is difficult to be confident on the security of manmade technology for monetary activity. | 310 | 3.35 | 0.61 | 6 |
| 7. Application of new internet banking lead banks staff to Make more transaction error since it is new for the staff. | 310 | 2.78 | 0.12 | 7 |
| **The average mean of attitudes** | 310 | 3.93 | 0.15 | - |

Source: own survey, 2024

### 4.1.4 **Challenges to adopt internet banking for customers of Commercial bank of Ethiopia West Addis Ababa district**

There is a challenge with related to new information system or internet banking adoption, table 4.9 below shows, as the following. According to the data the customers are not aware of the different features of internet banking service in Commercial bank of Ethiopia West Addis Ababa district. 107 respondents, represents, 28.92% strongly agree with customers are lack of awareness on the benefits of internet banking, 193 respondents, represents 52.16% from the total sample agree customers about lack of awareness on internet banking, 36 respondent (9.73%) neutral the awareness of the customers about internet banking. On the other hand 22(5.95%) respondents disagree about customer‘s lack of awareness about internet banking, 12 respondents, represents 3.24% strongly disagree about lack awareness of customers for internet banking.

The acceptance of new payment mechanism and technology in commercial bank of Ethiopia by customers are as follows express accordingly. 97 respondents, represents 26.22% strongly agree the resistance of customers about new payment mechanism and technology, 131 respondents, represent 35.41% agree the resistance of customers about new payment mechanism. On the other way 88 respondents, represent 23.78% from the total data neutral about the acceptance and resistance of customers about new payment mechanism and technology, 47 respondents, represents 12.7% disagree,

7 (1.89%) respondents strongly disagree about the resistance of customers about the payment mechanism and technology. The new payment mechanism and technology is transfer and check balance, and internet banking is for transfer from one account to other account, sent remittance for the other party, check balance and order check. To see the above means of payment mechanism and technology is resist by customers, the data shows 61.63% of the respondent's accept for the resistance of customer for new technology.

Cyber security problems in Commercial bank of Ethiopia West Addis Ababa district according to data states as follows. 127 respondents, represents 34.33% agree the existence of cyber security problem, 91 respondents, represent 24.59% says there no information about the problem of cyber security issues problem (neutral), 79 respondents, represent 21.35% strongly agree the cyber security issues problem in Commercial bank of Ethiopia West Addis Ababa district. 52 respondents, represents 14.05% says disagree about cyber problem, 21 respondents, represents 5.68 % strongly disagree about the problem of cyber problem in Commercial bank of Ethiopia West Addis Ababa district.

From the challenges internet interruption is one of a serious problem to smoothly running of internet banking. According to data 186 respondents, represent 50.27% from the sample strongly agree about the serious challenges of internet power interruption, for a day today operation relatedwithinternetbanking.121 respondents, represent 32.7% agree the existence of internet power interruption creates a serious problem for effectively implementation of internet banking service in Commercial bank of Ethiopia West Addis Ababa district, 29 respondents, represent 7.84 % neutral about the problem of internet power interruption. 4.05% and 5.14% of the respondents disagree and strongly disagree respectively about the serious challenges of electric power for the adoption of internet banking service. As shown the below table 4.9, High installations cost of technology for internet banking are agreed by 131 respondents, represent 35.41% from total data, 117 respondents , represent 31.62% strongly agree about high cost of installation for internet banking technology, support for implementation of internet banking.

*Table 4.9 Challenges to adopt Internet banking*

| **Challenges in adoption of internet banking** | Strongly agree | | Agree | | Neutral | | Disagree | | Strongly disagree | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Freq. | % | Freq. | % | Freq. | % | Freq. | % | Freq. | % |
| Customers are lack of awareness on the Benefits of internet banking. | 107 | 28.92% | 193 | 52.16% | 36 | 9.73% | 22 | 5.95% | 12 | 3.24% |
| Customers of commercial bank of Ethiopia are resistant to new Payment mechanism and technology. | 97 | 26.22% | 131 | 35.41% | 88 | 23.78% | 47 | 12.7% | 7 | 1.89% |
| Cyber security issues problem. | 79 | 21.35% | 127 | 34.33% | 91 | 24.59% | 52 | 14.05% | 21 | 5.68% |
| Internet interruption is a serious Problem to smoothly running of internet banking. | 186 | 50.27% | 121 | 32.7% | 29 | 7.84% | 15 | 4.05% | 19 | 5.14% |
| High installations cost of technology for Internet banking. | 117 | 31.62% | 131 | 35.41% | 72 | 19.46% | 22 | 5.95% | 28 | 7.56% |
| Network failures are serious problem to Smoothly running of internet banking | 219 | 59.19% | 105 | 28.38% | 24 | 6.49% | 22 | 5.94% | | |
| Top management negative attitude towards new technology. | 26 | 7.03% | 65 | 17.57% | 87 | 23.51% | 97 | 26.22% | 95 | 25.67% |
| Lack of suitable legal and regulatory Frame work for internet service. | 76 | 20.54% | 125 | 33.78% | 93 | 25.14% | 53 | 14.32% | 23 | 6.22% |
| Most users of banking service are not Literate enough to understand the usage of internet banking service. | 56 | 15.14% | 91 | 24.59% | 32 | 8.65% | 44 | 11.89% | 147 | 39.73% |

Source: own survey, 2024

72 (19.46%) respondents neutral about the cost of installation for internet banking, 22 respondents ,represents 5.95% disagree the cost assonated with installation of internet banking and 28 (7.56%) respondents strongly disagree the installation cost of technology for internet banking.

To summarize the challenges of internet banking in the view staffs accordingly below in table 4.10 The Network failures are serious problem to smoothly running internet banking highest compared to other challenges on average 4.43 (5), the next serious challenge according to respondents internet interruptions are a serious problem to smoothly running internet banking with mean 4.17, the third related with other challenges Customers are Lack of awareness on the benefits of internet banking. According to data top managements are not negative attitude related with internet banking; this shows technology is highly supported by top management.

**Notes:** number of response, response measurement, given that accordingly strongly agree=5, Agree=4, neutral=3, disagree=2, and strongly disagree=1

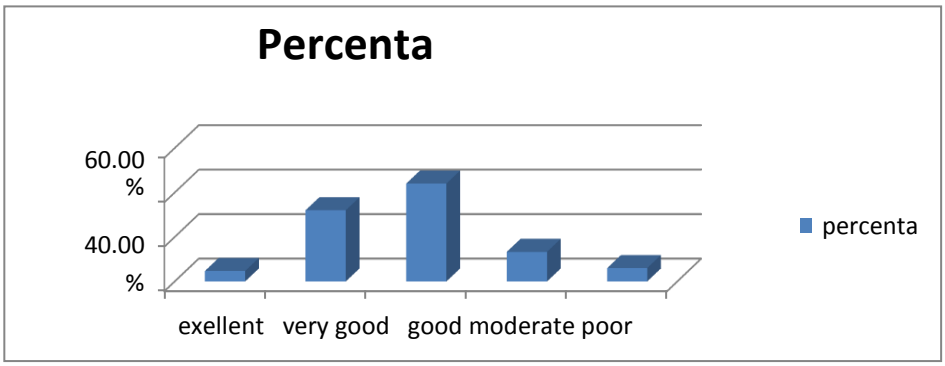
*Table 4.10 Challenges of internet banking for staffs of Commercial bank of Ethiopia West Addis Ababa district.*

| **Challenges of Internet banking for staffs of Commercial bank of Ethiopia West Addis Ababa district.** | **Number of response** | **Mean** | **Std. Deviation** | **Rank** |
|---|---|---|---|---|
| 1. Customers are Lack of awareness on the benefits of internet banking. | 310 | 4.08 | 0.08 | 3 |
| 2. Customers of Commercial bank of Ethiopia are resistant to new payment mechanisms and technologies. | 310 | 3.56 | 0.16 | 6 |
| 3. Cyber security issues problem. | 310 | 3.51 | 1 | 7 |
| 4. Internet interruptions are a serious problem to smoothly running internet banking. | 310 | 4.17 | 0.09 | 2 |
| 5. High installation cost of technology for internet banking | 310 | 3.74 | 0.3 | 4 |
| 6. Network failures are serious problem to smoothly running internet banking. | 310 | 4.43 | 0.05 | 1 |
| 7. Top managements negative attitude towards new Technology. | 310 | 2.50 | 1.2 | 9 |
| 8. Lack of suitable legal and regulatory framework for Internet service. | 310 | 3.44 | 0.9 | 8 |
| 9. Most users of banking service are not literate enough to understand the usage of internet banking service. | 310 | 3.73 | 0.92 | 5 |

Source: Own survey, 2024

The overall performance of Commercial bank of Ethiopia about internet banking is shown below graph 4.1 Shows below. According to the data 134 respondents, represents 43.23% of the respondents their attitude about performance of internet banking in Commercial bank of Ethiopia west Addis Ababa district is good, 98 respondents, represents 31.61% from total sample says the performance of internet banking is very good, 45 respondents, represent 14.51% from the total sample of the staff believe that the performance of internet banking Commercial bank of Ethiopia west Addis Ababa district is moderate, 19 respondents, represent 6.13% says the performance of internet banking is poor on the other hand 14 respondents , represent 4.52% believe that the performance of internet banking in Commercial bank of Ethiopia west Addis Ababa district is excellent. In general from the data the performance of the bank with related to internet banking is good.

*Graph 4.1 Overall performance*



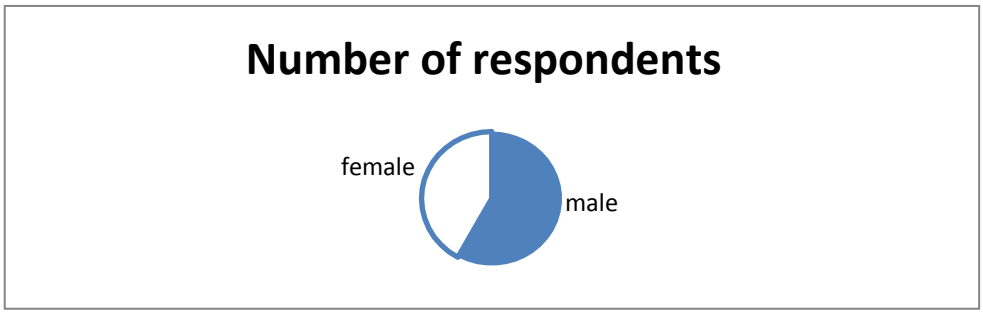

Source: own survey, 2024

## 4.2 Finding and Discussions from bank customers

### 4.2.1 Demographic information of customers

The general information‘s about customers of commercial bank of Ethiopia west Addis Ababa district include: gender, age, educational qualification, and their job are describe, analyze and presented as follows.

*Pie Chart 4.1 gender of the customers*




Source: own survey, 2024

#### 4.2.1.1 Gender of customers

According to the data 219 respondents, represent 59.19% of the sampled customers are male and the remaining 151 (40.81%) are female. When to see proportion of male and female, male respondents are large in number this shows a largest proportion of customers of commercial bank of Ethiopia west Addis Ababa district is male and internet banking service users are also males are cover the largest proportion.

#### 4.2.1.2 Age profile of customers

According to table 4.11, 278 respondents, represent 75.14% their age is below or equal to 30 years, 73 respondents, represent 19.72% of the sampled respondents age is between 31-40 years, only 19 respondents represent 5.14% are there age is between 41-50 and there is no respondent as their age is above 50 years. As a result more than 94 % of the respondent‘s age is below or equal to 40 years.

*Table 4.11 Age profile of customers*

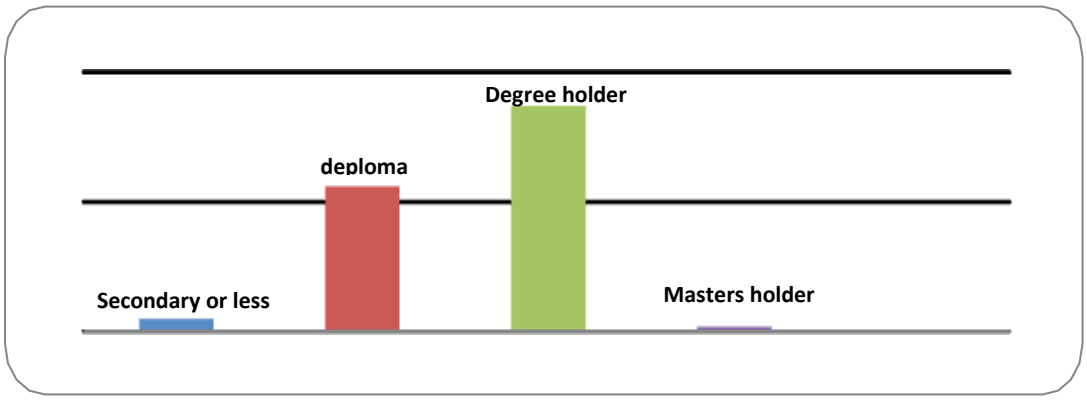
| Age | Frequency | Percentage |
|---|---|---|
| Below or equal to 30 | 278 | 75.14% |
| 31- 40 year | 73 | 19.72% |
| 41-50 years | 19 | 5.14% |
| 51- 60 years | | |
| Above 60 years | - | - |
| | 370 | 100% |

Source: own survey, 2024

### 4.2.1.3 Profile of educational level of customers

The level educational back ground of customers mentioned in graph 4.2 below. According to the respondent from 370 respondents, 16 respondents, represent 4.32% their educational qualification is secondary or less, 139 respondents, represent 37.57% are their educational level is diploma, 211 respondents, represent 57.03% of the respondent degree holder, 4 respondents, represent 1.08% only masters holder, unfortunately there is no PhD holder from respondents. This data shows that the largest proportion of the respondent is means level of educational background that is degree. Graph 4.3 level of educational back ground of customers

*Graph 4.2 Educational level*




Source: own survey, 2024

#### 4.2.1.4 Profile of customer's job

commercial bank of Ethiopia west Addis Ababa district involved in various work environment and jobs in table 4.12 below shows, the largest proportion of customers involved in government employment, 311 respondents, represent 84.05% government employee, 13 respondents, represent 3.52% work in private organization, 46 respondents, represent 12.43% work their own job, there is no customers without job.

*Table 4.12 Profile of customer's job*

| Job | Frequency | Percentage |
|---|---|---|
| Government employee | 311 | 84.05% |
| Private employee | 13 | 3.52% |
| self-employee (own job) | 46 | 12.43% |
| no job | - | - |
| Total | 370 | 100% |

Source: own survey, 2024

### 4.2.2 Years of internet banking service provided by customers

Internet banking technology in Ethiopia is a recent phenomenon, in 2001 by a leading share company owned commercial bank of Ethiopia, the internet banking technology is start operation in recent time. According to table 4.13 below 50 (13.51%) respondent not use internet banking, even if there is not effective knowledge about internet banking, 143 respondents, represent 38.65% are served less than one year, 112 respondents, and represent 30.27% served 1-3 years, only 50 respondents, represent 13.51% use internet banking effectively more than three years.

*Table 4.13 Years of service*

| Years of service in commercial bank of Ethiopia | frequency | Percentage |
|---|---|---|
| Still not use | 65 | 17.57 |
| Less than1 years | 143 | 38.65% |
| 1-3 years | 112 | 30.27% |
| More than 3 years | 50 | 13.51% |

Source: own survey, 2024

### 4.2.3 The best means of aware of customer's about internet banking

As we know commercial bank of Ethiopia uses so many advertising mechanisms to announce its product, and services for the customer. The customers also think and choice the best means of knowing new information about internet banking in table 4.14 below shows, accordingly.

From total respondents 180 respondents, represent 48.65% are TV advertising is the best means of advertising, 52 respondents, represent 14.05% agree that brusher and pamphlet are best means of announcing for customers, 79 respondents, represent 21.35 % agree that direct contact with bankers are best means of knowing internet banking,20 respondents, represent 5.41% believe that hearing information from colleagues is a best means, 29 respondents, represent 7.84% says radio is a best instrument to announce about internet banking, 8 respondents, represents 2.16% believe that sales promotion is a best means, 2 respondents, represent 0.54% magazines and news are good for announcing about internet banking.

*Table 4.14 the best means of advertising*

| Means of Advertising | Number of response | Percentage |
|---|---|---|
| TV advertising | 180 | 48.65% |
| Brusher and Pamphlet | 52 | 14.05% |
| Direct contact with bankers | 79 | 21.35% |
| Hearing from your colleague | 20 | 5.41% |
| Radio | 29 | 7.84% |
| Sales promotion | 8 | 2.16% |
| Magazines and news | 2 | 0.54 |

Source: own survey, 2024

### 4.2.4 Attitudes of customers about internet banking

The attitude of customers about internet banking is different with varies condition, at various environment, in table 4.15 below shows, in the following way.157 respondents, represent 42.43% strongly agree about Attitudes of internet banking technology supports collaboration and sharing of information, 151 respondents, represent 40.81% also agree with internet banking support collaboration and sharing of information, 17 respondents, represent 4.60% neutral the important of internet banking for sharing information , 45 (12.16) respondents disagree the important of sharing information and there is no respondents strongly disagree about internet banking for support collaboration and sharing of information .

Attitudes related to internet banking service for better managing of financial transaction shows 159 respondents, represent 42.97% strongly agree for better management of financial transaction,149 (40.27%) agree, 28 respondents represent 7.57% neutral for the purpose of managing financial transaction using internet banking, 34 respondents, represent 9.19% disagree about internet banking service for financial transaction and there is no customers strongly disagree about the service of internet banking for managing financial transaction.

Internet banking technology helps customer for quickly access account, reduce time spending in the bank and other services, according to data in table 4.15, 172 respondents, represent, 46.49%are strongly agree about quick access of account balance and other account related operation, 138 respondents, represent 37.3% agree about quick access of account, 17 respondents, represent 4.59% neutral about quick access of account using internet banking, only 31 respondents did not accept the functions of internet banking for quick access of account. The times spending in bank is a serious issue for some customers for other it is not a matter, but the existence and launching internet banking there is rest for customers form different dimension one is reduce time spending in the ban. In table 4.15 shows 60 respondents, represent 43.24% strongly agree internet banking reduce time spending, 146 respondents, represent 39.45% agree about reduction of time to use internet banking, only 19 respondents represent 5.14% did not accept the time and space reduction through using internet banking. In general more than 83.24% agree internet banking is a best means to reduce time and spaces pending, therefore commercial bank of Ethiopia west Addis Ababa district tries to expand internet banking service in order to satisfy his customer and more smooth relation with customers in the future.

*Table 4.15 attitudes of customers about internet banking*

| | Strongly agree | | Agree | | neutral | | Disagree | | Strongly disagree | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Attitudes of customers** | Freq. | % | Freq. | % | Freq. | % | Freq. | % | Freq. | % |
| Internet banking technology support collaboration and sharing of Information. | 157 | 42.43% | 151 | 40.81% | 17 | 4.60% | 45 | 12.16% | - | - |
| Internet banking services help me to better manage finance transactions | 159 | 42.97% | 149 | 40.27% | 28 | 7.57% | 34 | 9.19% | - | - |
| I can quick and continuous access to Information about my account. | 172 | 46.49% | 138 | 37.3% | 17 | 4.59% | 31 | 8.38% | 12 | 3.24% |
| Internet banking technology eliminates times and space constraint. | 160 | 43.24% | 146 | 39.45% | 19 | 5.14% | 20 | 5.41% | 25 | 6.76% |

Source: own survey, 2024

Summarization of attitudes of customers about internet banking positive attitude almost in all existed parameters, with this internet banking services helps to customers for better manage finance transactions, the next very good attitude is can quick and continuous access to information about my account, and the least is internet banking technology eliminates times and space constraint. In general customers of commercial bank

of Ethiopia west Addis Ababa district positive attitude for adoption of internet were banking for further development of banking industry. According to data the average respondent's attitude is 4.29 this show far greater that an average 2.5 these leads to conclude almost all customers are strong positive attitude about commercial bank of Ethiopia west Addis Ababa district internet banking lunching.

**Note**: number of response, response measurement, given that accordingly strongly agree= 5. Agree = 4, neutral = 3, disagree =2, and strongly disagree = 1.

*Table 4.16 summarized Attitudes of customers about internet banking*

| **Attitudes of customers about internet banking** | Number of responses | mean | **Std. Deviation** | rank |
|---|---|---|---|---|
| 1. Internet banking technology support collaboration and sharing of information. | 370 | 4.17 | 0.1 | 3 |
| 2. internet banking services help me to better manage finance transactions | 370 | 4.71 | 0.02 | 1 |
| 3. I can quick and continuous access to information about my Account. | 370 | 4.23 | 0.09 | 2 |
| 4. Internet banking technology eliminates times and space constraint. | 370 | 4.03 | 0.8 | 4 |
| Average attitudes or means | 370 | 4.29 | | |

Source: own survey, 2024

### 4.2.5 Challenges of internet banking for customers of commercial bank of Ethiopia west Addis Ababa district

Innovation and adopting of new technology may be creates security problem, in table 4.17 show, 74 respondents, represent 20% the sample strongly agree Security is a serious problem when to use internet banking, 166 respondents, represent 44.86% agrees security is serious problem to use internet banking, 49 (13.24%) neutral about security, 54 (14.6%) respondents disagree security problem, 27 (7.3%) respondents did not accept the existence of security problem.

There is Cost using internet banking services charges according to table 4.17 below 60 respondents, represent 16.22% strongly agree with internet banking cost of service charge is high 68 respondents, represent 18.37% agree costs of internet banking service charge, 62 (16.76%) neutral about costs of internet banking service charge, 123 respondents, represent 33.24% disagree costs of internet banking service charge, and 57 (15.41%) respondents strongly disagree costs of internet banking.

Lack of suitable, legal and regulatory framework for internet services according to table 4.17 below 34 respondents, represent 9.19% strongly agree, 149 respondents, represent 40.27% agree, 121 (32.70%) neutral, 29 respondents, represent 7.84% disagree, and 37 (10%) respondents strongly disagree.

The other serious problem for challenging of internet banking is internet interruption and network failures

according to table 4.17 below data 97 (26.22%) and 153 (41.35%) strongly agree and agree about internet interruption and network failure respectively a serious problem to use internet banking, 69 (18.65%) and 51 (13.78%) neutral and disagrees the problem of internet and network failure respectively.

The dynamic changes of information technology are serious challenge for understanding internet banking according to table 4.17 below 93 respondents, represent 25.14% strongly agree, 152 respondents, represent 41.08% agree, 39 (10.54%) neutral, 65 (17.57%) respondents disagree and 21 (5.67%) respondents strongly disagree.

Network failures are serious problem to use internet banking. According to table 4.17 below 187 respondents, represent 50.5% strongly agree, 118 respondents, and represent 31.89% agree, 42 (11.35%) neutral, and 23 (6.22%) respondents strongly disagree.

Obstacle of language is a serious problem for customers of commercial bank of Ethiopia west Addis Ababa district , according to table 4.17 the data shows 49 respondents, represent 13.24% strongly agree about problems of langue to use internet banking, 114 respondents, represent 30.81% says Languages are an obstacle to use internet banking due to that the banks try to localize the language, 73 (19.73%) respondents neutral the matter of language for serving internet banking, the remaining 36.22% of the respondents does not accept language is a serious problem for serving internet banking.

*Table 4.17 Challenges to adopt internet banking*

| Challenges to adopt internet banking | Strongly agree | | Agree | | neutral | | Disagree | | Strongly disagree | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Freq. | % | Freq. | % | Freq. | % | Freq. | % | Freq | % |
| Security is a serious problem when to use internet banking | 74 | 20% | 166 | 44.86% | 49 | 13.24 % | 54 | 14.6% | 27 | 7.3% |
| Internet banking cost of service charge is high | 60 | 16.22 % | 68 | 18.37 % | 62 | 16.76 % | 123 | 33.24 % | 57 | 15.41% |
| Lack of suitable, legal and regulatory Framework for internet services. | 34 | 9.19% | 149 | 40.27 % | 121 | 32.70 % | 29 | 7.84% | 37 | 10% |
| Internet interruptions are a serious problem to Use internet banking. | 97 | 26.22 % | 153 | 41.35 % | 69 | 18.65 % | 51 | 13.78 % | - | - |
| The dynamic changes of information technology are serious challenge for understanding internet banking | 93 | 25.14 % | 152 | 41.08 % | 39 | 10.54 % | 65 | 17.57 % | 21 | 5.67% |
| Network failures are serious problem to use internet banking. | 187 | 50.5% | 118 | 31.89% | 42 | 11.35 % | - | - | 23 | 6.22% |
| Languages are an obstacle to use internet banking | 49 | 13.24 % | 114 | 30.81 % | 73 | 19.73 % | 99 | 26.76 % | 35 | 9.46% |
| In adequate banks staff skill exist in commercial bank of Ethiopia west Addis Ababa district about internet banking. | 60 | 16.22 % | 141 | 38.11 % | 101 | 27.30 % | 55 | 14.86 % | 13 | 3.51% |

Source: own survey, 2024

Skills and knowhow of a staff is a big matter for effective adoption of internet banking in commercial bank

of Ethiopia west Addis Ababa district, according to table 4.17 above 60 respondents represent, 16.22 % strongly agree inadequate skill of staff exist in commercial bank of Ethiopia west Addis Ababa district, 141 respondents, represent 38.11% agree Inadequate banks staff skill exist in commercial bank of Ethiopia west Addis Ababa district about internet banking. This shows really there is a serious problem in Commercial bank of Ethiopia west Addis Ababa district staffs about the skill and know how about internet banking, therefore the bank try to train, educate both in job and off job training for it staffs.

To summarize the challenges of internet banking for customers in table 4.18 below shows that all challenges are serious except service cost of internet banking especially but it also above average means greater than 2.5. Network failures are the most serious challenge for customers to use internet banking; the next serious challenge is internet interruptions are a serious problem to use internet banking.

**Notes:** number of response, response measurement, given that accordingly strongly agree =5. Agree = 4, neutral = 3, disagree = 2, and strongly disagree =1.

*Table 4.18 means of challenges of internet banking for customers*

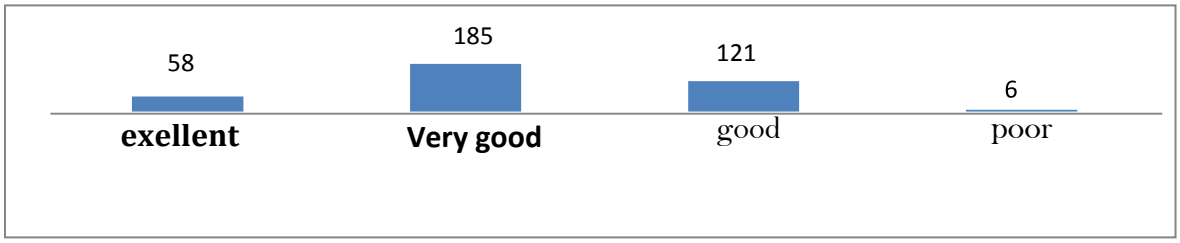
| **Challenges of internet banking** | Number of respondents | mean | **Std. Deviation** | rank |
|---|---|---|---|---|
| 1. Security is a serious problem when to use internet banking. | 370 | 3.48 | 0.1 | 4 |
| 2. internet baking‘s Cost of service charge high. | 370 | 2.9 | 0.9 | 8 |
| 3. Lack of suitable legal and regulatory frame work for internet Services. | 370 | 3.26 | 0.5 | 6 |
| 4. Internet interruptions are a serious problem to use internet banking. | 370 | 3.81 | 0.07 | 2 |
| 5. The dynamic change in information technology are a serious challenge for understanding about internet banking | 370 | 3.64 | 0.09 | 3 |
| 6. Network failures are serious problem to use internet banking. | 370 | 4.17 | 0.02 | 1 |
| 7. Languages are an obstacle to use internet banking | 370 | 3.09 | 0.69 | 7 |
| 8. In adequate banks staff skill exist in Commercial bank of Ethiopia west Addis Ababa district about internet banking | 370 | 3.33 | 0.16 | 5 |

Source: own survey, 2024

### 4.2.6 Overall performance of Commercial bank of Ethiopia west Addis Ababa district in the view of customers

The overall performance internet banking in Commercial bank of Ethiopia west Addis Ababa district in the view of customers sees in graph 4.3 below. According to the data 58 respondents, represent 15.68% believes excellent the performance of internet banking in Commercial bank of Ethiopia west Addis Ababa district, 185 respondents, represent 50% agree the performance of internet banking is very good, 121 respondents, represent 32.7 % believes good about performance internet banking in Commercial bank of Ethiopia west Addis Ababa district, only 6 respondents believe the performance of internet banking in Commercial bank of Ethiopia west Addis Ababa district is poor. In general, 98% of the respondent's agree performance of internet banking in Commercial bank of Ethiopia west Addis Ababa district is good and above, due to this the banks try to expand more services, competitive with other banks and achieve the banks vision without any failure.

*Graph 4.3 overall performance of Commercial bank of Ethiopia west Addis Ababa district according to customers*




Source: own survey, 2024

## 4.3 Summary of findings

Internet banking is considered as the key driving force around the world. Due to a pervasive and steadily growth of the information and communication technology the world banking industry is entering into new phenomena of unprecedented form of competition supported by modern information and communication infrastructure. In the Ethiopia banking system is very far back compared to the rest of the world. But recently Ethiopians banking industry flourishes and start to use internet banking. In the case of Commercial bank of Ethiopia the banks try to introduce themselves in new technologies and internet banking system form traditional banking environment. These study focus as above as follows, attitudes of customers and staffs of the bank about internet banking, challenges of internet banking, the best means of advertising, opportunities of internet banking, demographic character of the respondents and the overall performance. According to the data various variables show that internet banking is a good means to smooth running and performing of banking business and achievement of the vision of the bank.

# CHAPTER FIVE

## 5. CONCLUSION AND RECOMMENDATION

The internet banking revolution has fundamentally changed the business of banking by scaling borders and bringing about new opportunities. In Ethiopia the banking industry is under developed and therefore there is an allimmediateneedtoboardoncapacitystructurepreparationsandmodernize the banking system by employing the state of the art technology and internalizing new banking technology as being used anywhere in the world. However, now in Ethiopia banks have rapidly introduced and innovative of internet banking technologies services in recent years. Almost all banks have invested in expanding and improving the IT systems and a number of new internet banking services have been developed.

All major banks have declared internet banking as one of the core strategies for the future developments. At the same time, internet banking acceptance depends probably on bank service quality, customer preferences and satisfaction determine. In the case of Commercial bank of Ethiopia banking is underdeveloped, but the growing rate is very fast compared to previous times. Commercial bank of Ethiopia now providing the following internet banking service, those are: balance confirmation, statement, transfer.

## 5.1 Conclusions

Various papers, articles, and business news says various conclusion about internet banking. Various opportunist and challenges also exist to adopt for new internet banking technologies. According to the previous data the researcher concludes in the following way:

### 5.2 Overall internet banking performance in Commercial bank of Ethiopia west Addis Ababa district

Commercial bank of Ethiopia west Addis Ababa district is one of the fastest growing of capital and profitability of financial institution in Ethiopia. For which the one pillar is introducing themselves for new technologies and payment mechanism. Attitudes of staffs and customers of Commercial bank of Ethiopia west Addis Ababa district accept the overall performance of banking is in good health due to: existence of internet banking instruments and large in number compared with other commercial banks. Customers of Commercial bank of Ethiopia west Addis Ababa district good attitude about internet banking services help to better manage finance transactions, can quick and continuous access to information about their account, and internet banking technology support collaboration and sharing of information.

## 5.3 Prospects of internet banking

Due to innovation and adoption of new technology creates an opportunity for banking industry. In Commercial bank of Ethiopia west Addis Ababa district internet banking give various opportunities for customer and employees of the bank. The following lists are important points of prospects of internet banking from pervious finding and discussion parts.

- Banking transactions can be performed from the comfort of the home or office or from the place a customer‘s wants to. When Customers of Commercial bank of Ethiopia use internet banking technology, they control their account, transfer remittance, and find location of ATM, get daily exchange rate and other bank and banking information can be served 24 hours a day.
- Internet banking is the best means to reduce customer loading burden. Internet banking un substitutable role for reducing customer overload in branches, when educated and internet banking users are served using internet banking technology, the only comer in branch is only uneducated, serves can‘t be given by internet banking and those who are not use internet banking.
- Internet banking technology helps customer for quickly access account, reduces time spending in the bank and other services. Customers who Users of internet banking reduce time that spend in branch, because he/she use internet banking does not need to come branches. Easily access account without support of banker simply, the customer consider the bank exist in your mobile or personal computer.
- Internet banking service is better managing of financial transaction. Customers can be check their history of different accounts and do a what-if analysis on their own mobile (computer) affecting any transaction on the bank. This will lead to better funds management.

## 5.4 Challenges of internet banking

There are a lot of challenges discussed in the previous chapter are related with internet banking, those are:

- ❖ Customers of Commercial bank of Ethiopia west Addis Ababa district are resistant to new payment mechanism and technology. The reason for resistance of new technology is unknown fear in the minds of the customers this leads a big challenge to penetrate the market through internet banking in Ethiopia.
- ❖ Internet interruption is a serious problem to smoothly running of internet banking. Due interruption of electric power, hinder the smooth function internet banking does not work when there is no electric power supply, even mobile and internet banking also slow or does not work effectively.

- Network failures are serious problem to smoothly running of internet banking. One of the serious challenge for Commercial bank of Ethiopia west Addis Ababa district daily activities of internet banking service and traditional banking is network failure, due network interruption customers are not interested to use internet banking rather they hold their cash on hand, especially at the time of serious cash needs the customers does not confidence on network. Due to that customer‘s choice the best means of accessing cash is by holding in pocket or on hands.
- Languages are an obstacle to use internet banking. Services provide within internet banking on English is a serious problem for customers. Customers who are not more educated (high school or below) not smoothly running using the website.
- Inadequate banks staff skill exists in Commercial bank of Ethiopia west Addis Ababa district about internet banking. When customers ask staffs about internet banking the staff tells about internet banking function and benefits well, but actually the staffs do not know how it runs.

## 5.5 Recommendation

Internet banking service is a new financial progression in Ethiopia, but it‘s a key issue, because it has a great impact on the whole banking activity, at the same time it‘s difficult and need a lot of efforts to be adopted and accepted by customers and staffs of Commercial bank of Ethiopia west Addis Ababa district, so it need a lot of efforts to achieve something.

The researcher recommends in the following way:

- Consider the capacities and skills; knowhow of the customers about internet banking, especially languages. Languages are a basic instrument to understand everything, there for the bank try to localize the language for internet banking in order to understand more about internet banking and function well.
- Choice the best means of advertising mechanism for the customers, consider those who live in city and those who live in rural area. More focus on the content of word, and ways of advertising is a sensitive issue for customers. The bank tries to reduce the gap between what the bank says and what actually done about advertising.
- Control the interruption of electric power and network failure even if those are external factor, the bank tries to choice other option in order to keep the interests of his customer.
- The bank instructs its employees about internet banking in detail, how it work in website, when it is crucial and better than traditional banking and on other issues.
- To exploit the benefit of internet banking system, banking activity operated in Commercial bank of Ethiopia needs to familiarize their customers with the processes and benefits of the system.

- Educate customers in detail about internet banking technology helps customer for quickly access account, reduces time spending in the bank and other services. Customers who users of internet banking reduce time that spend in branch, because he/she use internet banking does not need to come branches.
- Finally I would like to recommend for future study to conduct on challenges of internet banking adoption outside Addis Ababa and on other Private bank customers.

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# APPENDIX

School of Graduate Studies master of Business Administration in Accounting and Finance

**Questionnaires for customers of Commercial bank of Ethiopia west Addis Ababa District**

**Dear Respondents:**

The objective of this questionnaire is to secure the necessary and relevant first-hand information that may be useful to conduct a research project regards assessment on the challenges and prospects of internet banking: in the case of Commercial bank of Ethiopia west Addis Ababa District in partial fulfillment of the requirements for the award of MBA in accounting and finance, Therefore, your response in this regard helps a lot to undertake the study smoothly. The findings are strictly to be used academic purpose only. The student who is a researcher appreciates in advance for your cooperation and spending your valuable time in filling and to participate in the study.

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Email: ms415435@gmail.com

**Read the statement and to what extend do you agree with them marking (√) in the box**.

General information

1. **Gender:** Male ☐ Femal
2. **Age :** Less than 30 years years ☐ 30–40 years ☐ 41 – 50 years ☐ 51- 60 years ☐ More than61 ☐
3. **Educational Level**: Secondary school or less ☐ Diploma ☐ Degree ☐ Master ☐ PhD
4. **Job Title:** Government Employee ☐ Private Employee ☐ Own work ☐ No job ☐

**Study related question**

5. How long have you use internet banking services? Still not use ☐ 1-3years ☐ More than 3 years ☐ Less than 1 year ☐
6. I believe I have full access using internet banking service of CBE if I want to: strongly agree ☐ agree ☐ neutral ☐ strongly ☐ disagree ☐
7. I have a good attitude towards Commercial bank of Ethiopia internet banking service: Strongly agree ☐ agree ☐ neutral ☐ disagree ☐ strongly disagree ☐
8. What are the best means of knowing new information about internet banking for you? TV advertising ☐ brusher and pamphlet ☐ direct contact with banker's ☐ hearing from your colleague ☐ radio ☐ sales promotion ☐ magazines and news ☐ If other's……..

9. You are positively think if Internet banking adopt new internet banking technology (other than today's lunched technology): Strongly agree ☐ agree ☐ neutral ☐ disagree ☐ strongly disagree ☐

**Read the statement and to what extend do you agree with them marking (√) in the box.**

| | Strongly agree | agree | neutral | disagree | Strongly disagree |
|---|---|---|---|---|---|
| **Attitudes of customers** | | | | | |
| 10. Internet banking technology support Collaboration and sharing of information. | | | | | |
| 11. Internet banking services help me to better manage finance transactions | | | | | |
| 12. I can quick and continuous access to Information about my account. | | | | | |
| 13. Internet banking technology eliminates times and space constraint. | | | | | |
| **Challenges of internet banking banking** | | | | | |
| 14. Security is a serious problem when to use internet banking. | | | | | |
| 15.Internet baking's Cost of service charge is high | | | | | |
| 16. Lack of suitable legal and regulatory framework for electronics services. | | | | | |
| 17. Internet interruptions are a serious problem to Use Internet banking. | | | | | |
| 18. The dynamic change in information technology are a serious challenge for understanding about internet banking. | | | | | |
| 19. Network failures are serious problem to use Internet banking. | | | | | |
| 20. Languages are an obstacle to use internet banking | | | | | |
| 21. Inadequate banks staff skill exist in Commercial bank of Ethiopia west Addis Ababa district about internet banking | | | | | |

1. The Overall position of commercial banks of Ethiopia about the performance of internet banking service:
   Excellent ☐ very good ☐ good ☐ poor ☐
2. If any Comment……

**School of Graduate Studies master of Business Administration**

**Questionnaires for staffs of Commercial bank of Ethiopia west Addis Ababa District**

**Dear Respondents:**

The objective of this questionnaire is to secure the necessary and relevant first-hand information that may be useful to conduct a research project regards assessment on the challenges and prospects of internet banking: in the case of Commercial bank of Ethiopia west Addis Ababa District in partial fulfillment of the requirements for the award of MBA in accounting and finance, Therefore, your response in this regard helps a lot to undertake the study smoothly. The findings are strictly to be used academic purpose only. The student who is a researcher appreciates in advance for your cooperation and spending your valuable time in filling and to participate in the study.

MOHAMMED SEID

Tel. +251927370436

Email: ms415435@gmail.com

**Read the statement and to what extend do you agree with them marking (√) in the box**.

General information

**1. Gender**: Male ☐ Female ☐

**2. Age:** under 20 years ☐ 20-30year ☐ 31-50years ☐ 51 years above ☐

**3. Educational qualification:** diploma or below ☐ degree ☐ masters ☐ PhD ☐

**4. Position**: junior officer ☐ CSO SCSO ☐ CSM ☐ Manager and above ☐

**5. Work experience**: 0-2 years ☐ 2-5 year ☐ 5-10 year ☐ above10 years ☐

**Study related question**

**6**. Do you believe that your bank has highly trained well qualified and competent employee about internet banking?

Strongly agree ☐ agree ☐ neutral ☐ disagree ☐ strongly disagree ☐

7. Do you believe that the bank gives good information about internet banking for your customer?
   Strongly agree ☐ agree ☐ neutral ☐ disagree ☐ strongly disagree ☐
8. What do you believe that the best means of aware customers about internet banking?
   By TV advertising ☐ brusher and pamphlet ☐ personal contact ☐ sponsoring Radio ☐
   magazine ☐ sale promotion ☐ others……
9. I have a good attitude towards CBE's internet banking service:
   Strongly agree ☐ agree ☐ neutral ☐ disagree strongly disagree ☐

**Read the statement and to what extend do you agree with them marking (√ ) in the box.**

| | Strongly agree | agree | neutral | disagree | Strongly disagree |
|---|---|---|---|---|---|
| **Attitudes of staffs about internet banking** | | | | | |
| 10. Banking information technology will add new responsibilities on employees. | | | | | |
| 11. Internet banking is the best means to reduce customer overload. | | | | | |
| 12. Banking transactions can be performed from the comfort of the home or office or from the place a customer wants to. | | | | | |
| 13. Internet banking is the best means with compared to traditional banking to Achieve CBE's vision. | | | | | |
| 14. Customers can be quick and continuous access to information. | | | | | |
| 15. It is difficult to be confident on the security of man-made technology for monetary activity. | | | | | |
| 16. Application of new internet banking lead banks Staff to make more transaction error since it is new for the staff | | | | | |
| **Challenges of internet banking** | | | | | |
| 17. Customers are Lack of awareness on the benefits of internet banking. | | | | | |
| 18. Customers of CBE are resistant to new payment mechanisms and technologies. | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| 19. Cyber security issues problem. | | | | | |
| 20. Electric interruptions are a serious problem to smoothly running internet banking. | | | | | |
| 21. High installation cost of technology for internet banking. | | | | | |
| 22. Network failures are serious problem to smoothly running internet banking. | | | | | |
| 23. Top managements negative attitude towards new technology. | | | | | |
| 24. Lack of suitable legal and regulatory frame work for electronic service. | | | | | |
| 25. Most users of banking service are not literate enough to understand the usage of internet banking service. | | | | | |

26. The overall performance of internet banking system of Commercial bank of Ethiopia?

Excellent ☐ Very good ☐ Good ☐ Moderate ☐ Poor ☐