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ASSESSMENT OF CUSTOMER SATISFACTION AND CHALLENGES IN ELECTRONIC BANKING SYSTEM (THE CASE OF OROMIA INTERNATIONAL BANK)

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Assessment of Customer Satisfaction and Challenges in Electronic Banking System

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This is to certify that the thesis prepared by Seble Admasu Hailu entitled **"Assessment of Customer Satisfaction and Challenges in Electronic Banking System the Case of Oromia International Bank",** which is submitted in partial fulfillment of the requirements for the Degree of Masters in Public Management and Policy (MPMP), complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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I, the undersigned, declare that this thesis is my original work and has not been presented for a degree in any other university and that all sources of materials used for the thesis have been duly acknowledged.

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List of Abbreviation/Acronyms

E-Banking	Electronic Banking
OIB	Oromia International Bank
CBE	Commercial Bank of Ethiopia
ATM	Automated taller of Machine
POS	Point of sale
SERVQUAL	Service Quality
EFT	Electronic Funds Transfer
RTGS	Real Time Gross Settlement
FY	Fiscal year
SPSS	Statistical Package for the Social Sciences

ABSTRACT

The general objective of the study was to assess customer satisfaction and challenges in electronic banking system, the case of Oromia International Bank. Based on the objectives the study tried to address the basic questions of what are the products of e-banking service offered by OIB, what is the level of customer satisfaction at OIB, what problem do customer face in using e-banking service. The sampling method that used in the study was incidental sampling techniques. By using the incidental sampling techniques 100 respondents were participated to respond the questions. Descriptive method was used for analyzing data obtained from questionnaire and data gathered from interview. The general finding of the study showed that 70% customers were highly satisfied on e-banking products. The findings further suggested that customer negative perception about service delivery of the bank has significantly changed given the introduction of electronic banking products. It's been recommended that management of Oromia International Bank invest massively in IT in order to further promote efficient and smooth service delivery. There is also the need to extensively develop more E-banking products and to do extensive customer education to enable more customers patronize.

Key words customer satisfaction and challenges, Electronic Banking

CHAPTER ONE

1.1. Introduction

Electronic banking is a product designed for the purposes of online banking that enables to have easy and safe access to bank account and carry out online banking service 24 hours a day and 7 days a week. This chapter deals with background of the study, statement of the problem, objective of study which is general and specific objectives, research questions, scope of the study and significances of the study.

1.1.2. Background of the study

The banking industry plays a major role in economic growth through gathering and attracting deposits from savers. It has ability to create economic expansion to the most of economic sectors, such as agriculture, industry and trade sector besides, it plays the intermediary role between savers and borrowers. Also, banking industry contributes to the formation of initial capital for investment projects. Italy was the first state to develop banking industry in 14th century in the cities of Florence, Venice and Genoa. During the 20th century, developments in telecommunications and computing caused major changes to banks' operation and let banks dramatically change in size and geographic spread (Mauri, 2017). The history of banking industry in Ethiopia started 1905; during Menilik II when the bank of Abyssinia was established in Addis Ababa based on the agreement signed between emperor Menilik and national bank of Egypt (Arnaldo Mauri .2017).

After the fall of the military regime in 1991, the Ethiopian financial sector has significant reforms which is based on the ideology of free market economy .The government recognize the role of private sector will play in the financial sector of the country and issued proclamation no (proclamation 17 No.592/2008).The proclamation has provided rooms for the domestic private investors to take part in the banking and insurance market. Now a day's two state owned banks commercial bank of Ethiopia and development bank of Ethiopia and sixteen private banks were serving banking services. From the sixteen private banks, Oromia international bank (OIB) one of the private banks.

OIB began operations on October 25, 2008. It had a starting capital of 110 million (Br), surpassing the minimum capital requirement by 35 million Br. Established with the commercial banking business objectives, OIB is undertaking a universal commercial banking service such as deposit mobilization, lending of money, remittance service, international banking services , interest free banking, The Bank has now launched Electronic banking outputs such as Card banking known as Oro-Card(ATM and POS), Mobile Banking named as Oro-Cash, Agent Banking-Oro Agent and Internet banking namely Oro-Click. The numbers of OIB branches are now reached 250 throughout Ethiopia all connected by core banking system. The Bank is now one of the most influential and popular private banks in Ethiopia and also known for pioneering Interest free banking services. Standing at the tenth year of its establishment OIB a records 140 percent growth in its gross profit level beginning, 938 million birr in the FY 2017/18 .As announced at the Bank's general assembly meeting on Saturday November 3, 2018, its profit has surged by 547 million birr compared to the previous fiscal year making it unprecedented in its history. The report also indicated that the OIB's net profit grew by 145 percent to reach 728 million birr in the report period. Hence, the bank's dividend per share has reached 54 percent. The profit growth rate the Bank registered is not only a record in OIB's history but also in the banking industry as the whole.OIB also saw high growth rates in its deposit and asset levels which is 19.9 billion birr and 23.8 billion birr, respectively.

Banking industry should use more advanced technology to create efficiency and effective customer service. Currently electronic banking is used as standards for customer preference because it is bounded with quality service delivery. Giving quality service delivery is the assurance of customer satisfaction. To sustain customer satisfaction e-banking has a significant role. Thereby, OIB launches electronic banking in 2017 to serve their clients and to be the first choice by the customers in the banking industry the current study aimed to assess customer satisfaction and challenges in e- banking system in OIB.

1.2. Statement of the problem

Electronic banking is a product designed for the purposes of online banking that enables to have easy and safe access to bank account and carry out online banking service 24 hours a day and 7 days a week. It is gaining all-round adoption in banking industry across developed and developing countries. Banking industry today rapidly changing and more advanced in technology even though in Ethiopia cash is the most medium of exchange. The product of e-banking technologies that include automated teller machines (ATMs), internet banking, mobile banking and point of sale (POS) agent banking i.e. branchless banking in the delivery of banking products and services to their customers has become an essential aspect of modern banking system. E- Banking has brought drastic change in the day to day functioning of banking operations. It not only brings improvements in their internal functioning and daily routine work but also enable them to provide better customer service efficiently and effectively. More over E- banking is significant role for developing country like Ethiopia where the bank branches are limited it is believed that by providing E- banking service it is possible to reduce the number of customers that visit bank branches every day and maximize customer satisfaction as well. Thus it is essential for delivering quality service. Quality service delivery and customer satisfaction are interrelated. Quality service delivery is a key factor for satisfying customer and it assures profitability and competency of the organization. However in this angle there are few researches that have been conducted to check the impact of E- banking on customer satisfaction in Ethiopia.

Sintayehu (2015) conducted a study on impact of E -banking service on customer satisfaction on two private banks (wegagen & Dashen Bank) and CBE in Addis Ababa city. The researcher adopts explanatory approach so as to explain the relation between variables. However in taking sample the researcher does not consider the size of the bank rather he took 100 samples from each bank. As the researcher stated the proportion of CBE from the population of the study were about 58.2% whereas the sample were selected equally from three banks. In addition in measuring satisfaction he used a model developed for e- retail not for E- banking.

Similarly Million(2013) conducted a study on the impact of E- banking on customer satisfaction by taking samples from Dashen and Wegagen banks at Gonder city. However the researcher only considers ATM as E- banking since there were no other E- banking products at the time the study has a gap area of e-banking products.

Some other researchers also conducted on E- banking but their main focus was related with the adoption of the E- banking. Kassahun (2016) identified challenges and opportunities in adoption and development of Electronic Banking in Ethiopian banking industry in the case of selected private banks. Abebe (2016) also studied opportunities and challenges in the adoption of E- banking service. Alayu (2015) conducted a study on assessment in challenges and prospects of E -banking. All these studies mainly focused on the adoption of E- banking particularly on the challenges and opportunities in the adoption. These previous studies did not address the assessment of customer satisfaction and challenges in E-banking system. Therefore, this study was assessing customer satisfaction and challenges in E-banking system in the case of OIB.

1.3. Objective of the study

1.3.1. General objective

The General objective of this study is to assess customer satisfaction and challenges in e-banking system in OIB.

1.3.2. Specific objective

- To identify the e- banking services offered by OIB.
- To identify level of customer satisfaction in e-banking system in OIB.
- To examine the facing problems of the customer using e-banking service in OIB.

1.4. Research question

1. What are the products of e-banking service in OIB?
2. What is the level of customer satisfaction at OIB?
3. What problem do customers face in the e-banking service in OIB?

1.5. Scope of the Study

The study has been conducted in Addis Ababa which is the capital city of Ethiopia. The researcher was selected oromia international bank. The study focused on customer satisfaction and challenges in e-banking system in OIB. Recently OIB has 250 branches all over Ethiopia. Based on geographical location OIB classified on five districts and these are North East Finfine, South West Finfine, Shashemene, Nekemt and Adama districts. Incidental sampling technique was used for sampling purpose. The main reason chosen incidental sampling techniques is to arrive as at a sample that can adequately answer the research objectives. Due to the difficulty of covering all branch North east Finfine and South West Finfine districts was conducted by this research and also customer's were highly uses E-banking products comparing with the rest of districts. Moreover, the study was used the bank's annual report from 2016/17 to 2017/18.

1.6 Significance of the Study

The study has significant role for different organization by gaining depth understanding of e-banking system and challenges to provide quality service. It has benefit as a benchmark for researchers and practitioners. The finding was an important enhancements for OIB staff to delivery on quality service by using e-banking products and to examine how e-banking increase customer satisfaction. It has also helped other financial institution engaged in the banking sector but who are not giving E-banking services.

CHAPTER TWO

Review of Related Literature

2. Introduction

This chapter embodied literature review which is related to the current study, by defining and identifying the products of e-banking, benefits and challenges of e-banking and also this chapter was define service quality, measuring of quality service and the relationship between customer satisfaction and service quality and empirical review presented.

2.1. Theoretical Review

2.1.1. Definition of electronic Banking

A number of recent academic studies are helpful in considering the provision of electronic transactional services by banks. The impact of major trends, such as; customer demands for greater convenience, increasing use of technology and deregulation, has caused the retail banking sector to focus considerable attention on their distribution channel strategies (Lockett and Littler, 1997).

Electronic banking a delivery of banking services to customers at their office or home with the help of electronic technology is termed as e-banking. According to Daniel (1999), electronic banking as the delivery of bank's information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone or digital television's-banking is a brew of services that embody Internet banking, Mobile banking, ATM, Fund Transfer System, Real Time Gross Settlement RTGS (payment & allotment system), Credit/ Debit/Smart/ Cards. Electronic funds transfer (EFT), is simply the use of electronic means to transfer funds directly from one account to another, rather than by check or cash (Malak 2007).

E-banking often refers to online banking/Internet banking which is the use of the Internet as a remote delivery channel for banking services (Furst &Nolle 2002).Electronic banking can be defined as the deployment of banking services and products over electronic and communication networks directly to customers (Singh & Malhotra, 2004).

2.1.2. Evolution of E-banking System

Electronic innovation in banking industry can be traced back to 1970, when the computerization of financial institutions gained momentum (Malak 2007). Chai (2006) also mentioned the transformation from traditional, bricks and mortar; banking to E-banking has been momentous.

Since the advent of Automatic Teller Machine (ATM) the retail banking industry witnessed such significant and extensive change. The ATM has delivered on the promise made in the 1970s, providing consumers with the convenience of 24 hours 7 days service and creating more cost effective transactions for financial institution.

Technology continues to make a dramatic and profound impact in service industry and radically shapes how services are delivered. In the banking sector, technological dimensions affect the marketing and distribution of products or services. The same products can be distributed via different distant channels depending on the technology and delivery channels used (Binter, et al 2002).

As Parisa (2006), stated development in telecommunication and information technology has aided innovation in the banking business. The emergence of Automated Voice Response technology enabled banks to offer telephone banking services to their customers. Recently the banks managed to offer banking services to their customers using personal computers operated by customers at their convenience over the internet. He also stated the internet technology is playing a vial role in the banking industry like on other areas. According to Vinton Cerf, the father of internet, the internet which was born in 1969, would certainly 'catch fire" Cerf estimated that three billion users would be online by 2010 and the number of devices online could be anywhere from six to thirty billion by 2020. Obviously the impact of the internet technology on human beings' ways of life cannot be underestimated as the use of internet for information as well as doing business becomes increasing through time.

Two crucial factors face the financial services industry as it enters the third millennium. First, consumers continue to demand individualized goods and services, and demand them faster than ever. Second, the world is undergoing a "Knowledge Revolution" whose

consequences will dwarf even those of industrial revolution. These two trends converge in the new digital media that will allow everyone to interact and transact with their banks from virtually anywhere (Chai, 2006).

As Browni: Molla (2005) mentioned most banks in developed and some in developing parts of the world are now offering E-banking services with various levels of sophistication. History of the E-banking tells that many established banks in developed countries began with ATMs and evolved through personal computer banking, telephone banking, internet banking, and mobile banking. It appears that E-banking has dawned in Africa with internet banking. Similarly, Richard and Alemayehu (2006) also stated that most African banks also seem to be content with having a web presence with only few of them making strides towards full-fledged E-banking applications.

2.1.3. E-banking in Ethiopia

The appearance of E-banking in Ethiopia goes back to the late 2001, when the largest state owned, commercial bank of Ethiopia (CBE) introduced ATM to deliver service to the local users. Despite being the pioneer in introducing ATM based payment system, CBE lagged behind Dashen Bank, which worked aggressively to maintain its lead in E-payment system. As CBE continued to move at a snail's pace in its turnkey solution for card based payment system, Dashen Bank remained so far sole player in the field of E-banking since 2006 (Gardachew, 2010). By the end of 2008 Wegagen Bank has signed an agreement with Technology Associates, a Kenyan based information technology firm, for the development of the solutions for the payment system and installation of network of ATM. While Zemen Bank, the only Ethiopian bank anchored in the idea of single branch banking, by launching full-blown internet banking in 2010, which is new to Ethiopian banking industry (Asrat 2010). Binyam (2009), claimed United Bank being the first to introduce telephone and internet banking systems including text messages (SMS) by the end of the year 2008 which continued launching ATM and POS services in collaboration with Awash International Bank and Nib International Bank in the year 2012 later joined by Birhan International Bank, Addis International bank and Cooperative Bank of Oromia. The three banks planned to install over 140 ATM machines and over 340 POS across Ethiopia. And there will be one ATM at every

branch of the consortium banks, all domestic airports and shopping complexes. Binyam (2009), also stated that this agreement is the first significant cooperation between competing banks in Ethiopia, which others should be encouraged to follow as there is no single bank in Ethiopia that can afford to provide extensive geographical coverage and access.

2.1.4. Types of Electronic Banking

Currently there are a number of electronic banking products. The followings are most widely used in the banking industry.

2.1.5. Automated Teller Machine (ATM)

ATM is a device that allows customers who have an ATM Card to perform routine banking transactions without interacting with the human teller. The ATM card holder can do most of the banking transactions like withdrawals, balance enquiry, etc. With the use of ATMs, the banks are providing 'Any Where and Any Time Banking' to their customers. That is the customer can have access to ATMs at anywhere within the country or throughout the world at any time. It also reduces the transactions time. The banks can use these ATMs as media for publicity by displaying products on the screen. And the cost of setting up ATMs is much lesser than the branch (Devamohan, 2002).

2.1.6. Point of Sale (POS)

A Point-of-Sale service is an electronic payment type that allows credit/debit cardholders make payments at sales/purchase outlets. It allows customers to perform the following services: Retail Payments, Cashless Payments, Cash Back Balance Inquiry, Airtime Transaction, Printing mini statement etc. (Kumaga, 2010).

2.1.7. Mobile Banking

It used for performing balance checks, account transactions, payments, credit applications and other banking transactions through a mobile device such as a mobile phone or Personal Digital Assistant (PDA) by using short text message (SMS).

2.1.8. Electronic Fund Transfer (EFT)

EFT system permits transfer of funds from any account at any branch of any member bank in any city to any other account at any branch of any member bank in any other city. This system utilizes the Service Branches of the member banks. It facilitates the transfer of funds from one place to another place within the country quickly and safely. Banks collect service charges from the customers (Devamohan, 2002).

2.1.9. Credit Card

Credit Card can be called as an equivalent of a loan sanctioned by the bank to its customers. Credit card facilitates and makes it possible to "Use First and Pay Later" the specified amount of credit as per the agreed terms of sanction. Before issuing the card, the bank would like to know and be sure the identification, age, level and source of income and repaying capacity. This card facilitates the cardholder to purchase goods and services from the merchant establishments and shops. The credit that is granted is either settled in full by the end of a specified period, generally a month, or can be settled in part, with the remaining balance extended as credit. Interest will be charged by the bank on monthly basis for the credit provided through the card and service charges also will be collected from the cardholder for the transaction and processing (Asokan et. al 2000).

2.1.10. Debit Card

A Debit Card provides for online electronic payment like Credit Card but from savings or current accounts of the cardholder for purchases. This card is a deposit access product where cardholder uses his own money in his bank account through the debit card on the principle of "Pay First and Use Later". Debit card can be used to make purchase at retail shops and merchant establishments in the same way as the credit card is used. But to use the debit card, the cardholder must have sufficient balance in his account.

2.1.11. Smart Card

The smart card is an amazing piece of technology. It is the size of a regular ATM card but is capable of storing over a 1000 times more data. The data can be encrypted and hence the card

is completely temper-proof. The card can also be personalized to the holder by printing personal and other details on the card face. Smart card is issued to the customers to provide adequate and timely credit support for their cultivation needs including all purchases. Customers can use this card wherever they needs. The loan amount sanctioned to the customer will be recorded in the card. The merchants can sell the goods to the customer based on the card and they can collect the amount from the local branch of the issued bank or any other bank (Vassiliou, 2004).

2.1.12. Telephone and PC Banking

This is a facility that enables customers, via telephone calls, find out about their position, with their bankers merely dialing the telephone numbers given to them by the banks. In addition, the computers on the phone would require special codes given to the customers as a means of identification of authentic users before they can receive any information they requested for. This is a service introduced into the banking balance as a result of computer telephone technology being made available. The technology banking has a universe of possible application limited only by the imagination. These areas include: Account balance enquiry; Account statement printing; intra-Banks Account to Account Transfer; inter banks Account to Account Transfer; Download Account Transaction, etc (Devamohan, 2002).Telephone and PC banking brings the bank to the door step of the customer, it does not require the customer to have his premises; interactive Voice Response becomes a regular feature of operations; Text-to-speech capability becomes reality; A uniformed messaging capability become permanent feature of the bank (Vassiliou,2004).

2.1.13. Internet Banking

Internet banking is to give customers access to their bank accounts via a web site and to enable them to enact certain transactions on their account, given compliance with stringent security checks (Essinger, 1999).Internet banking also referred as online banking, web banking or virtual banking a system that enables bank customers to access accounts and general information on bank products and services or performs account transactions directly with the bank through a personal computer using the internet as the delivery channel. customers are able to access all of their accounts through the website of the bank and are

allowed to conduct banking activities such as transferring funds, paying bills, viewing account balances, paying mortgages or purchasing financial instruments and certificates of deposits (Imola and Claudia,2014). According to Noorah et al (2009), Internet Banking used to handle many banking transactions via your personal computer. Personal computer is connected by a network service provider directly to a host computer system of a bank such that customer service requests can be processed automatically without need for intervention by customer service representatives. The system is capable of distinguishing between those customer service requests which are capable of automated fulfillment and those requests which require handling by a customer service representative.

2.2. Benefit of E-Banking

Different authors identifying the advantages of e-banking by relating different perspective .e-banking has benefit for customer perspective, for banks for economy etc. Banking industry is fundamental role for sustainable economic development because they are the back bone of economic growth. E-banking creates efficiency and effective environment in the industry according to Dawd (2009), lists economic benefits of E-banking as follows.

2.2.1. E-banking benefit for economy

A. Reduction of the cost for printing cash notes and its related distribution

In a cash based economy, governments are required to invest a great deal of fund on printing of cash notes and distributing same to the public. Due to manual transfer of currency between individuals, the life of cash notes is very minimal. As a result of this frequent wear and tear, the magnitude and frequency of the investment on cash note printing as well as its related distribution is significant. In the case of electronic payment systems the transaction values are transferred from one account to another using electronic means, reducing the need for cash note distribution. Thus, by encouraging acceptance of payment cards, governments can achieve huge cost saving for their economy in terms of reducing cash note printing and related expenditure.

B. Enhancement of Aggregate Deposit

When people start to increase the proportion of their saving compared to their daily consumption, the saved money can be utilized for investment purposes that in turn will create employment opportunities. This is a great benefit for the economy as a whole. However, individual savings could not bring this kind of impact. The benefit can only be obtained when savings are made in a banking system whereby the saved fund can be deployed to the economy in the form of loan to encourage the required investment .In an electronic payment card infrastructure people do not need to carry cash notes for their day to day expenditures as well as contingencies. They rather are encouraged to deposit their fund in the banking system and obtain a single plastic to access this fund at any time of the day when the need arises. This implies that unused funds are always in the banking system that helps to facilitate economic growth.

C. Banking the Un-Banked

While the electronic payment card infrastructure is diversified, payroll for employee's can be handled through this system. Besides creating ease and convenience, both for the employer as well as the employee, it enables individuals to enter into the banking system which they may not be interested otherwise. Such impact of banking the unbanked depopulation also has a benefit in increasing aggregate deposits as indicated above.

D. Increasing the potential for hard currency generation

Especially in developing economies, earning of hard currency is very essential to manage a country's balance of payment. The payment card system can bring a good potential of enabling economies to earn more foreign currency. This can be realized by attracting tourists and by encouraging them to spend more. In today's world, availability of payment card infrastructure is one of the criteria that tourists set while they decide which country to visit. As a result countries that maintain a developed electronic payment card system has a better potential of being visited by tourists than those which do not establish the infrastructure. Hence, more tourists and increased hard currency as a result of diversifying payment card business.

2.2.2. E- Banking Benefits to the Bank

A bulk of literature states that the bank benefits by adopting e- banking in its operation. The main benefits to banks are cost savings, reaching new segments of the population, efficiency, enhancement of the banks reputation and better customer service and satisfaction. The idea is the more transactions can be converted online, the more money will be saved (Brogdon, 1999). According to Robinson (2000), the cost of an electronic transaction is dramatically less when done online compare to at a branch. He adds that online banking strengthens the relationship between the service provider (e.g. bank) and the customer, because it brings banking services directly to a customer's home or office, or in the mobile phone. This creates customer loyalty. A reduction in the percentage of customers visiting banks with an increase in alternative channels of distribution will also minimize the queues in the branches and also increased availability and accessibility of more self-service distribution channels help bank administration in reducing the expensive branch network and its associate staff overheads. Bank employees and office space that are released in this way may be used for some other profitable ventures (Birch and Young, 1997). Shifu (2014), in his study concluded the following as major benefits of e- banking for the bank:

1. E-banking helps in reducing the cost of delivering the services to the customers.
2. It provides banks with competitive advantage among their peers.
3. It reduces the use of paper money that helps the central bank in printing less paper notes.
4. Through websites, banks can earn revenue by promotional activities.

2.2.3. E- Bank Benefits to the Customers

The main benefit of E- banking from the bank customers" point of view is significant saving of time by the automation of banking services processing and also enabling the customers to access the banking service any time at anywhere. According to Gurau (2002), the major benefit of e banking from customer's point of view is summarized as follows;

- Quick and continuous access to information
- Better cash management
- Increased comfort and timesaving transactions can be made 7x24, without requiring the physical interaction with the bank.

- Reduced costs in accessing and using the banking services.

2.3. Challenges of Electronic Banking

The implementation of E-banking has faced many challenges the following are some of the problem.

2.3.1. Security

One of the biggest challenges and the basic requirements of E-banking are ensuring its security. Securing the process in E-banking involves authenticating data of the customer and banker and protecting the information to be transmitted from interception. This authentication can be done using user ID and passwords. In addition a means must be provided that prevent repudiation both by the merchant and customer once the payment process has taken place (Barnes and Hunt, 2001).

E-banking systems must also take into account the need of multilateral security keys i.e. security needs of all participating parties in the e-banking system. An e-payment system that is not secured may not get trust from its users. Trust is one of the crucial factors to ensure the acceptance of e-banking system by users (Worku, 2010). According to Martina (2005) E-banking applications represent a security challenge as they highly depend on critical ICT systems that create vulnerabilities in financial institutions, businesses and potentially harm customers.

A. Disclosure of private information

In e-payment there are many ways in which private information may be accessed by attackers. For instance hackers may intercept network traffic to get confidential data. It is also possible to access private data stored on a computer connected to the internet. This data could be used to make fraudulent transactions that could lead to a loss of money (Tadese and Kidan 2005).

B. Counterfeiting

Counterfeiting is the creation of new data or duplication of existing data, which are technically valid but not legally admissible. Cloning of e-money for double spending and creation of fake accounts are example of counterfeiting. One popular form counterfeiting attacks is duplication of electronic data from a payment cards (e.g. ATM card) is creating duplicate cards and withdraw money from the accounts (Tadese and Kidan 2005).

C. Illegal alteration of payment data

Illegal modification of payment information may result in loss of money. This may again results in the loss of customer confidence. Alterations could be made to the transaction account numbers resulting in misdirected payments, to the payment amounts or to electronic balances on electronic. Another challenge in e-payment includes usage of a fraudulent web site by an attacker to collect credit card number and other personal and/or financial information .The most common method of securing e-banking services is using cryptographic based technologies such as encryption and digital signatures. However, applying these technologies will reduce its efficiency by making it slower and as a result some sort of compromising has to be made between security and efficiency (Tadese and Kidan 2005).

2.3.2. Infrastructure

Infrastructure is the other obstacle to implement E-banking in the banking industry. For the effective deployment of e-banking, it is necessary to have a reliable, sustainable and cost effective infrastructure that can be accessible to the majority of the population. The most common communication infrastructure for E-banking is computer network such as Internet. Most e-banking systems use internet to communicate with their customers. The other communication infrastructure available for E-banking users is the mobile network used for mobile phone. Automating the banking activities is another prerequisite for E -banking system. Closed financial network that links banks and other financial institutions is necessary. This network is usually used between banks or other financial institution for clearing and payment confirmation low level of internet penetration and poorly developed

telecommunication infrastructure impede smooth development and improvements in ecommerce in developing countries. Frequent electric power disruption this create lot of problems in e-banking activities which are basically depending on power supply. It will force the banks to depend on generators results in high operational cost. These problems are considered as obstacles for the expansion of e-banking services. (Kumaga 2010)

2.3.3. Regulatory and Legal Issues

National, regional or international set of laws, rules, and other regulations are important prerequisites for successful implementation of E-banking services. Some of the main elements include rules on money laundering, supervision of commercial banks and financial institutions by supervisory authorities, payment system oversight by central banks, consumer and data protection, cooperation and competition issues (European Central Bank, 2002).

The virtual and global nature of e-payment also raises legal questions such as which jurisdiction will be competent and about applicable laws in disputed cases, validity of electronic data, electronic contracts, and electronic signature (Mishra 2009). Moreover, a legal and regulatory framework that builds trust and confidence supporting technical efforts to meet the same is another important issue that needs to be addressed. In this regard legislative support is essential for protecting the interests of customers and banks in various areas relating to E-banking and payment systems. Some of the main issues like liability for loss in case of fraud, allocation of loss in case of insolvency, cheque truncation, evidence and burden of proof, preservation of records, prevention of fraud, etc. are to be cleared in the legislation.

2.3.4. Socio-Cultural Challenges

Cultural and historical differences in attitudes and the use of different forms of money (e.g. use of credit card in North America and use of debit cards in Europe) complicate the task of developing an electronic payment system that is applicable at international level. Difference in the degree of the required security and efficiency among peoples of different cultures and level of development aggravates the problem (Tadesse and Kidan, 2005).

Consumer's confidence and trust in the traditional payment system has made customers less likely to adopt new technologies. New technologies will not dominate the market until customers are confident that their privacy will be protected and adequate assurance of security is guaranteed. New technology also requires the test of time in order to earn the confidence of the people, even if it is easier to use and cheaper than older methods (Kumaga, 2010).

2.3.5. Other Challenges

There are some other challenges which can be considered as hindrances in the implementation of e-banking services. One of these issues is the standardization of software which is necessary to offer e-banking services. Proven high quality software is a must for high-tech banking services. For sophisticated types of services, the standardization of operating systems, systems software and application software throughout the banking industry is a necessary condition, which may have to be pursued (Sisay, 2011). The provision of e- banking services requires heavy investment costs. In this regard banks have to invest huge amount of money in order to provide e-banking services. They have to buy and install the required systems and facilities which lead increased establishment expense. They have to incur heavy maintenance costs also. This may not be the problem for well established banks. But in case of new and small banks, they have to face financial problems at the initial stage. Banks in developed countries have already deployed huge amount of investments for e-banking services. For banks in developing and underdeveloped countries, this may create financial crisis (Husni and Noor 2011).

2.3.6. Electronic service quality and customer satisfaction

E-banking has attained the status of essential service in attaining customer's loyalty in banking sector by ensuring customer satisfaction and healthy relations. E-service quality is about overall assessment and discernment by customer regarding the eminence and quality of e-service delivery (Santos, 2003) Service quality is one of the main factors that determines the success or failure of electronic commerce and also it is very important in any banking business. Service quality can also be defined as the consumer's overall impression of the relative inferiority or superiority of the organization and its services. Accordingly e- service quality is defined as how

well a delivered service level matches customer expectations. Service quality can also be defined by the practitioners in terms of key dimensions that customers use while evaluating the services. The conceptualization of service quality should include both the service delivery process as well as the service outcomes (Lehtinen 1991).

The concept of customer satisfaction is equally important for service organizations, such as banks, as many of them subscribe to the fact that higher customer satisfaction will lead to greater customer loyalty (Bouldinge 1993). Kotler (1997) also defined satisfaction as a person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations. Satisfaction can be illustrated as an evaluation of the perceived discrepancy between prior expectations and the actual performance of the product (Oliver, 1999). The boom of internet and electronic banking has evoked several research efforts aimed at understanding service satisfaction in relation to virtual business environment Thus, the unique Characteristics of internet based services are extensive human computer interactions and high level self-service may imply that customers perceive satisfaction from online services differently when contrasted with their offline counterparts (Ribbink 2004). Based on this fact many researchers put their sight on what factors (dimensions) determine the quality e commerce in general and e- banking in particular so as to meet customer expectation .According to Bitner (1990) Customers perceive the quality of services of online banking based on the performance of online delivery systems and not on the processes in which the delivered service is developed and produced.

2.3.7. Electronic Banking and Service Quality

Banking is an industry highly which is highly involved with the customers. Customers in developing economies seems to keep the "technological factors" of services as the yardstick in differentiating good & bad services and the human factor the employees seem to play a lesser role in discriminating the quality of service for banks. The variation in services offered by the banks develops the excellence for service quality. Banking is no longer regarded as a business dealing with money transaction alone, but it also seem as a business related to information on financial transaction (Padwal 1995). Customers whether at the corporate level or at retail level have always been important for the banks. As electronic banking is becoming more prevalent, so

level of customer satisfaction is also changing the scenario of technological environment. Informational technology in form of e-banking plays a significant role in providing better services at lower cost. Several innovative IT based service such as Automated Teller Machine (ATM), Internet banking, Smart cards, Credit Cards, Mobile banking, Phone banking, Anywhere-Anytime banking have provided number of convenient services to the customer So as the service quality improves, the probability of customer satisfaction increases. Increase satisfaction in turn increases the mutual understanding, customer retention and a bond of trust between customer and bank. The banks which are providing these services at large extent to customers are more reputed in the eyes of customers. E-banking is an improvement over traditional banking system because it has reduced the cost of transaction processing, improve the payment efficiency, financial services and improve the banker-customer relationship. The relationship between e-banking and service quality can be studied with the level of satisfaction. As the customer satisfaction is the function of customer expectation level and service quality level provided by the organization. E-banking plays a pivotal role in giving satisfaction to the customers because e-banking fills the gap between the expected and perceived service quality. So in order to fill this gap, banks should find ways of making electronic services more accessible and by allowing the customer to verify the accuracy of the e-banking transactions. There are number of reasons due to which customer satisfaction due to e-banking has improved.

1. Customer can withdraw funds, transfer funds anytime, anywhere they want.
2. Accessibility has been extended through technological development as it allows customers to do business from their home and office.
3. It makes the banking activities and transaction very simpler to understand
4. There is no requirement of direct control with bank, as services can be operated wherever customer wants.
5. It has reduced the waiting time of the customer; no long queue standing is required.
6. Availability of employees at all times is not required as these services are provided 24 hours a day, seven days a week.
7. Internet based services has enabled the corporate and retail customers to transact from home, office and traveling.
8. Online fund transfer enabled the customer to transfer funds from one bank to another or within the same bank at same time.

9. Communication, interaction between the bank and customer has been improved due to e-banking. On the whole we can say that e-banking has become pre-imminent method of carrying the banking transaction and to increase the customer satisfaction.

2.4. Definition of Services

According to Frauend,(2006) defined as the means of delivering intangible economic activities that adds value to customers, implying interaction between service provider and consumer through a process of transaction. In order for a company's offer to reach the customers there is a need for services. These services depend on the type of product and it differs in the various organizations. Service can be defined in many ways depending on which area the term is being used. Services are any intangible act or performance that one party offers to another that does not result in the ownership of anything (Kotler & Keller, 2009). Since a service process leads to an outcome resulting in the customer being either satisfied or dissatisfied with the service experience (Mayer 2003), it is of paramount importance that service organizations pay attention to designing the system by which service concepts are produced and delivered to customers (Brown et al., 1994). It is the role of delivery to ensure that the expected service outcome is received by the customer (Goldstein et al., 2002).A study carried out by Johns, (1998), points out that the word 'service' has many meanings which lead to some confusion in the way the concept is defined in management literature, service could mean an industry, a performance, an output or offering or a process. He further argues that services are mostly described as 'intangible' and their output viewed as an activity rather than a tangible object which is not clear because some service outputs have some substantial tangible components like physical facilities, equipments and personnel. Edvardsson (1998) thinks that the concept of service should be approached from the customer's perspective because it is the customer's total perception of the outcome which is the 'service' and customer outcome is created in a process meaning service is generated through that process. He points out the participation of the customer in the service process since he/she is a co-producer of service and the customer's outcome evaluated in terms of value added and quality meaning the customer will prefer service offered to be of high value and quality. Gummesson (1994) identified three management paradigms; manufacturing paradigm which focuses on goods and mainly concerned with productivity technical

standards, the bureaucratic-legal paradigm used mainly in the public sector is more concerned with regulations and rituals before end results and the service paradigm mainly focuses on service management particularly in the marketing area and stresses the importance of customer interaction with service provider in delivering service and creating value .The service paradigm pointing out that, there has been a shift from the goods-focused to service-focused management due to automation of manufacturing and the introduction of electronics and technology. Edvardsson, (1998) thinks that the concept of service should be approached from the customer's perspective because it is the customer's total perception of the outcome which is the 'service' and customer outcome is created in a process meaning service is generated through that process. He points out the participation of the customer in the service process since he/she is a co-producer of service and the customer's outcome evaluated in terms of value added and quality meaning the customer will prefer service offered to be of high value and quality. Service process is that which consists of either, delivery of service, interpersonal interaction, performance or customer's experience of service. According to Murray and Evans (2003), comprehensive measurement to access requires a systematic physical, financial, social and psychological access to services.

Availability refers to physical access to or reaches ability of services that meet a minimum standard. The reach ability of service often requires specification in term of the elements of service delivery such as basic equipment, drugs and commodities, health workforce (presence and training), and guideline for treatment. Data on the population disruption are required to estimate physical access. More precise estimate of physical access use travel time and Cost rather than distance though it is difficult to measure.

Affordability, on the other hand refers to the ability of the client to pay for the service. Data can be collected by facilitating visits or by household interview. Household interview is affordable though it depends on the client ability to pay which complicates measurement.

Acceptability of the service predominantly has a socio psychological dimensions which can best be measured through household surveys. These dimensions of access are a precondition for quality. Monitoring service delivery is not about the coverage of intervention, which is defined as the proportion of people who receive a specific intervention or service among

those who need it. Coverage depends on service delivery and the utilization of the service by the target population (Murray and Evans 2003).

2.4.1. Service Quality

Quality is one of the things that consumers look for in an offer, which service happens to be one Solomon (2009). Quality can also define as the totality of features and characteristics of a product or services that bear on its ability to satisfy stated or implied needs, (Kotler et al 2002). Quality is related to the value of an offer, which could evoke satisfaction or dissatisfaction on the part of the user. Quality is the perception of the customer. Therefore quality is defined as whatever the customer perceived as a quality. Different authors defined quality service meets or exceed a customer's expectations.

2.4.2. Measuring Service Quality

The aim of providing service quality is to satisfying customer measuring service quality it assure whether customer satisfied or dissatisfied.

SERVQUAL model is one of the most useful measurements of service quality in the creation of this model for the very first time, Parasuraman et al. (1985), identified 97 attributes which were condensed into ten dimensions; they were found to have an impact on service quality and were regarded as the criteria that were important to access customer's expectations and perceptions on delivered service .According to Paraurament et.al (1985), listed the ten dimension of service quality present as follows,

- **Tangibles** : the appearance of physical artifacts and staff member connected with the service (accommodation, equipment, staff uniforms and so on)
- **Reliability:** the ability to deliver the promised service.
- **Responsiveness**: the readiness of staff members to help in a pleasant and effective way
- **Competence**: the capability of staff members in executing the service.
- **Courtesy:** the respect thoughtfulness and politeness exhibited by staff members who are in contact with the customer.
- **Creditability**: the trustworthiness and honesty of the service provider.
- **Security**: the absence of doubt, economic, risk and physical danger.
- **Access**: the accessibility of the service provider.

- **Communication**: understandable manner and use of language by the service provider.
- **Understanding the customer**: efforts by the service provider to know and understand the customer.

2.5. Customer Satisfaction

Customer satisfaction is defined by Lovelock (2004), an individual's feeling of pleasure (or disappointment) resulting from comparing the perceived performance or outcome in relation to the expectation. Customer satisfaction is one of the important outcomes of marketing activity (Mick and Fournier 1999). Businesses recognize that keeping current customers is more profitable than having to win new ones to replace those lost. Management and marketing theorists emphasize the importance of customer satisfaction for a business's success (Kennedy and Schneider 2000).

Anderson and Zemke (1998) stated that satisfied customers improve business and dissatisfied customers impair business. Therefore customer satisfaction is critical and strategic for any business organizations. Higher customer satisfaction leads to greater customer loyalty which in turn leads to higher future revenue. As a result, many market leaders are found to be highly superior customer- service orientated. They have been rewarded with high revenue and customer retention as well. For that reason, organizations in the same market sector are forced to assess the quality of the services that they provide in order to attract and retain their customers. Because satisfied customers are keys to the long-term business success (Zeithaml et al., 1996).

2.5.1. The relationship between customer satisfaction and quality service delivery

Customer satisfaction and quality service delivery they are interdependent a positive relationship. Service quality is a global judgment, or attitude, relating to the superiority of the service, whereas satisfaction is related to a specific transaction". Satisfaction is a post consumption experience which compares perceived quality with expected quality, whereas service quality refers to a global evaluation of a firm's service delivery system (Parasuraman et al 1985). Iacobucci et al. (1995), conclude that the key difference between service quality and customer satisfaction is that quality relates to managerial delivery of the service while

satisfaction reflects customers' experiences with that service. They argue that quality improvements that are not based on customer needs will not lead to improved customer satisfaction. Bolton and Drew (1994) pointed out customer satisfaction depends on pre-existing or contemporaneous attitudes about service quality. Anderson et al (1994), also point out that improved service quality will result in a satisfied customer.

2.6. Empirical Literature Review

There are a number of researches conduced with e-banking all over the world. Daniel (2000), the provision of electronic banking service in the UK and Scandinavia in this research .Mail questioner was used for data collection, according to Daniel the majority of both rejoin respondents are already either developing or providing electronic banking system. The finding of this study was the provision of electronic service is a corporate vision of the future in which the banking system become ever more competitive and customer demand greater convenience. It shows the reality currently e-banking has most widely used in the world. Andrea (2002),on the issues in electronic banking views using electronic channels for banking services and products has become increasingly in recent year. Electronic banking makes it possible to offer banking services around the world 24 hours a day. The dependence of technology for providing the services is with the necessary security, and the cross-border nature of transactions involves additional risks for banks and new challenges for banking regulators and supervisors. Prince (2015) the effects of e-banking on customer service delivery in kumasi metropolis the study adopted exploratory research design and purposive sampling technique used from three selected branches of three banks. There was 69 customer and 29 staff selected for sampling purpose. Prince concludes that the use of e-banking products, majority of the respondents highly patronize these services. The researcher suggested that there should be a widespread citing of ATM machines around vantage points.

Mohammad and Alhamadani (2011) conducted a research to explore the adoption of E-banking functionality and investigate the impact of E-banking on the outcomes of customer satisfaction in Jordan. The research adopts exploratory approach and a multiple regression modeling approach was proposed as an effective method for studying the relationships. The finding of the study concluded that accessibility, convenience, security, privacy, content,

design, speed, fees and charges had a positive effect on Jordanian Commercial Bank customers' satisfaction. Moreover, a research by Namugeraw (2013) on the title Electronic banking & customer satisfaction in Commercial Banks case study of Centenary Bank in Uganda discovered that service quality, customer needs, flexibility, good working environment, and effective communication highly determine customer satisfaction and are crucial in order to make customers come the next time. Nupur (2010) in his study also examined the impact of E-banking variables on customer satisfaction in Bangladesh He concluded that Reliability, responsiveness assurance, empathy, and tangibility are core service quality dimensions for customer satisfaction in e-banking and out of them only reliability, responsiveness and assurance having more contribution to customer satisfaction.

Kwashie (2012) the impact of E-banking on service delivery to customer of Ghana commercial bank Ltd, ho polytechnic branch .Non probability sampling technique used .To investigate the research one hundred sixty six customer were sampled. He concludes that there is a positive relationship between e-banking and service delivery. Kwashie recommend that management of Ghana commercial bank invests massively in IT in order to further promote efficient and smooth service delivery there is also the need to extensively develop more e-banking products and to do extensive customer education to enable more customer patronize. More over a research conducted by Anuwar (2015), assessment of factors affecting adoption of agent banking and electronic banking in Ethiopia the finding of the study was the main challenges of banking industry in Ethiopia adoption of agent banking and e-banking are lack of adequate national ICT infrastructure, lack of skilled IT personnel, lack of government support, security risk, and lack of competition between local and foreign banks.

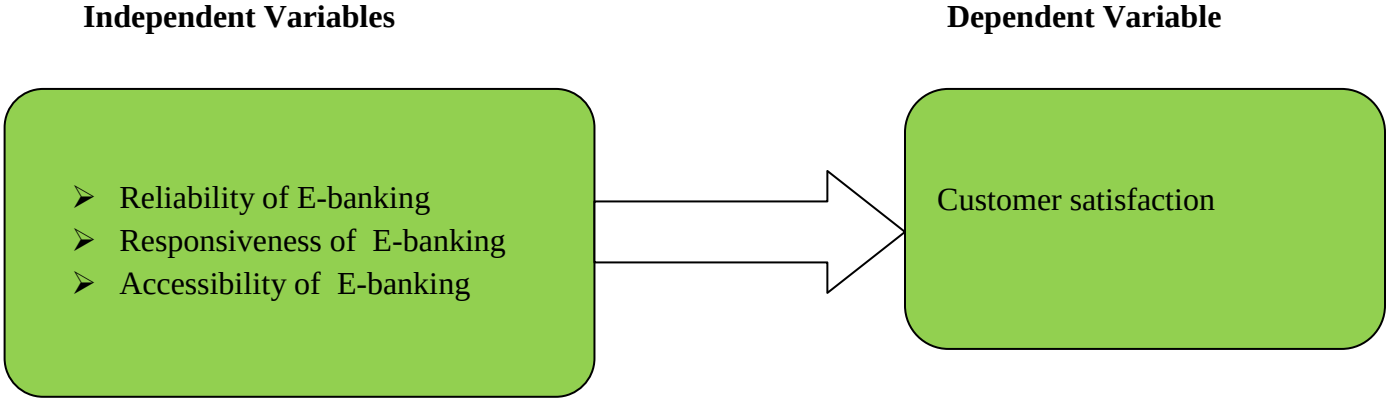
Michael (2013), challenges and opportunities of electronic banking a case Dashen bank and Nib international bank according to Michael the major challenges for the development of e-banking in Dashen and Nib security, lack of information ,lack of trust lack of legal and regulatory framework, lack of infrastructure ,shortage of skilled professional and lack of awareness the study also identified perceived ease of use and perceived usefulness as a benefit for the development of e-banking in Ethiopia. Thus most of the previous research conducted the same area which is adoptability, opportunity and challenges of e-banking. A study of Sintayehu (2015) conducted his research on the title Impact of E-Banking on

customer satisfaction in Ethiopia. The sample of the study was from three banks namely CBE, Dashen and Wogagen bank. The study adopt explanatory research (to explain relation between variables) and descriptive to describe the characteristics of sample. The population of the study was 954,000(active E banking users) from this 300 taken as samples which is 100 from each banks. The study found education level and age have 14 statistically significant relation with customer satisfaction in E-banking. In addition reliability, efficiency and ease of use have great contribution for the improvement of e- banking satisfaction in Ethiopia. In this study there was sampling error due to the level of banks CBE the largest bank comparing with Dashen and Wegagen a number of customer and branches Sample was taken equal amount from three banks.

2.7. Conceptual Framework

When clearly articulated, a conceptual framework has potential usefulness as a tool to assist a researcher to assess customer satisfaction and challenges of E-banking system in OIB. It forms part of the agenda for negotiation to be scrutinized, tested, reviewed and reformed as a result of investigation and it explains the possible connections between the variables (Smyth 2004). A conceptual framework for the present study shows the relationship of e-banking system and customer satisfaction. Conceptualize that e-banking services (Automatic Teller Machines, agent banking, and mobile banking) and customer satisfaction.

Figure 2.1. Conceptual frame work-Relation between variables



Source: Developed for the research

CHAPTER THREE

Research Methodology

3. Introduction

This chapter presented the research strategy of the current study. Included in this chapter is information on population and sample of research participants, research design and sources of data. In addition, data collection instrument, and data analysis technique was presented.

3.1. Research Design

A research design provides a framework for the collection and analysis of data. According to Mouton (2001), it is a plan or blueprint of someone intending to conduct research. Research design involves how the researcher has planned to carry out the research. Research design is the overall plan for connecting the conceptual research problems to the pertinent and achievable empirical research. In other words, the research design articulates what data is required, what methods are going to be used to collect and analyze this data, and how all of this is going to answer the research question. There are three types of research design qualitative, quantitative and mixed.

A qualitative research is a subjective assessment of a problem and takes the form of an opinion, view, perception or attitude towards objects (Alan Bryman and Emma Bell 2015)

Quantitative research is a means for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures (Alan Bryman and Emma Bell 2015)

Mixed methods research is an approach to inquiry that combines or associates both qualitative and quantitative forms. It involves philosophical assumptions, the use of qualitative and quantitative approaches, and the mixing of both approaches in a study. Thus, it is more than simply collecting and analyzing both kinds of data; it also involves the use of both approaches in tandem so that the overall strength of a study is greater than either qualitative or quantitative research. The current research was used to conduct the study is

both qualitative and quantitative method. The primary and secondary sources of data were collect through interview, questioners and document reviews (Alan Bryman and Emma Bell 2015).

3.2. Population and Sample Size

Oromia international bank has about 250 branches throughout the country and those branches are classified by five districts North east Finfine, South west Finfine, Shashemene, Nekemt and Adama district. Among these districts, North East Finfine and South West Finfine were selected for sampling purpose. The total number of study population was 100 e-banking users the researcher has collected 100 e-banking clients desired sample from the entire population.

3.3. Sample size and Sampling Technique

It is possible to collect data from the entire population as it can be manageable and available, while for some other research's data is collected on sample bases. Sampling provides a valid alternative when it is impractical to survey the whole population and when there is a budget and time constraint to surveying the entire population. There are two types of sampling techniques, probability and non-probability techniques.

Bhattcherjee (2012) also argues that, non-probability sampling technique in which some units of population have zero chances of selection or where the probability of selection cannot be accurately determined rather samples are selected based on certain non-probability criteria. Therefore, this research was used a non-probabilistic sampling technique. Among the non-probabilistic sampling methods, incidental sampling technique was preferable because the respondents were not the same area. The actual numbers of customers were 100. Then, the researcher took all of them as target respondents, because they are small in number and can be manageable. The numbers of are not proportional in each district and their details are from north east Finfine districts (70) and south west Finfine (30) respectively. Moreover, as Mugeda (2003) state that a simple size of 10-30% of the population is considered enough for the generalization of the findings to the whole study.

3.4. Data type, Source and Method of Collection

The data was obtained from both primary and secondary sources. Questionnaire is used as primary data collection method and review of relevant documents, annual report, internet sources, as well as related archival documents has used as secondary data sources. The data that was gathered from interview are analyzed qualitatively based on the research basic questions. Questionnaire is one of the primary data collection methods. It provides firsthand information for the subject matter of a research as it is focus on issues which further serves as a survey to understand the main concerns and attitudes of respondents of e-banking user's customer of OIB. Regarding the nature of the data collected, majority of items were closed ended questions.

3.5. Methods of Data Analysis

The data gathered from questionnaire was analyzed by using descriptive statistics like frequency, percentage, mean, and standard deviation. Then the data was presented by using tables for more clarification and also the data is analyzed by using Statistical Package for Social sciences (SPSS).

CHAPTER FOUR

4. Data Presentation, Analysis and Interpretation

4.1. Introduction

This study examined the assessment of customer satisfaction and challenges in e- banking system at Oromia international bank, using North East Finfine and South West Finfine districts as a point of reference. In the first place, the study aimed at identifying electronic banking services offered by Oromia international bank. Secondly, the study examined level of customer satisfaction. Lastly this study aims at identifying facing problem of customer using e-banking service in OIB. In this chapter, the data collected for the study were analyzed and interpreted. The research questions that are formulated to guide the research The first part of the chapter presents the demographic background of the respondents, focusing on sex, age, level of education, types of occupation and experience with the bank. Following the presentation of demographic information, the findings from the study in relation to the research questions will be presented.

4.2 Demographic Characteristics of Participants

The first part of the questionnaire consists of the demographic data of the respondents. The variables include age, gender, educational level, occupation and experience with the bank. Accordingly, these variables of the respondents are summarized and described in the table below.

Table 4.1. Demographic characteristics of participant

N.O	Items	variable	frequency	percent
1	gender	male	70	70
		female	30	30
	Total		**100**	**100**
2	Age of respondents	18-36 years	95	95
		36-59 years	3	3
		60 and above	2	2
	Total		**100**	**100**
3	Educational level of respondents	high school	6	6
		diploma	4	4
		degree and above	90	90
	Total		**100**	**100**
4	Occupation of respondents	student	6	6
		Business owner	19	19
		Employee	75	75
	Total		**100**	**100**
5	Experience with the bank	2 years and below	50	50
		3-5 yrs	30	30
		6 years and above	20	20
	Total		**100**	**100**

Source: survey Questionnaire (2019)

Among the total respondents i.e. 100, 70 (70%) of them were male and the remaining 30(30%) were female.

Regarding the age group of the respondent, Out of 100 (100%) respondents, 95 (95%) of respondents were between the age group of 18-35 years. 3(3%) percent of respondents were between the age of 36-59 years of age, the remaining 2 (2%) of the respondents were between the age of 60 and above years of age. According to the data 95% of the respondents were young it provides to develop other products to young customers.

Concerning educational status of the respondents, customers who are degree holder and above constituted the largest portion which is around 90 (90 %), among the total respondents, 4 (4%) of them are diploma holders and the rest of the respondents which is 6 (6 %) are high school students. From the above table, we can see that no one from the selected respondents have primary school students. The fact that shows almost all of the respondents being

educated in different levels it is believed that they can easily understand the questionnaire as desired by the researcher.

Looking into occupation of the respondents, the majority of respondents 75, (75%) employee among the total respondents 19, (19%) are business owner the remaining 6, (6%) were students the fact that one fourth of the respondents were employee used e-banking.

Regarding experience with the bank 50,(50%) of the respondents are 2 years and below 30,(30%) prominent customers with 3-5 years and the rest of 20,(20%) respondents were 6 and above years customers the fact is that half of respondents were new which is after the introduction of e-banking service.

4.3 Banking Product Offered By OIB

The researcher in this section wants to find out the banking services provided by OIB Electronic Banking or manual banking services, which Banking services are available and patronize by customers and also to examine which type of account used. It was observed that the bank provides both manual and electronic banking services. Regarding the usage of these services the next data examined on table **4.2**

Table 4.2. Banking product

N.O	Items		Frequency	Percent
1	banking service	manual banking		
		e-banking	86	86
		both	14	14
	total		**100**	**100**
2	types of account	saving account	15	15
		current account	7	7
		wallet	78	78
	total		**100**	**100**
3	Electronic banking service	ATM	40	40
		Mobile banking	55	55
		Agent banking	5	5
	total		**100**	**100**

Source: survey Questionnaire (2019)

The result revealed that only 14, (14%) respondents representing use both banking service while 86, (86%) respondents representing used e-banking service. The next sample was examine the customer of OIB which types of account mostly used saving account, current and wallet account among the total respondents 78, (78%) respondents are used wallet account 15, (15%) respondents are used saving account and the remaining 7, (7%) respondents used current account .According to the data the majority of the respondents were used wallet account.

The last sample regarding banking service questioner which type of e-banking service mostly used ATM, Mobile banking and Agent banking from the total respondents 40, (40%) customers were mostly used ATM service 55, (55%) respondents are used mobile banking user the remaining 5, (5%) respondents are used agent banking the fact shows the majority of respondents were mobile banking user.

4.4 Customer perception using E-banking service

This section deals with various dimensions of e-banking service quality studied to know electronic banking effect on service quality. Various statistical tools are applied for the said purpose like frequency, mean, standard deviation. Various dimensions of e-banking service quality help to clarify as to which particular factors or variables of electronic banking have increased the level of service quality for the customers.

Table 4.3. Customer perception

NO	Items	Rating								
			strongly dis agree	disagree	neutral	agree	strongly agree	total	mean	Standard deviation
1	using e-banking service saves time	frequency	2	3	10	20	65	100	4.43	0.93
		%	2	3	3	20	65	100		
2	I find e-banking services useful	frequency	3	7	10	20	60	100	4.27	1.1
		%	3	7	10	20	60	100		
3	I find e-banking a convenient service	frequency	2	5	5	25	63	100	4.42	0.94
		%	2	5	5	25	63	100		
4	e-banking has impacted positively on service delivery of the bank	frequency	1	2	2	25	70	100	4.61	0.72
		%	1	2	2	25	70	100		
5	staff of the bank always keeps me informed of things that I need to get for the best use of e-banking service	frequency	5	3	6	53	33	100	4.06	0.98
		%	5	3	6	53	33	100		
6	staff of the bank makes an effort to explain things in a simple way	frequency	1	4	5	60	30	100	4.14	0.77
		%	1	4	5	60	30	100		
7	the bank delivers best of services	frequency	1	1	16	27	55	100	4.34	0.86
		%	1	1	16	27	55	100		
8	I spent less time banking due to good service delivery	frequency	1	4	5	20	70	100	4.54	0.85
		%	1	4	5	20	70	100		
9	staff of the bank courteous when serving customer	frequency	2	3	9	30	56	100	4.35	0.91
		%	2	3	9	30	56	100		
10	whenever something goes wrong the bank takes corrective action without delay	frequency	2	4	3	53	38	100	4.21	0.84
		%	2	4	3	53	38	100		
11	it is easy to contact the bank whenever necessary	frequency	1	1	1	28	69	100	4.63	0.66
		%	1	1	1	28	69	100		

NO	Items	Rating								
			strongly dis agree	disagree	neutral	agree	strongly agree	total	mean	Standard deviation
12	the bank's services are reliable (i.e. services is available any time)	frequency	1	1	10	38	50	100	4.35	0.78
		%	10	10	10	38	50	100		
13	The introduction of e-banking by OIB has positively affected service delivery	frequency	1	1	3	15	80	100	4.72	0.67
		%	1	1	3	15	80	100		

Source: survey Questionnaire (2019)

The first sample regarding E-banking service saves time, the responses summarized in table 4.3, show that 65, (65%) of the respondents strongly agree and 20,(20 %) agree , Only 10 ,(10 %) customers response neutral and 3, (3%) of respondent said that disagree, and the remaining 2,(2%) were strongly disagree The mean score (4.43) it indicated as positive implication and standard deviations of (0.93) on this issues from this finding, it can be said that the large number of customer's were saves time due to using e-banking service .

The other question which was forwarded by respondents was using e-banking service useful. Among, a total of 100 respondents 60, (60%) of the respondents strongly agreed 20, and (20%) agreed the usefulness of e-banking about 10, (10%) respondents responses neutral the remaining 7, (7%) and 3, (3%) respondents responses disagree and strongly disagree respectively the mean score (4.27) it indicate positive result.

The next finding of the sample was E-banking a convenient service, from the total number of respondent's response 63, (63%) strongly agree and 20, (20%) responses were agree the remaining respondents' response 10, (10%), 7(7%) and 3, (3%) neutral, disagree and strongly disagree responses respectively.

The next item examined the impact of electronic banking on service delivery. The analysis revealed that, E-banking services have positively affected service delivery of OIB. The data showed that, respondents representing 70, (70%) indicated that e-banking services had a

direct positive effect on service delivery of the bank strongly agree while 25,(25%) agree ,2(2%) neutral responses however 2,(2%) disagree and the remaining respondent 1(1%) respondents is strongly disagree the mean score of this item (4.61) and standard deviation (0.72) the fact indicated e-banking service has a positive impact on service delivery.

Accordingly to the data from the total number of respondents 33, (33%) strongly agree with the staff of the bank always inform things that needs get for the best use of e-banking service and 53, (53%) of the respondents agree while 6, (6%) neutral responses 3, (3%) respondents are disagree the rest 5, (5%) strongly disagree the mean score for this data (4.06) and standard deviation (0.98).

The next item which was forwarded among respondents 30, (30%) strongly agree with related to the staff of the bank makes an effort to explain things in a simple way and also 60, (60%) of the respondents agree however the remaining respondents response, 5 (5%) neutral and 4, (4%) disagree the only 1, (1%) responses strongly disagree the mean score (4.14).

Regarding to data the bank deliver best of services about 55, (55%) of respondent's response strongly agree while 27, (27%) customers agree and 16, (16%) neutral responses the rest 2 respondents disagree and strongly disagree respectively the mean and standard deviation (4.34) and (0.86).

The other question was forwarded by the customer of OIB due to good service delivery spent less time from total respondents 70, (70%) customers were strongly agree regarding the question and 20, (20%) respondents agree and 5, (5%) neutral responses the remaining respondents disagree which are 4, (4%) disagree the remaining 1, (1%) strongly disagree the mean score of the data was (4.54).

Regarding of the question staff of the bank courteous when serving customer among the total respondents response 56, (56%) are strongly agree 30,(30%) of customers responses agree 9,(9%) neutral responses and 3,(3%) disagree also 2,(2%) respondents response strongly disagree mean score of the data (4.35) and (0.91) standard deviation recorded.

Accordingly the data whenever something goes wrong the bank takes corrective action without delay for this question the respondent's response shows that 56, (56%) customers

strongly agree and 30, (30%) were agree 16, (16%) responses neutral however the remaining respondents are disagree and strongly disagree 3, (3%) and 2, (2%) respectively mean of this data was (4.35) it indicated that a positive implication.

The researcher examined the next question was it is easy to contact the bank whenever necessary the customer of the bank responded as shows 69, (69%) strongly agree some of the customer are agree 28, (28%) and 1, (1%) customer neutral responses the rest (2)2% respondents response disagree and strongly disagree respectively even though the mean score indicate positive implication that is (4.63) and standard deviation (0.66).

According to the data the bank service are reliable, among the total respondents 50, (50%) strongly agree and 38, (38%) agree for this question 4, (4%) of the respondent's response neutral 5, (5%) disagree and 3, (3%) strongly disagree mean of the score is (4.35).

The last question examined on the researcher the introduction of e-banking by OIB has positively affected service delivery as a result 80, (80%) of customers strongly agree 15, (15%) are agree 3, (3%) neutral responses even though 1, (%) disagree and the remaining 1, (1%) strongly disagree the mean score (4.72) it indicated the introduction of e-banking has a positive impact on quality service delivery and standard deviation (0.67).

4.5 Level of customer satisfaction using E-banking service

E-banking plays a pivotal role in giving satisfaction to the customers because e-banking fills the gap between the expected and perceived service quality. So in order to fill this gap, banks should find ways of making electronic services more accessible and by allowing the customer to verify the accuracy of the e-banking transactions. There are number of reasons due to which customer satisfaction due to e-banking has improved. The next analysis summarized level of customer satisfaction in E-banking service.

Table 4.4. Level of customer satisfaction

N.O	ITEMS	Rating								
			not satisfied	slightly satisfied	satisfied	very satisfied	extremely satisfied	total	mean	s.dve
1	are you satisfied with ATM service	frequency	1	4	5	30	60	100	4.44	0.84
		%	1	4	5	30	60	100		
2	are you satisfied with mobile banking service	frequency	1	2	15	10	72	100	4.5	0.89
		%	1	2	15	10	72	100		
3	are you satisfied with agent banking service	frequency	12	10	21	40	17	100	3.4	1.23
		%	12	10	21	40	17	100		
4	are you satisfied with the location or terminals of agent banking	frequency	13	50	15	12	10	100	2.56	1.17
		%	13	50	15	12	10	100		
5	are you satisfied with the availability of ATM wherever you want	frequency	1	4	15	20	60	100	4.34	0.95
		%	1	4	15	20	60	100		
6	are you satisfied by the reliability of mobile banking	frequency	2	3	5	10	80	100	4.63	0.87
		%	2	3	5	10	80	100		

Source: survey Questionnaire (2019)

Among the total respondents (60%) customers are extremely satisfied ATM services and other (30%) of respondents also very satisfied, (5%) respondents response satisfied however the remaining (4%) slightly satisfied and (1%) not satisfied the mean score was (4.44) and

standard deviation (0.84) the mean score indicated that customers were satisfied with ATM service .

Accordingly, the data (72%) respondents response extremely satisfied for mobile banking service and also (10%) responses very satisfied (15%) satisfied mobile banking service even though the remaining respondents response (2%) slightly satisfied and (1%) not satisfied the mean score was (4.5) and standard deviation (0.89) the fact indicated that mobile banking user were very satisfied.

According to the data (17%) respondents extremely satisfied for service of agent banking (40%) customers also very satisfied and (21%) respondents satisfied for the service however 10,(10%) respondents slightly satisfied the remaining (12%) not satisfied for this service the mean score of this data (3.4) and standard deviation (1.23) .

Based on the fact respondents response (10%) extremely satisfied the terminals of agent banking (12%) responses very satisfied and (15%) satisfied while others respondents was 50, (50%) slightly satisfied and also (13%) not satisfied the terminals of agent banking mean score (2.56) it indicated that there was dissatisfaction among the terminals of agent banking.

Among the total respondents response (60%) customers was extremely satisfied the availability of ATM machine (20%) also very satisfied (15%) was satisfied were as (4%) slightly satisfied and the reaming 1,(%) not satisfied the availability of ATM machine the mean of data (4.34) and standard deviation (0.95).

The last question of this category was, are you satisfied with the reliability of mobile banking among the total respondents (80%) extremely satisfied and (10%) very satisfied (5%) was satisfied but the remaining respondents was (3%) slightly satisfied and (2%) not satisfied reliability of mobile banking the mean score was (4.63) it indicated that most of the respondents are satisfied for reliability of mobile banking.

4.6 Problems of e-banking

The last category examined by the researcher what are problems of e-banking to perform quality service delivery, the data described and summarized.

Table 4.5.Respondent's response on E- banking problems

N.O	Items	Rating								
			Strongly disagree	Disagree	neutral	agree	strongly agree	total	mean	s.dev
1	Internet and electric power dawn are a common problem	frequency	30	40	10	12	8	100	2.28	1.24
		%	30	40	10	12	8	100		
2	The agent banking and staff are untrained	frequency	12	48	15	15	10	100	2.63	1.18
		%	12	48	15	15	10	100		
3	ATM not working properly	frequency	6	53	18	10	13	100	2.71	1.15
		%	6	53	18	10	13	100		
4	Ignorance of staff	frequency	30	60	5	2	3	100	1.88	0.83
		%	30	60	5	2	3	100		
5	Delay in service	frequency	42	49	3	4	2	100	1.75	0.86
		%	42	49	3	4	2	100		
6	Availability currency	frequency	20	30	25	18	7	100	2.62	1.2
		%	20	30	25	18	7	100		
7	Security	frequency	10	40	25	10	15	100	2.8	1.21
		%	10	40	25	10	15	100		

Source: survey Questionnaire (2019)

Accordingly, the data only 8(8%) respondents strongly agree Internet and electric power dawn a common problem also 12, (12%) respondents agree and 10,(10%) respondents a neutral responses 40,(40%) respondents disagree the remaining 30,(30%) strongly disagree the mean score (2.28) and standard deviation (1.24).

The fact shows that staff and mobile banking agents are untrained among the total respondents responses 10, (10%) strongly agree 15, (15%) agree and 15, (15%) neutral responses the remaining 48, (48%) respondents responses was disagree and 12, (12%) respondents strongly disagree the data shows that a small number of staff and agent were a problem of skill and training.

The next question was ATM not working properly among total respondents 13, (13%) strongly agree 10, (10%) agree and 18, (18%) neutral responses even though 53, (53%) respondents disagree and 6, (6%) strongly disagree the mean score was (2.71) the fact shows that the performance of ATM machine good however, there was still a problem.

The other fact shows that ignorance of staff are a common problem 3,(3%) respondents responses strongly agree and 2,(2%) was agree and 5,(5%) customers was neutral responses however 60,(60%) customers responses disagree also 30,(30%) respondents response strongly disagree the mean score was (1.88) it indicated that ignorance of staff are insignificant effect.

The next fact shows that delay of service a common problem 2,(2%) respondents strongly agree and 4,(4%) respondents agree while 3,(3%) response neutral however the remaining respondents response 49,(49%) disagree and 42,(42%) responses strongly disagree.

The other fact shows that availability of currency among the total respondents 7, (7%) strongly agree 18, (18%) agree and 25, (25%) customers responses was neutral where as 30, (30%) disagree also the remaining customers response 20, (20%) was strongly disagree the mean was (2.62) and standard deviation (1.20).

The last fact shows that security among total respondents 15, (15%) strongly agree and 10, (10%) respondents response agree 25, (25%) respondents neutral responses while 40, (40%) disagree and 10, (10%) strongly disagree.

4.7Quality Service Delivery And Customer Satisfaction in OIB

E-banking has attained the status of essential service in attaining customer's loyalty in banking sector by ensuring customer satisfaction and healthy relations. E-service quality is about overall assessment and discernment by customer regarding the eminence and quality of e-service delivery (Santos, 2003) Service quality is one of the main factors that determines the success or failure of electronic commerce and also it is very important in any banking

business. Service quality can also be defined as the consumer's overall impression of the relative inferiority or superiority of the organization and its services.

Based on the information from interview of director of e-banking department, the following major gaps are observed throughout the implementation of e-banking performance in the organization.

- What are the products of e-banking service offered by OIB, the director said that currently our e-banking products were ATM, Mobile banking, and Agent banking but we have a plan to introduce other products.
- As obtained information from interview, the department head said that e-banking services have plenty of benefits like, accessibility of were ever you want, time saver, reliable and easy to used.
- According the director response based on the interview the level of customer satisfaction measurement tools were customer feedback on suggestion box.
- Based on the interview finding the customer perceptions were changed about OIB after the introduction of e-banking service.
- The finding of interviewed from director of e-banking department show that the bank has marketing department the agent recruit pass through marketing department, the first criteria of selection process was readiness or voluntary of agents OIB, the other criteria terminals or locations of the agent, types of business, initial deposit , educational back ground, communication skill etc.
- Based on the interview the directors said that, by selecting two employees from each branch was trained the operation of card banking and mobile banking, in case of Oro agent banking, the bank has fifteen day's training schedule before starting the operation but there was a problem of follow up how perform and implement e-banking service due to limited staff.
- Accordingly the director response latest technology was the major one to perform, skilled man power and also another input, delivering different products, customer feedback to obtain quality service delivery.
- Based on the finding of interview customer was face a problem the responsiveness of Oro agent banking.

CHAPTER FIVE

5. Summary, Conclusion And Recommendation

5.1 Introduction

The study investigated that the assessment of customer satisfaction and challenges in e-banking system at Oromia international bank. In accordance with the general purpose, the study sought to find out E-banking services offered by OIB, examined the customer facing problems using e-banking service delivery; ascertained whether customers were satisfied with service delivery following introduction of e-banking services. This chapter comprises of the summary and conclusion of all that have been discovered and the findings from the study. Lastly, very important recommendations that would further the cause of quality service delivery in the bank service.

5.1.1. Summary of Findings

Based on the research objectives, a number of research questions were proposed. In the first place the researcher wants to find out if the electronic banking products introduced by OIB were being patronized by customers. It was found that ATM services, Mobile banking, and Oro Agent banking the electronic banking products being offered by OIB and patronized by customers. Further the study revealed that ATM services and Mobile banking are the most used electronic banking products. But, Oro agent product customers were not many. The proportion of patronage is not comparable to the two mentioned above. Based on the findings level of customer satisfaction increased due to the introduction of electronic banking service. This shows that the introduction of electronic banking has positively affected service delivery in OIB. Further, 78 per cent of the respondents expressed strongly agree with service delivery of the bank with 15 per cent rating agree with service delivery. The study also discovered that the negative perception of customers about the bank has significantly changed. Many customers now see OIB as a serious business entity which respects and value of time. Over 95 per cent of the respondents agreed strongly to this assertion while rest does not satisfy. Lastly, the study provided further evidence to the fact that use electronic banking products saves time, makes banking services more convenient and quickens service delivery among others.

5.2. Conclusion

The chapter outlined the objectives and the research questions that were proposed and answered by the evidence gathered through the data collected and analyzed. The findings significantly, indicate that electronic banking products have impacted positively on the service delivery of OIB and that customer perception has greatly changed as a result of these products. However customers were face a problem during using Oro agent banking and the terminals or locations of the agent. Clearly, all the objectives stated for the study were achieved. It is thus the expectation of the researcher the recommendations made based on these findings should be implemented by the Bank to increase productivity, competitiveness and become a leader in private financial service.

5.3. Recommendation

Following the findings of this study, the under listed recommendations have been proposed for practice.

1. There is need to introduce other e-banking product like internet banking, master card, pos. cards, more patronize the customer and it create competitiveness the banking sector.
2. There is the need to guide and follow up the Oro agent banking and also the terminals were accessible more convenient to customers extensively on the use of agent banking.
3. E-banking services should be developed extensively in the face of competition in the banking industry to sustain the pressure and maintain profits.
4. It is important that, e-banking department create a division or unit like ATM division, mobile banking and agent banking division it can more monitor the progress and challenges of the service e-banking division .This will ensure effective and efficient e-banking services.

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Appendix

ADDIS ABABA UNIVERSITY

COLLAGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF PUBLIC ADMINISTRATION AND DEVELOPMENT MANAGEMENT (PADM)

Questionnaire for OIB Customers

Dear Sir/Madam

I am a **PADM** student at Addis Ababa University and now I am doing research on topic entitled assessment of electronic Banking system impact on the Banking quality service delivery :(The Case of Oromia International Bank)

I shall be great full if you help me in filling up the questionnaire with fair and frank responses. I assure that the information supplied will be kept strictly confidential and used for the academic research purpose only.

Thank you for your cooperation !!

Part I: Demographic Information

Please respond to the following statements by ticking (√) one answer from each question that applies to your circumstances.

(1) Sex: Male ( ) Female ( )

(2) Age:

(a) 18 – 35yrs ( )

(b) 36 – 59yrs ( )

(c) 60 and above ( )

(3) Educational level:

(a)Primary ( )

(b) High school ( )

(c) Diploma ( )

(d) Degree and above ( )

(e) Other, please specify.....

(4) Occupation

(a) Student ( )

(b) Business man ( )

(c) Service man ( )

(d) Professionals ( )

(e) Others ……

(5) Experience with the bank

(a) 2 years and below ( )

(b) 3-5yrs ( )

(c) 6 years and above ( )

Part II: E – Banking Items

Please respond to the following items by selecting the appropriate response suitable for you.

1. Which of these banking services do you mostly use?

(a) Manual banking ( )
(b) Electronic banking ( )
(C) Both ( )

2. Which types of account used

(a) Saving account ( )
(b) Current account ( )
(c) Wallet account ( )
(d) Other ……

3. Which type of electronic banking service delivery mostly do you use?

(a)ATM ( )

(b)Mobile Banking ( )

(c)Agent Banking ( )

Part III: Quality Service Delivery

Now please indicate the degree to which you agree or disagree with the following statements regarding E-banking services in OIB. Use the scale below as a guide.

(a) Strongly Agree (5)

(b) Agree (4)

(c) Neutral (3)

(d) Disagree (2)

(e) Strongly disagree (1)

S. N	E-banking services	5	4	3	2	1
1	Using E-Banking service saves time					
2	I find E-Banking services useful.					
3	I find E-Banking a convenient service					
4	E-banking has impacted positively on service delivery of the bank.					
5	Staff of the bank always keeps me informed of things that I need to get for the best use of E- banking service					
6	Staff of the bank makes an effort to explain things in a simple way					
7	The bank delivers best of services					
8	I spent less time banking due to good service delivery					
9	Staff of the bank courteous when serving customers					
10	Whenever something goes wrong, the bank takes corrective action without delay					
11	It is easy to contact the bank whenever necessary					
12	The bank's services are reliable (i.e. service is available anytime).					
13	The introduction of E-banking by OIB has positively affected service delivery:					

Part IV: E- Banking Services

Please indicate your level of satisfaction regarding electronic banking products use below the level of satisfaction scale.

(a) Extremely satisfied (5)

(b) Very satisfied (4)

(c) Satisfied (3)

(d) Slightly satisfied (2)

(e) Not satisfied (1)

S.N	Products of E-banking	5	4	3	2	1
1	Are you satisfied ATM service					
2	Are you satisfied mobile banking service					
3	Are you satisfied Agent banking service					
4	Are you satisfied the location or terminals of agent banking					
5	Are you satisfied The availability of ATM where ever you want					
6	Are you satisfied the reliability of mobile banking service					

Part VI: problems of e-banking

Please indicate the problem regarding used of E-banking product using below the scale model

(a) strongly agree (5)

(b) agree (4)

(c) neutral (3)

(d) disagree (2)

(e) strongly disagree (1)

S.N	Problems of e-banking products	5	4	3	2	1
1	Internet and electric power dawn are a common problem					
2	The agent banking and staff are untrained					
3	ATM not working properly					
4	Ignorance of staff					
5	Delay in service					
6	Availability currency					
7	Security					

1. Before the introduction of E-banking service how do you perceive service delivery in OIB?

……

……