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AND

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THE INFLUENCE OF DIGITAL ESCROW ON STAKEHOLDERS' TRUST AT DOCUMENTS AUTHENTICATION AND REGISTRATION SERVICE (DARS) IN ADDIS ABABA

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A research thesis submitted to the Addis Ababa university school of commerce in partial fulfillment of the requirements for the award of the degree of

Master of Science in digital marketing and e-commerce

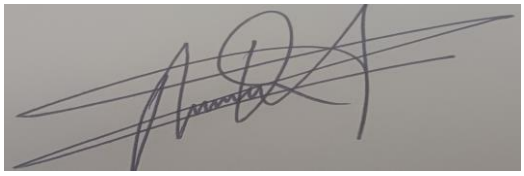
Addis Ababa, Ethiopia

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DECLARATION

I, Kaleab Sergiew, the undersigned, declare that this thesis entitled ‘The influence of Digital Escrow on Stakeholders' Trust at DARS in Addis Ababa’ is my original work. I have undertaken the research work independently with the guidance and support of the research advisor. This study has not been submitted for any program in this or any other institutions and all sources of materials used for the thesis have been duly acknowledged.

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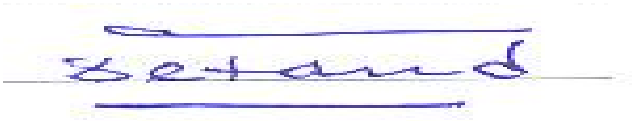
CERTIFICATION

This is to certify that the thesis prepared by Kaleab Sergiew, entitled 'The influence of Digital Escrow on Stakeholders' Trust at DARS Addis Ababa,' and submitted in Fulfillment of the requirements for the award of the degree of Master of Science in Digital Marketing and E-Commerce, complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

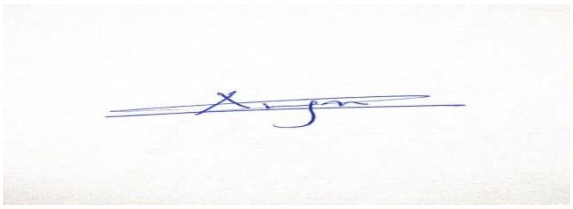
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Kaleab Sergiew

The Researcher

LIST OF ACRONYMS AND ABBREVIATION

ANOVA	**Analysis of Variance**
B2B	**Business to Business**
C2C	**Consumer to Consumer**
DARS	**Documents Authentication and Registration Service**
ID	**Identification Details**
ITC	**IT Capabilities**
MFER	**Market forces E -Readiness**
SPSS	**Statistical Package for the Social Science**
TAM	**Technology Acceptance Model**
TCE	**Transaction Cost Economics**
TMS	**Total Management Support**
TOE	**Technology-Organization- Environment**
TOL	**Tolerance**
UTAUT	**Unified Theory of Acceptance and Use of Technology**
VIF	**Variance Inflation Factor**
WB	**World Bank**

ABSTRACT

Digital escrow services minimize transaction risk by bridging trust gaps in payment exchange process. The study aimed to examine the anticipated impact of digital escrow system on stakeholders' trust within Ethiopia's Documents Authentication and Registration Service (DARS). Using a combined descriptive and explanatory quantitative framework, data was gathered from 320 valid surveys collected in Addis Ababa. National digital strategies and institutional frameworks were also utilized. A multiple regression model tested four core predictors of stakeholders' trust: payment security, transparency, institutional credibility, and technological readiness. The empirical findings reveal that payment security carries the heaviest and most statistically significant positive weight on stakeholders' trust. Conversely, transparency, institutional credibility, and technological readiness yield positive but statistically negligible effects. The results demonstrate that strong payment security has the primary impact on stakeholders' trust in contract transaction. DARS must prioritize integration of reliable contract transaction to its workflows. Furthermore, commercial banks should embed dedicated escrow modules within existing digital banking applications, and regulatory authorities must standardize escrow contract transaction structures to not only resolve trust in payment security issues but also for transaction traceability. Long-term adoption ultimately relies on clear legal guidelines, targeted digital literacy initiatives, and sustained cross-sector collaboration.

Keywords: Digital Escrow, Transparency, Payment Security, Institutional Credibility, Technological Readiness, Stakeholder Trust, DARS.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Fundamentally transaction can be broadly defined as the basic unit of economic activity that occurs whenever a good or a service is transferred from one entity to another (Williamson 1985). While simple day to day transactions relay on mutual trust, large and complex transaction require more than interpersonal trust and it needs more structured mechanism. In high-stakes asset transactions people normally go through contract process. According to McKendrick (2020, p.3), a contract is an agreement giving obligations which are enforced or recognized by the law. For this agreement to be valid, it must combine five core components: offer and acceptance, consent, consideration, legal capacity, and legality of purpose. A transaction acts as an umbrella term representing the actual operational execution of an exchange, whereas the contract provides the underlying enforceable structure (Garner 2019). Contractual transaction serves as the literal foundation for modern economic and legal architectures. Nevertheless, parties face different operational risks in many aspects of the process. Transactions involving substantial financial value and extended obligations expose contracting parties to risks related to non-performance, delayed settlement, opportunistic behavior, and information asymmetry (Williamson, 1985). These issues go well beyond simple complications such as losing confidence in the marketplace, institutional trust, informational gap and uncertainty in the public at large (Fukuyama, 1995; Williamson, 1985).

As the fundamental human fear of transaction failure remains unchanged from ancient trade routes to modern digital markets, contractual transaction inherently suffer from a critical trust gap. Escrow mitigates this gap by introducing a neutral third party to temporarily hold funds, documents, or assets, releasing them only when predefined contractual conditions are fulfilled (Garner, 2019). The term escrow originates from the Old French word ‘escroue’, which historically referred to a scrap of paper or a scroll (Merriam Webster, 2003). The concept of escrow has long been applied to reduce transaction risk and discourages opportunistic behavior. Shifting security from a vulnerable relationship to an independent guardian, escrow serves as a vital structural mechanism designed to avoid risks and eliminate contractual hustle.

As any other industry in the world, technological advancement has led escrow to expand its traditional boundaries into digital escrow systems. Digital escrow refers to electronically enabled mechanisms incorporating digital platforms, automated verification, and system driven conditional release of funds or assets (Gomber, Koch and Siering, 2017). Much like traditional escrow, modern digital escrow strengthens contract compliance by improving procedural transparency and transaction traceability. This capacity diminishes information asymmetry between transacting parties, which ultimately reinforces stakeholder trust during contractual exchanges (Pavlou, 2003; Kim, Ferrin and Rao, 2008). Historically emerging to solve the widespread payment fraud and geographical distance issues of early online commerce, this digital shift fundamentally transformed how remote stakeholders establish trust (Ford, 2005). The system operates heavily within the global private sector, serving as an operational backbone for international business-to-business trade and digital freelance platforms like Upwork and Fiverr (Gomber, Koch and Siering, 2017).While public institutions in Western nations have integrated automated escrow to secure infrastructure and public procurement contracts, the mechanism remains predominantly driven by private commercial enterprises (Lysons and Farrington, 2020). By replacing slow manual verifications with platform driven execution, these digital systems eliminate physical geographic barriers, trust issues and significantly reduce transaction times. This system mainly supports key stakeholders in the transaction process. Within this transactional environment, stakeholders are defined as any individuals or groups whose interests are directly impacted by the success of a contract. Ultimately, it is the collective confidence of these specific participants that determines the overall trust and safety within modern transaction (Freeman, 2010). Public trust in digital platforms depends significantly on how effectively institutions exchange data, align operational responsibilities, and integrate systems across organizational boundaries (Margetts and Dunleavy, 2013; Janssen and van den Hoven, 2015; World Bank, 2021). In this case digital escrow should be seen as a transactional governance tool rather than merely a financial instrument as it is not only hold funds electronically, but it also facilitates institutional data sharing.

According to recent demographic and economic indicators compiled by the World Bank Group (2025), Ethiopia is home to over 138 million people with millions of transactions across its regional jurisdictions. Within this expansive transactional landscape, the formation, performance, and enforceability of contract agreements are governed by the Civil Code of Ethiopia

Proclamations. Under the formal provisions of these codes, a legally valid contract requires a clear meeting of mutual consent, capable parties, and a sustainable lawful object. The legal system discourages informal contracts. Article 2472(1) of the Civil Code explicitly dictates that any contract or monetary obligation exceeding threshold of five hundred Ethiopian Birr demands written evidence to establish legal validity. As the nature of transaction evolves overtime, the law didn't specify concept of escrow for contractual transaction. Although the legal and technical term of escrow payment system remains largely unfamiliar to the public, basic variations of this mechanism is emerging to address transactional trust deficits. For example, private banking firms like Hibret Bank (2025) offer dedicated escrow deposit services to manage complex tripartite commercial arrangements. Similarly, state backed telecommunications enterprises Ethio Telecom have embedded automated digital safeguards into their Zemen Gebeya electronic commerce platform to protect payments until delivery is verified. Under Articles 1721 through 1725, strict requirements of form are mandated for specific transactions including the transfer of ownership titles to fulfill formal registration guidelines to exist in the eyes of the law. The overarching legal framework dictates that a contract's true enforceability rests upon official state validation. To enforce this, the federal government put the Authentication and Registration of Documents Proclamation No. 922/2015, which grants the Documents Authentication and Registration Service (DARS) an absolute public monopoly over the authentication of contractual instruments.

The Documents Authentication and Registration Service (DARS) was originally established by proclamation to handle the functions of previously scattered fragmented municipal courts (Proclamation No. 334/2003). DARS Later restructured into a comprehensive federal service under Proclamation No. 922/2015. The core mandate of DARS is verifying and registering transactional documents, including titles transfers, commercial bank loan contracts, declarations of power of attorney, and corporate articles of association. Since the establishment DARS has implemented rapid public digitalization strategies to its workflows. Among these, partnering with private company the institution introduced the Qetero electronic appointment booking platform to eliminate physical queuing. It also integrated its payment channels with automated networks like Telebirr to receive service fees digitally. Furthermore, through a strategic national partnership with Ethio Telecom and utilizing national identification databases, DARS has integrated its authentication workflows with the teleSign digital infrastructure. However, while

these digital transformations have successfully accelerated processing times and reduced administrative fraud, they do not address the core structural problem of payment exchange among contractual parties.

The existing contract authentication system in Ethiopia fails to connect payment verification with contract execution. Although it authenticates the sales contract, it doesn't have sufficient mechanism to confirm the actual money exchanges. Deprived of this automated system, transacting parties are exposed to financial liability due to lack of interpersonal trust. As a result, this lack of structural support leads to financial instability, market opportunism and exposes contractual parties to transaction-related fraud.

This study addresses these operational gaps by focusing on how integrating digital escrow tools in the Documents Authentication and Registration Service (DARS) could enhance stakeholders' trust. By exploring the operational shift toward an automated escrow framework in DARS, this study examined anticipated impact on stakeholders' trust within Ethiopia's contractual transaction.

1.2 Statement of the problem

DARS embraces the total exclusive mandate to verify and register contractual transaction legally. As part of its work flow, DARS also works with different government institution to confirm ownership and it's free from any encumbrances. In spite of structured in-house administration workflow, the burden of financial exchange between contractual parties still remained unstructured. Since transferring through digital banking system during the transaction process is limited by amount, the current situation forces either buyers to physically go to the bank and release funds before all verification procedures are fully completed, or sellers to sign the contract before payment is confirmed. This vulnerable inefficiency creates huge gap for the transaction process. Agreements covering movable and immovable assets, alongside long term financing arrangements, form a critical foundation for modern legal and economic interactions. Because these transactions frequently carry immense financial values and extended obligations, they inherently expose participants to structural vulnerabilities. Prominent among these risks are counterparty nonperformance, delayed financial settlements, information asymmetry, and deliberate opportunism (Williamson, 1985). Within fragile or fragmented institutional environments lacking strong compliance frameworks, such risks actively increase transactional

uncertainty. Ultimately, this structural hustle lowers interpersonal trust and weakens systemic economic efficiency (Fukuyama, 1995).

To bridge these trust deficits, automated digital escrow frameworks function as a critical defensive mechanism. By establishing a decentralized transparent ledger of verification, this system actively shields contracting parties from strategic counterparty opportunism and premeditated transactional manipulation (Kouhizadeh and Sarkis, 2018). Even with ongoing public sector digitalization efforts, Ethiopia's contract authentication framework has not yet introduced a formal digital escrow system that connects contractual performance to secure, conditional payment settlement. Modern transactional ecosystems, ranging from peer-to-peer trading hubs to decentralized service marketplaces and electronic commerce intermediaries frequently imbed automated escrow networks into their operational structures. Empirical assessments indicate that these third-party mechanisms actively improve information transparency and payment security while maximizing the efficiency of dispute resolution pathways (Pavlou and Gefen, 2004; Kim, Ferrin and Rao, 2008).

This operational gap leaves transacting parties exposed to payment-related risks in the formal authentication process. This makes people to get into informal agreements or utilize personal networks to cope with transaction uncertainty. This study tried to address this gap by exploring how a digital escrow system would impact stakeholders' trust during contract transactions. Specifically, the study focused on analyzing how the main components of digital escrow variables such as transparency, payment security, institutional credibility, and technology readiness would impact stakeholders' trust in public contract authentication and registrations services in Ethiopia.

1.3 Research Questions

1.3.1 Main Research Question

1. What is the effect of digital escrow on stakeholders' trust at Documents Authentication and Registration Service (DARS) in Ethiopia?

1.3.2 Sub-Research Questions

1. Does transparency affect stakeholders' trust contract in transactions at DARS?

2. Does payment security affect stakeholders' trust in contract transactions at DARS?

3. Does an institutional credibility affect stakeholders' trust in transactions at DARS?

4. Does technology readiness affect stakeholders' trust in contract transactions at DARS?

1.4 Objectives of the Study

1.4.1 General Objective

1. The objective of this study is to examine the potential effect of digital escrow on stakeholder's trust within Ethiopia's Documents Authentication and Registration Service (DARS)

1.4.2 Specific Objectives

To fulfill this central aim the research comes across the following four specific objectives:

1. To evaluate the effect of transparency on stakeholders' trust in contract transactions at DARS.

2. To assess the effect of payment security on stakeholders' trust in contract transactions at DARS.

3. To examine the effect of institutional credibility on stakeholders' trust in contract transactions at DARS.

4. To evaluate the effect of technological readiness on stakeholders' trust in contract transactions at DARS.

1.5 Significance of the Study

Using digital escrow as a contextual tool the study contribute practical, institutional, legal and academic value by examining how stakeholders' trust in contract transactions can be strengthened within Ethiopia's public contract authentication system. At the practical level, the study contributes to reducing uncertainty among contracting parties involved in contractual transaction by empirically examining how transparency, payment security, institutional credibility, and technology readiness shape stakeholders' trust within the context of digital escrow. The study shows the loop on the trust gaps within the current contract transaction

process. These insights gained from empirically testing key dimension of stakeholders' trust, provides a structured foundation to design a solution that reduce payment related uncertainty.

From a societal perspective the study highlights how the absence of transactional assurance undermines trust in the formal contract processes and how digital escrow could fill this gap by creating legally recognized processes. This supports safer economic exchanges, reduces disputes, and strengthens public confidence among people and in institutions responsible for contract authentication.

For the Documents Authentication and Registration Service (DARS), the study provides evidence-based insight into trust related weaknesses that persist even after formal contract authentication. This will allow the institution to broaden its scope beyond its in house administration workflow to contracting parties' money exchange process. The findings are valuable in preparing the institution for future digitally recognized money exchange service integration for buyers and sellers. It will also give the institution the base to plan working with finical service providers

The study also holds relevance for financial service providers. By revealing unmet needs in transactional assurance within public contract processes, the findings can help financial institutions identify opportunities to design escrow related payment assurance product that align with DARS workflows. This structured collaboration between DARS and financial service providers enable safer contract transactions.

At the policy level, the study supports Ethiopia's ongoing digital transformation and digital finance agenda. By linking trust in public contract transactions with digital escrow mechanisms, the findings may assist policymakers, regulators, and institutions in understanding how digital financial tools can be integrated into formal public services. The study offers evidence that can inform policy discussions on digital payments, particularly in areas where legal processes exist but trust related risks remain unresolved.

This research expands the current digital public services initiatives into contract transaction and provides a unique localized framework for future digital escrow literature. While existing studies largely focus on private sector platforms or general digital payment systems, this research positions digital escrow as an analytical framework for understanding stockholders' trust in

formally authenticated contracts. The study therefore contributes a foundation for future research on digital transactional assurance in public institutions.

1.5 Scope of the Study

Conceptually, although there are many determinants of stakeholders' trust, the research specifically was limited to examining stakeholders' trust related to transactions challenges associated with transparency, payment security, institutional credibility, and technology readiness. Other aspects, such as contract content, post registration legal enforcement, dispute resolution, land administration procedures, titles transfer procedures or broader governance and regulatory effectiveness, are beyond the scope of this study.

Methodologically, the study adopted a quantitative research design analyzing the defined factors and overall stakeholders' trust in contract transactions. Data is collected through structured instruments, enabling statistical analysis and comparability across respondents

Geographically, the study was conducted in four strategically picked DARS branches across Addis Ababa. These branches were chosen because they include the main office, have big transaction turnover and based on its proximity for the researcher.

Furth more, the stakeholder selection followed the normal transaction process rather than broader national perspective. Hence, other stakeholders such as government policy makers are not included in the study.

1.7 Limitations of the Study

The study was limited in evaluating the effect of digital escrow as an anticipated mechanism rather than operationalized system in the study area. Because the framework is not yet applied at DARS, the data were collected from the existing workflow and stakeholders' perception digital escrow system. This limits the ability to evaluate real world performance impacts. To mitigate this, the study form its analysis in established theory and empirical literature on stakeholders' trust, transparency, payment security, and technology readiness, enabling structured assessment of anticipated impact. The study also addresses this by showing the current workflow in connection with the proposed digital escrow system.

The research was confined to four specific DARS branches in Addis Ababa. Findings may not reflect every contract authentication context across Ethiopia. Institutional practices, transaction types, and user experiences can vary. To address this, sites were selected to reflect diverse transaction types and user groups.

1.8 Organization of the Study

This thesis is ordered into five chapters. Chapter One contains the introduction of the study including, the background, statement of the problem, research questions, research objectives, significance, scope, limitations, and definitions of key terms.

Chapter Two reviews relevant theoretical and empirical literature related to digital escrow and stakeholder trust in contract transactions. It discusses key dimensions of digital escrow system and provides the conceptual framework and research hypotheses

Chapter Three presents the research methodology, including the research approach and design, data sources and population, sampling techniques and data collection instruments, methods of data analysis and ethical considerations.

Chapter Four focuses on the presentation, analysis, and discussion of the study findings in line with the stated objectives and hypotheses.

Chapter Five provides a summary of the findings, conclusions, and recommendations. It highlights the implications of the study for key stakeholders and suggests areas for future research.

1.8 Definition of Key Terms

Anticipated Impact

In this study anticipated impact is operationalized to assess stakeholders' trust in the context of the proposed digital escrow system at DARS.

Contract Transaction

A contract transaction is a legally binding agreement between contracting parties that needs official authentication from DARS to be enforceable.

Digital Escrow System:

Digital Escrow System is operationally defined as a potential technological system intervention designed to bridge the gap in payment settlement at DARS contract transaction.

Documents Authentication and Registration Service (DARS):

DARS is the sole Ethiopian government executive body established by proclamation with the mandate to certify and register official contracts.

Payment Security:

Payment security is operationally defined as the degree of security between contractual parties in regard to financial exchange as per their agreement in the contacts.

Stakeholders:

In this study stakeholders are contracting parties, intermediaries, and the general public. Contracting parties are those who come to the agreement to establish the contract. Intermediaries are those in the middle that facilitate to the success of the contract process. The general public are few citizens included in the research to capture societal view.

Technology Readiness:

In this study it represents people and organization's readiness to adopt new digital tools in DARS services.

Transparency:

In this study, transparency is operationalized as how the transaction process is clearly accessible and visible.

Trust:

Within this study, trust is a stakeholder's confidence to rely on an automated system in contract transaction at DARS process.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This literature review creates the theoretical and empirical basis that is required to analyze the impact of digital escrow system on stakeholders' trust at DARS. Transaction Cost Economics (TCE), Institutional Trust Theory, Trust Transfer Theory, and the Unified Theory of Acceptance and Use of Technology (UTAUT) were used as foundational theories.

From established theories and prior empirical studies, the chapter examines how transparency, payment security, institutional credibility, and technology readiness impact stakeholders' trust. . After reviewing the empirical studies, the chapter used findings and gaps as the basis for the study's conceptual framework and research hypotheses within the context of the Documents Authentication and Registration Service (DARS).

2.2 Theoretical Review

2.2.1 Transaction Cost Economics (TCE)

Originally proposed by Ronald Coase (1937) and later formalized by Oliver Williamson, states that businesses and individuals want to complete a deal without losing time or money they make structural exchanges. These structured exchanges minimize transaction resistance and operational overhead. It explains firms existence as minimization of hidden expenses associated with exchanging of goods and services.

TCE argues that economic actors look at the transaction costs associated with making the deal happen such as search, negotiation and enforcement rather than seeing at the price of an asset only. This theoretical framework develops that firms emerge primarily to alleviate market transaction costs (Ronald Coase 1937, Williamson 1985). They revealed that the true cost of an exchange spreads distant over the nominal price of an asset or service. In its place, substantial hidden expenses arise during the pre-transaction and post-transaction phases, specifically through information gathering, contract negotiation, compliance monitoring, and legal enforcement. Such operational conflicts are bound to happen, as no transacting party possesses complete anticipation or perfect information. (Williamson 1985).

This theoretical groundwork provides the ideal framework to analyze how digital escrow strengthens stakeholder confidence during contract execution. Within the DARS setup, official authentication grants a document legal validity. However, actual payment settlement and performance checks happen entirely outside the agency's reach. This fragmentation leaves parties vulnerable to post payments delays and unnecessary friction that drives up transaction costs.

Transaction Cost Economics (TCE) reveals how this administrative vacuum creates stakeholder anxiety and erodes trust, even when an agreement carries an official state stamp. Embedding a digital escrow framework directly into DARS creates a structured governance mechanism that minimizes transaction costs by locking capital until parties meet all predefined milestones. By binding automated verification and transparency straight into the administrative workflow, digital escrow neutralizes opportunities for counterparty exploitation. This evolution shifts the enforcement burden away from individual citizens, ultimately restoring operational predictability and public confidence to the institution (Williamson, 1985; Pavlou, 2003).

Core TCE principles directly anchor the two central variables of this study: payment security and operational transparency. Digital escrow operationalizes these concepts, shielding capital from fraud while keeping trace of every transactional milestone. This automated structure moves trust away from fragile, hopeful expectations and embeds it as a permanent institutional outcome. Ultimately, Transaction Cost Economics does not merely justify adding an escrow layer to public administrative workflows; it explains how automated financial safeguards can structurally rebuild public trust within state authentication systems like DARS.

In this study, DARS provides authentication and legal validity but does not regulate the actual movement of money between contractual parties. This regulatory gap drives up transaction costs significantly. Introducing a digital escrow system addresses this vulnerability, acting as an institutional governance structure that lowers overhead costs and, in turn, fosters stakeholder trust.

TCE relies on three behavioral and structural dimensions. As a bounded rationality, it linked to transparency and technology readiness. The TCE concept works that humans cannot predict every single future problem or contract breach. This is because our brains and data systems have limits on commonly called bounded rationality. Without digital escrow, parties face anxiety about the unknown. By introducing transparency (real-time tracking) and ensuring technology

Readiness, the digital escrow system reduces the mental load and uncertainty, making stakeholders much more willing to trust the platform.

The second behavioral and structural dimension of TCE is opportunism. It is the risk of cheating that commonly linked to payment Security. The concept captures the fundamental behavioral risk of deception, which directly payment security during an exchange. Certain market actors will act despitefully if given the opportunity (Rindfleisch and Heide1997)

When coming to the DARS System the risk of opportunism is high as far as DARS routines leave a time gap between signing a contract and confirming a bank transfer. A digital escrow system physically locks the funds. This automated Payment Security eliminates the opportunity to fraud and cheat. As a result it gives stakeholders the confidence (Trust) to execute high-value deals.

The third behavioral and structural dimension is asset specificity and it’s linked to Institutional credibility in this context. Stakeholders demand strong institutional credibility from the state when dealing with contracts as the stakes of the contract us usually high. TCE in this case aligns with secure digital escrow system integration to DARS's legal authority to protect these assets and eliminate systemic uncertainty and vulnerability.

Ultimately, Transaction Cost Economics provides the basis theoretical foundation that is needed for automated financial safeguards to build stakeholders’ trust on authentication systems like DARS.

2.2.2 Institutional Theory

This theory provides important basis s for illustrating how factors such as state validation, legal formalization, and system endorsed by government build stakeholder trust at public institution institutions. (Meyer and Brian 1977)

Unlike Transaction Cost Economics that explains operational friction, Institutional Theory explains psychological and regulatory safety. Organizations prioritize political legitimacy over mere technical rationality (DiMaggio & Powell 1983). As a government institution DARS system highlights a core assumption of institutional theory routinely reject structurally sound intervention if it lacks official state backing. This institutional theory believes and relies on the point that legitimacy creates trust. The theory advocates that organizations and users adopt new

technologies not only for efficiency, but also for legitimacy. Digital escrow system to be trusted by the public, it must align with established laws, cultural norms, and cognitive habits.

At DARS, stakeholder trust is directly related to how effectively the digital escrow system achieves institutional legitimacy through the regulative pillar. This structural dimension relies heavily on formal rules, legal statutes, systemic sanctions, and state backed enforcement mechanism (DiMaggio and Powell, 1983; Scott, 2014). Within this framework, regulatory policies are inherently linked to institutional credibility and payment security. Consequently, participants are willingly comply with the transaction platform because the state explicitly guarantees transaction safety and mitigates systemic vulnerability (North, 1990; Scott, 2014).

Institutional theory believes and relies on the point that legitimacy creates rust. The theory advocates that organizations and users adopt new technologies not only for efficiency, but also for legitimacy. Digital escrow system to be trusted by the public, it must align with established laws, cultural norms, and cognitive habits. (Amenta & Ramsey, 2010)

Since a digital escrow system is not currently in use, it would be impossible for DARS to integrate the system unless it collaborated with financial institution that's already exist in a legal ground. This needs regulative legitimacy works too. Under this framework Stakeholders trust the Payment Security because they know the system is legally endorsed by a federal institution, mitigating their fear of fraud.

The other pillar in institutional theory is linked to transparency. The normal expectation in transactions is moving toward transparency. A digital escrow system satisfies this demand by offering real-time transparency with pre-defined procedures. The moral expectations of a clean, corrupt-free transaction that reinforce trust happen when both parties check that the system operates openly and fairly (Amenta & Ramsey, 2010, DiMaggio and Powell 1983)

The other pillar in this institutional theory is the cultural-Cognitive part that linked to technology Readiness. This angle of the theory deals with habits, shared mental models and whether this technology provide sense to the average user's worldview (Woodhouse, D · 2024). In DARS any technology deployment must match the cognitive readiness of the market that smoothly connect with existing and emerging finical transaction platforms habits like mobile banking, internet

banking or Tele birr verification. Cognitive acceptance achieves when the tech feels natural and accessible that turns anxiety into stakeholder trust.

2.2.3 Trust Transfer Theory

Trust transfer theory shifts our focus from guaranteed outcomes to how we manage vulnerability. According to Stewart (2003), establishing trust means stepping into an unpredictable relationship where loss is entirely possible. Rather than relying on certainty, actors gamble on the goodwill and skills of their partners to safely navigate the unknown.

The fundamental mechanisms of trust can be understood through its primary models and frameworks: called the Interpersonal Model. It is widely referred model that choose to trust based on the belief that the person has the technical skills and competence to do what is expected, the belief that the person cares about to the best interests at heart and not and the belief that the person adheres to moral principles and will keep their promises. (Mayer, Davis and Schoorman,1995**;** Stewart, 2003; McKnight et al., 2001**).**

Stakeholders will not trust the digital escrow system in a space argued by TTC theory. Instead, they will transfer their existing trust in a deeply established institution like the Federal Documents Authentication and Registration Service (DARS). According to Trust Transfer Theory trust is created in connection transfer between the new unknown entities to clearly visible establishment. DARS as the source has already holds legal legitimacy and institutional authority in Ethiopia. People go there because it is the law; while the digital escrow system is relatively unknown it would fill the trust gap contract process by utilizing the established reputation of DARS. In this context DARS serves as the bridge of credibility. The relationship between the trusted institution and the new technology must establish clear work flow allowing the transfer of trust to exist smoothly and create meaningful connection between them.

Within public governance frameworks, users create their trust from a known regulatory intermediary onto a new mechanism based on perceived similarity and structural relatedness (Stewart, 2003). This transfer of trust implies that stakeholder willingness to rely on digital escrow does not develop independently. Instead, it functions as a direct extension of the existing legal legitimacy already invested in the underlying regulatory authority.

In summary, the trust transfer theory impacts stakeholders' trust in contract transaction process by allowing adoption of digital escrow systems through the prior formed reputation of DARS.

2.2.4 Unified Theory of Acceptance and Use of Technology (UTAUT)

The Unified Theory of Acceptance and Use of Technology (UTAUT), developed by Venkatesh et al. (2003), blended several technology acceptance models to capture comprehensive views on how and why individuals and organizations adopt new technologies. The model puts user adoption as a function of performance expectancy, effort expectancy, social influence and enabling condition (Venkatesh et al., 2003). Within DARS, these constructs help to evaluate how stakeholders' trust perceptions in digital escrow could be captured. This is because the framework explicitly accounts for how structural infrastructure and user demographics actively moderate an individual's behavioral intention to utilize a new technology (Venkatesh et al., 2003).

The performance expectancy construct assess how much the user believes the performance of the tech in regard of giving the desired result. In the context of digital escrow this directly relates to filling the gap in transaction security and payment transparency. Effort expectancy is about perceived easiness of usage. This is critical in public sector systems where users may vary significantly in digital literacy. Social influence construct is perceived expectations of important others. Important others can be circle of influence, industry experts, or institutions. The other construct is enabling conditions. It is availability of organizational and technical support such as technical infrastructure, training, and support systems available (Venkatesh et al., 2003).

This study enquires the UTAUT model to assess how technological readiness impact stakeholder trust as the Documents Authentication and Registration Service (DARS) in the adoption of digital escrow systems. Different literatures in this regard states the importance of technology readiness relates with enhancing consumer trust, raising satisfaction, and continued system retention (Venkatesh et al., 2003, Harwick & Zhang, 2022).

2.2.3 Digital Escrow system in Ethiopia

The recent emergence of digital escrow frameworks is foundational milestone in Ethiopia's broader national digital transformation agenda. This technological journey is strategically will help to mitigate systemic transaction vulnerabilities and establish institutional trust across both electronic commerce and high-value physical asset markets (NBE, 2025). Rather than relying on unverified interpersonal confidence, local economic participants are transitioning toward

structured digital intermediaries to secure complex contractual exchanges. For instance, in 2020 private financial institutions like Hibret Bank (2025) provide dedicated Escrow Deposit Accounts (EDAs) capable of securing diverse settlement instruments, including cash, checks, CPOs, and electronic bank transfers, to manage tripartite commercial arrangements. In parallel, state backed telecommunication enterprise Ethio Telecom has embedded automated digital safeguards directly into their nationwide e-commerce ecosystem, the Zemen Gebeya platform (Ethio Telecom, 2025). By functioning as a neutral electronic custodian, this infrastructure holds transactional funds securely and authorizes payments only after the buyer confirms the successful delivery of goods or services, effectively establishing a modern blueprint for contract compliance within the domestic economy.

In April 2026, the Ethiopian real estate sector association announces its plan implementing a mandatory escrow account system to protect buyers and prevent fraud. The system aimed at addressing the lack of trust and legal frameworks that have previously dealing with the sector as key aspects of the digital escrow landscape in Ethiopia. (Eyasu Z, 2026)

This initiative is based on the approved Real Estate Development and Immovable Property Marketing and Valuation Proclamation (No. 1357/2024). The proclamation seeks to restore trust and protect home buyers from any unjust by developers (Eyasu Z, 2026). Leaders of the Ethiopian Real Estate Developers Association (EREDA) report that high inflation and admin issues have greatly impacted the sector in recent years. Distortions in the market, such as developers selling below market value, failing to deliver homes on time, and occasionally abandoning projects, have damaged public perception of the industry. (EREDA 2025)

The National Bank of Ethiopia (NBE) is treating this growth through its National Digital Payments Strategy (2026–2030). The strategy provides secured, trusted, and accessible financial systems.

2.3 Empirical Review

The empirical review of this study is presented below. The review outlines of the analysis of how introducing digital escrow system intervene in Ethiopia's Document Authentication and Registration Service (DARS) impact stakeholders' trust with special emphasis on transparency, payment security, institutional credibility and technology readiness. Digital escrow networks

address a fundamental trust deficit in modern e-commerce, freelancing, and B2B systems. Without a trusted mediator, anonymous transactions frequently collapse into payment disputes and fraud. Research by Biruk and Swati (2024) and Girum (2021) positions escrow services as the definitive solution as it acts as a neutral repository holding funds securely, and eliminating risk.

Transitioning from traditional, manual escrow to digital platforms changes how remote business partners manage financial risk. Instead of relying on slow, paper driven processes, automated networks minimize transactional friction. According to Standard Chartered (2021) and Harwick and Zia (2022), these systems neutralize counterparty risk by locking up capital in real-time, re-leasing funds only once product or service delivery is verifiably confirmed.

Despite the rapid expansion of digital platforms across Ethiopia, the systematic integration of digital escrow services to cultivate confidence in contractual transactions remains largely absent in public services. In such environment, transacting parties face a classic simultaneous execution dilemma of buyers risk financial loss without receiving assets, while sellers risk asset without receiving guaranteed compensation (Pavlou, 2003; Kouhizadeh and Sarkis, 2018). Although Ethiopia has Electronic Transaction Proclamation No. 1205/2020, existing contract laws (Civil Code) are not fully equipped to manage the legal issues raised from the dynamic modern electronic contracts (Kurma, 2021).

2.3.1 Transparency and Stakeholders' Trust

Digital escrow processes follow visible and auditable protocols, and the administrative measures provide equal for all involved parties is reflected the operational transparency in contractual process (World Bank, 2017). Evidence from different studies reveals that this structural visibility serves as a foundation for public trust. When users can independently track the process, verify compliance and have access to clear records, their perception towards risk is minimal. When users can independently track the process, verify compliance, and have access to clear records, their perception towards getting of risk is minimal. This, of course, stabilizes confidence straight forward in the administrative framework. Studies to this matter highlighted this link between

systemic openness and proved that making operational steps visible and directly increases trust between contracting parties (Pavlou 2003).

Along the same lines, Gefen et al. (2003) indicated that transparent systems avoid people from cheating the system. Replacing incomplete and guidelines with clear roadmap makes users to be obedient and willing to commit to this platform. Furthermore, clear visibility of transactional stages and data tracking within digital escrow architectures removes procedural ambiguity, forcing a higher baseline of operational trust among parties (CSIRO 2023).

In developing countries like Ethiopia, the absence of transparent transaction regulations greatly flakes institutional trust and exposed to financial risks. non transparent contract procedures escalate dispute rates, repose settlement times, and force parties to rely on informal guarantees leading for diminishing public confidence in formal institutions (Meyer & Peng, 2016). This reality allows agreements into a fraud, disputes, unresolved payment and delayed deadline.

In such situation digital escrow platforms respond to this exposure in sating tracking and visibility directly into the transactional process. Using this automated escrow system as it platforms the institute generate a continuous, unalterable log of contract process. In addition to that the platforms provide the payment statuses and fund releases, mitigating ambiguity and information gaps for everyone involved in the contract (Kim, Ferrin, and Rao, 2008, Johnson, 2019).

This makes the digital escrow system an important tool for public sector tasks. On the other hand clear information structures build trust on commercial platforms serving as a transparency tool for verifying public contracts and giving access to real time process of the service flow, (OECD, 2020). In DARS the legal setup seems completely clear on the ground but in reality the actual payment steps and verification done through other channels. This detached service mainly affects the authentication process to stack in the middle of transaction process jeopardizing in the transparency of contractual parties trust.

Thus, the following Hypothesis is presented for this study.

Hypothesis 1 (H1): Transparency positively and significantly affects stakeholder trust.

2.3.2 Payment Security and Stakeholders' Trust

Transaction security serves as an important determining factor of institutional trust particular In a high value agreements. Transacting parties face structural exposures. These exposures include delayed payments, fraud, ineffective payment and premature fund release. As a result stakeholder confidence falls due to transactional threats resulting to contractual dispute and most of the time forces contracting parties to rely on informal, risk bearing arrangements (Pavlou, 2003, Kim et al., 2008). Additionally, empirical evidence confirms that secure transaction channels created by digital escrow directly mitigate fraud risks, which structurally stabilizes user trust during high-value exchanges (Asgaonkar and Krishnamachari 2019).

Studies in this field showed that there is a positive correlation between structural security and stakeholder trust. This further reaffirmed that stakeholder confidence increases when financial transactions are verifiable auditable, and protected against fraud and access to unauthorized personnel (Pavlou, 2003; Johnson, 2019). This shows that institutional reputation alone is insufficient to maintain transaction confidence. It recognizes the importance of technical safe mechanism that enforces compliance and reserve contract payment integrity. Therefore, payment security plays a critical role as an institutional mechanism that directly impacts the stakeholder trust in transaction process.

Thus, the second hypothesis is formulated:

Hypothesis 2 (H2): Payment security significantly and positively impacts stakeholders' trust

2.3.3 Institutional Credibility and Stakeholders' Trust

When institutions are dependable, competent, neutral, and consistent in enforcing its regulatory mandate, its institutional credibility is established well. As institutional economics suggest credible institutions decrease organizational uncertainty on contractual process by creating good operational workflows and enforcement mechanisms that protects opportunism (North, 1990). In the current governance frameworks, trust is shifted from personal networks or informal social structures to formal institutional systems (Fukuyama, 1995). A credible institution in this cases assists as an important support by providing the systemic guarantees desirable to ensure agreements are executed in full compliance with the law and transparent way.

Studies supports that the institutional reputation directly governs the level of stakeholder trust in contractual environments. These further indicate that stakeholder's engagement in transactions with greater efficiency when the overseeing authority operates transparently, follows clear processes, and maintains neutrality in dispute resolution within its frameworks (Pavlou, 2003; Gefen et al., 2003). Thus an active regulatory oversight, strict procedural verification, and formal enforcement mechanisms considerably improve stakeholders' trust in transaction outcomes (Kim et al., 2008).

This prerequisite for credibility is enhanced within public sector institutions in the place where administrative actions is conducting binding legal authority and lasting outcomes where public agencies maintain procedural consistency, ensure record integrity, and provide transparent operational tracks (World Bank, 2017). Consequently, when automated digital settlement protocols are formally backed by regulatory or government mandates, consumer confidence in the host organization increases significantly (FIBREE 2021).

Official credibility is tied up with its legal mandate to authenticate and register contractual instruments in DARS. A critical operational gap persists while this legal authority delivers formal institutional legitimacy that DARS lacks integrated transaction safeguards mainly on the actual financial settlement. Integrating a digital escrow mechanism directly in DARS, hence, will address this structural gap.

This demonstrates that when an administrative agency directs both procedural verification and financial clearing, stakeholders' trust increases significantly (Pavlou, 2003; Kim et al., 2008; Johnson, 2019). Thus, in this context DARS institutional credibility impact the stakeholder trust through digital escrow system.

Hence, Hypothesis three for this study is presented.

Hypothesis 3 (H3): Institutional credibility significantly and positively impacts Stakeholders' trust.

2.3.4. Technology readiness and Stakeholders' trust

Trust in technology readiness relies on a user's skills, willingness, and comfort in interacting with digital systems. This requires adaptable workflows, digital literacy and the ability to interpret the system (Venkatesh et al., 2003; Parasuraman, 2000). This readiness in the

transaction process is important because how stakeholders perceive the system's speed, usability, and reliability is highly dependent on their trust on digital escrow.

Similarly, empirical data indicates that a user's technical readiness and their familiarity with digital platforms dictate how securely they perceive the overall transaction mechanism (Antony, Lin and Xu 2006). All the players in the transaction process see infrastructure reliability, training, and sufficient digital literacy elevate engagement and lower perceived risk in digital payment systems (Venkatesh et al., 2003; Harwick & Zhang, 2022). The empirical literature tracking digital platform adoption demonstrates that user intentions are heavily shaped by structural perception evaluations. Grounded in the foundational Technology Acceptance Model (TAM) conceptualized by Fred Davis (1989), a stakeholder's behavioral readiness and willingness to extend trust depend primarily on perceived usefulness and perceived ease of use. Within the domestic financial landscape, these specific cognitive dimensions explain why local participants transition away from unverified interpersonal confidence toward structured intermediaries to secure complex contractual agreements. Empirical indicators show that the deployment of digital escrow frameworks aligns directly with national financial strategies aimed at mitigating systemic transaction vulnerabilities and establishing institutional trust across electronic networks (NBE, 2025). By functioning as a neutral technological platform, digital escrow optimizes perceived usefulness in providing transaction safety while simultaneously maximizing the ease of automated contract compliance within the ecosystem (Davis, 1989). This core concept is one of the base elements that impact stakeholders trust.

Based on the premise this technical capability mitigates perceived vulnerability, the study proposes the following relationship:

Hypothesis 4 (H4): Technology readiness has a positive and statistically significance on stakeholder trust.

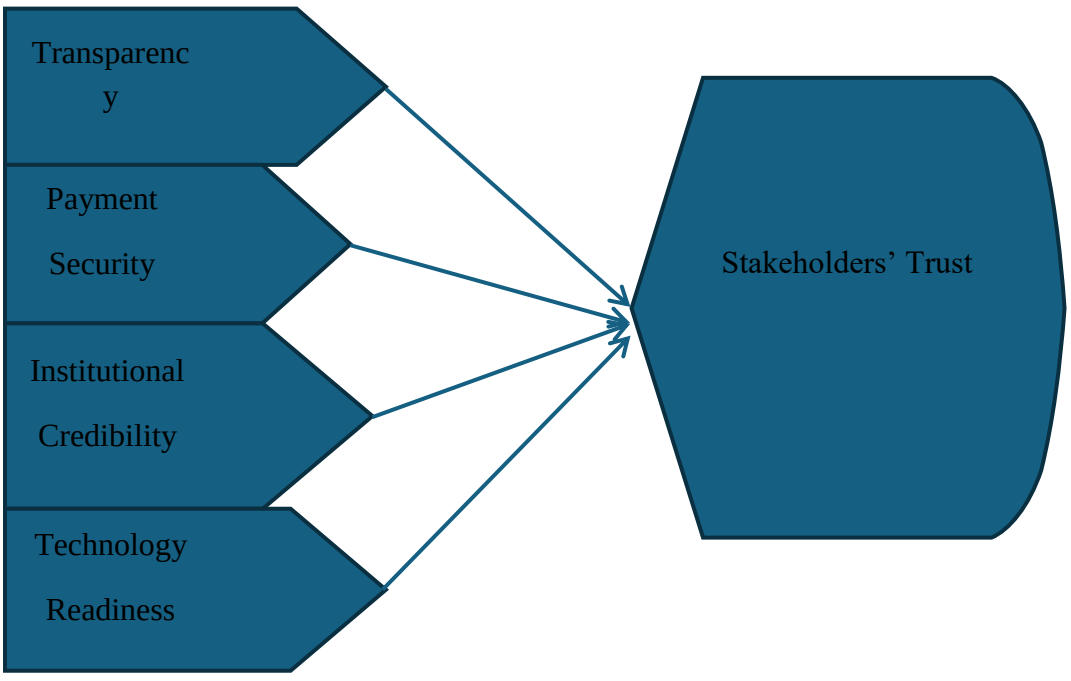
So far there are no studies on digital escrow adoption in regard to stakeholder trust in contract transactions within Ethiopian Document Authentication and Registration Services (DARS). The existing literatures are largely focused on general e-payment adoption, legal gaps in e-commerce, and trust issues in digital transactions. While DARS has integrated digital modernization to its workflow, there is no structural evidence that enhance stakeholders’ trust with payment exchange mechanism.

This creates a huge gap in addressing trust issue without evaluating the existence of current stakeholders' trust. This research gap exists in spite of the promising legal infrastructure of the electronic transaction proclamation No.1205/2020. This proclamation provides legal validity to electronic contracts and digital signatures within Ethiopian courts. This study fulfill the gap by laying the foundation on how escrow technology impacts stakeholders' trust in Ethiopian contract transaction landscape and open the door for further initiatives.

2.5 Conceptual framework of the study

The conceptual framework is grounded in theoretical and empirical literature rather than researchers' opinions. Drawing on Transaction Cost Economics, Institutional Trust Theory, Trust Transfer Theory, and UTAUT the framework recognizes transparency, payment security, institutional credibility, and technology readiness as independent variables influencing stakeholders' trust in contract transactions. Digital escrow is conceptualized as a potential operational mechanism. Empirical evidences viewed in previous sections also supports the hypothesized direct relationships between stakeholders trust in contract transactions and the variables.

Figure 2.1: conceptual Framework of the Study.



CHAPTER THREE: RESEARCH METHODOLOGY

This chapter covers how this study is structured and carried out in the study population. It covers the overall design and approach; the types of data gathered and the methods the researcher used to collect and analyze the findings of the study.

3.1. Description of the study

The study was conducted in Addis Ababa within four branches of Document Authentication and Registration services (DARS). The research setting mainly focuses contracting parties. It also follows the normal transaction process and incorporated all the intermediaries that facilitate the process directly or indirectly to capture comprehensive view. The main branch of DARS located around Lideta, Addis Ababa is included the study's setting. Kera, Luncha, and Sidist Kilo branches were the other branches in the setting. The study focus was on stakeholders' trust in contract transactions.

3.2. Research Design

Saunders et al. (2019) define a research design as a general plan of how a researcher will answer the research question, acting as the procedure for data collection and analysis. The study had an explanatory and Descriptive research design. The descriptive design looks on the current workflow and all the information on the ground. Explanatory research design was used to discover the relationships between variables being studied. This dual approach ensured methodological strength and aligned with the study's conceptual framework and hypotheses, making it uniquely suited for analyzing both the current state and the anticipated impact of digital escrow mechanisms in Ethiopia's public contract authentication system.

3.3. Research approach

The study used a quantitative research approach. The researcher chose this approach for this study because it allows to analyze wide range of data and understand how digital escrow impact stakeholders' trust in the study population. A quantitative data enables the researcher to run statistical tests to prove whether digital escrow actually impact stakeholders' trust. This approach removes personal bias from the findings and allows the study to test specific hypotheses directly

and ensures the results can be generalized to the wider DARS community. (Creswell 2009, William M.K et al 2006)

3.4. Population and sampling techniques

3.4.1. Target Population

In research, a population represents the whole group of individuals or elements that a study plans to draw conclusions about the findings (Cooper & Schindler, 2003**)**.

The target population covers three groups of stakeholders that interact with the Documents Authentication and Registration Service (DARS) in contract related activities. The first group is the contracting parties, which mainly comprised of buyers and sellers. The second group is intermediaries that facilitate the contract process. These include DARS operational staff, document writers, brokers, and bank employees. The last group of people is consisted from the general public. Data were gathered from each separate group and evaluated separately

3.4.2. Sampling procedure

The study was used a different stage probability sampling procedures that combined with purposive Sampling for specific stakeholders. As a result, four branches in Addis Ababa; each from Lideta, Kera, Luncha and sadist Kilo were selected which regularly handle large volumes of contract verifications. The research used stratified random sampling to select participants and ensuring the final sample accurately whether representing the distinct stakeholder groups needed to analyze these determinants. The participants fell into three groups. Simple random sampling was used for each group to choose eligible participants. This step reduces selection bias and ensures the results represent the broader DARS community.

3.4.3. Sample size

Cochran's (1977) formula was used to determine a statistically representative sample size for this study. The initial sample size is calculated below:

$$n_o = \frac{(Z^2 \times p \times q)}{e^2}$$

Where:

n_0 = the total sample size, z = Z-score (1.96), p = proportion q = 1-p**,** and e =is error)

Substituting the study values:

$$n_0 = \frac{(1.96)^2 \times 0.5 \times (1-0.5)}{(0.05)^2} = 384.16 \approx 384$$

To minimize error and ensure reliable results, the sample size was designed to provide adequate statistical power for hypothesis testing (Bryman & Bell, 2015; Saunders et al., 2019). This depth of data validates the study's quantitative insights while keeping the margin of error low. Consequently, the empirical findings accurately reflect the broader DARS stakeholder community.

The stratification process utilized a proportionate approach to ensure that the sample configuration mirrors the operational reality of the DARS ecosystem. Sampling weight was heavily skewed toward primary users, with 70% of the total sample allocated to contracting parties. While the intermediaries received a 20% allocation, the remaining 10% was reserved for the general public in the intention of capturing societal to capture perspectives (Cochran, 1977; Saunders et al., 2023).

3.5. Data Sources

3.5.1 Primary sources of data

Primary data were collected directly from stakeholders engaged in contract transactions. These included contracting parties, intermediaries including DARS staff, and members of the general public. The target population was selected because of their direct participation in the transaction process and for their societal perceptions of contract transaction. This study used primary data gathered by the researcher through structured questionnaires. The questionnaires were close ended with prepared answer choices to ensure consistency across responses national banking regulations, and internal reports tracking the platform's impact on trust.

3.5.2 Secondary sources of data

Secondary data were obtained from both published and unpublished materials, including academic journals, books, institutional reports, government publications, and prior empirical studies related to trust, digital escrow, public institutions, and technology enabled transactions. These sources provided the theoretical grounding for the study, guided variable selection, and supported the development of the research instrument.

3.6. Data collection tools

To collect data efficiently from our large sample, we used a questionnaire as our primary research tool. Questionnaires offer the scalability needed to handle a large volume of respondents quickly. We chose a self-administered approach, meaning participants filled out the forms independently, allowing them to answer at their own pace without interviewer bias. The necessary help was given in any part of filling and some technical words were also explained.

The questionnaires designed in a five-point Likert scale measurement that measured with five response categories ranging from strongly agree to strongly disagree (Likert 1932). The first part of the questionnaire collects background information to assess the demographic and professional profiles of the respondents. The second part questions were taken from existing literature to measure the core variables of the study.

3.7. Model Specification

Model specification concerns deciding exactly which independent variables belong in a regression equation, and which should be left out (Allen, 1997). As a rule, building a regression model must rely first on theory, rather than relying strictly on data patterns or methodological weakness. A multiple regression model serves as a formal theoretical claim by mapping out the causal connections between the chosen independent variables and the dependent variable (Yiming et al., 2023).

To test these relationships, the researcher build the baseline regression model presented showed below. Several studies across different fields (Williamson, 1985; North, 1990; Fukuyama, 1995; Pavlou, 2003; Venkatesh et al., 2003; Kim et al., 2008; World Bank, 2017) used this model.

Stakeholders' Trust = a + ß$_1$ (transparency) + ß$_2$ (payment security) + ß$_3$ (institutional credibility) + B$_4$ (technology readiness) + e_i

Where,
a - is a constant
ß1. ß12, ß3and ß4 represent the coefficient and
e_i - the error term

3.8. Method of Data Analysis

The study analyzed the quantitative data gathered from the survey using IBM SPSS Statistics (Version 26). First, descriptive statistics specifically frequencies and percentages were calculated to profile the sample characteristics. To ensure the survey instruments were reliable, we calculated Cronbach's alpha coefficients for internal consistency. Next, we used Pearson correlation coefficients to map out the baseline relationships between the digital escrow variables and stakeholder trust. Finally, we deployed an Ordinary Least Squares (OLS) multiple regression model to evaluate the predictive power of our independent variables, after verifying that the dataset satisfied all standard diagnostic assumptions**.**

3.9. Reliability and Validity

3.9.1 Reliability

To evaluate reliability, this study focuses on internal consistency. This step checks how uniformly participants answer different questions within the same multiple-item Likert scale. If the items are consistent, it proves they are all accurately measuring the same underlying concept.

Since all items within a specific scale are designed to reflect the same underlying principle, respondent's scores on these items should naturally correlate with one another. To measure this consistency, the study relies on the Cronbach's alpha standard. While a threshold of 0.70 or higher is widely accepted as an indicator of strong internal consistency (Cohen et al., 2010), a value above 0.60 is also deemed acceptable for some dimensions based on foundational measurement principles (Cronbach, 1951).

As shown in table 3.1 below all the variables are above 0.7 Cronbach Alpha and reliability is maintained except the institutional credibility construct which recorded a Cronbach's alpha value of 0.633. Although this is slightly below o.7 alpha values there are some researches showing that Cronbach's alpha is highly sensitive to scale length often yielding lower scores for shorter instruments (DeVellis, 2017; Hair et al., 2010). Because of the study's shorter scale measure and the minimal deviation amount, the result can be acceptable. Some literatures also support reliability coefficient above 0.60 when studying new or highly specific topics like digital escrow system. (Hair et al., 2010; Malhotra, 2010)

Therefore, institutional credibility scale was kept since its reliability score shows enough internal consistency for this type of new topic research.

Table 3.1 *Alpha coefficient for each variable section of the questionnaire*

No	Variable	Item quantity	Alpha value
1	Transparency	4	0.717
2	Payment security	5	0.706
3	Institutional credibility	4	0.633
4	Technological Readiness	8	0.818
5	Stakeholder trust	11	0.735
6	Over all reliability	32	0.806

Source: SPSS OUPUT 2026

3.9.2 Validity

Validity in a simple word means making sure all the measurement tools actually track the specific factors that set out to study. While other forms of validity rely on statistical tests, content validity is purely qualitative. The researcher ensured this by mapping every question in the survey directly back to the underlying concepts found in the literature review. Hence the researcher established this by thoroughly evaluating each questionnaire item against the conceptual definitions developed in the literature review. Pretesting was also conducted with a small group of respondents. This allows the researcher to catch ambiguities and refine the questions before the final step. (Zikmund et al, 2013).

3.10. Ethical Consideration

Data collection for this study adhered strictly to standard academic ethical guidelines regarding participant privacy and informed consent. Before administering the survey, participants were notified that the questionnaire forms part of a master's thesis and that involvement was entirely voluntary. The research protocol expressly permitted respondents to skip questions or withdraw from the study at any point without penalty. Finally, all individual datasets are securely stored to guarantee confidentiality, with the aggregated results reserved exclusively for academic analysis.

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

4.1 Introduction

This section dives into the survey data to analyze how digital escrow mechanisms influence stakeholders' trust on the ground. The researcher begins by presenting the participant response rates alongside basic demographic profiles and descriptive statistics. Next, hypothesis testing verifies whether statistical evidence supports or rejects predicted relationships.

4.2 Response Rate

Data was gathered from 384 questionnaires distributed to the target participants. Of these, 320 completed and returned the questionnaire. With response rate of 83.3% it is considered to be eligible for final analysis (Baruch & Holtom, 2008). The response rate in this study provides a reliable basis for following statistical analysis.

4.3 Demographic Characteristics of Respondents

4.3.1 Gender Distribution

As shown in Table 4.1, the sample consists of 60.0% male respondents (n = 192) and 40.0% female respondents (n = 128)),

Table 4.1: *Gender of the respondents*

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	192	60.0	60.0	60.0
	Female	128	40.0	40.0	100.0
	Total	320	100.0	100.0	

Source: SPSS output of own survey, 2026

4.3.2 Age Distribution of Respondents

As shown in Table 4.2, respondents aged 36 to 45 form the largest group , accounting for 40.9% (n = 131)) of the total study population. The second largest group falls within the 26 to 35 age bracket at 25.6% (n = 82). The rest of the respondents are between age 46 and older at 16.9% (n

= 54)). Those under 26 at 16.6% (n = 53). These findings indicate that over two-thirds of the study participants are aged 26 to 45 years.

Table 4.2: *Age range of the respondents*

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25 years	53	16.6	16.6	16.6
	26–35 years	82	25.6	25.6	42.2
	36–45 years	131	40.9	40.9	83.1
	46–55 years	54	16.9	16.9	100.0
	Total	320	100.0	100.0	

Source: SPSS output of own survey, 2026

4.3.3 Educational Attainment of Respondents

Table 4.3 outlines the formal educational backgrounds of the study participants. Bachelor's degree holders (BA/BSc) form the largest percentage accounting for 61.9% (198) of the total study population. This group was followed by vocational or technical diplomas, who represent 21.6% (69) of the study participants. Respondents with a secondary school education comprise 10.0% (32), while those holding postgraduate degrees (Master's or PhD) make up the remaining 6.6% (21)) respondents.

This finding demonstrates that the most of the study population holds a formal university degree or a specialized higher education credential. It indicates that the sample population has the necessary knowledge to grasp the legal, structural, and operational complexities of the system. As a result, this strong educational foundation minimizes potential biases stemming from a lack of survey comprehension.

Table 4.3 *Level of Education Attended*

Highest Educational Level:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	secondary	32	10.0	10.0	10.0
	Diploma	69	21.6	21.6	31.6
	Bachelor	198	61.9	61.9	93.4
	Masters/PHD	21	6.6	6.6	100.0
	Total	320	100.0	100.0	

Source: SPSS output of own survey, 2026

4.3.4 Frequency of Using Contract Authentication Services

The survey investigated the respondents' frequency of utilizing contract authentication services alongside their primary operational roles in DARS. According to the survey data, just over half of the respondents 50.9% frequently interact with DARS services, while 38.8% use them on an occasional basis. The remaining 10.3% represents a highly specialized segment of the sample that relies on the DARS platform as a daily, core component of their professional work.

Buyers and sellers constituted 72.5% of the study participants in terms of stakeholder distribution whereas DARS staff accounted for 11.9%, brokers and contract writers represented 7.5%, and the remaining 8.1% comprised financial institution employees and members of the general public.

Table 4.4: *Respondents' Frequency of Using Contract authentication service*

How often have you used contract authentication services?

	Frequency	Percent	Valid Percent	Cumulative Percent
sometimes/occasionally	33	10.3	10.3	10.3
often/frequently	124	50.9	38.8	49.1
Regularly as part of my professional activities	163	38.8	50.9	100.0
Total	320	100.0	100.0	

Table 4.5: *Primary Role of Respondents*

What is your primary role in contract transactions?

	Frequency	Percent	Valid Percent	Cumulative Percent
Buyers/Sellers	232	72.5	72.5	72.5
DARS Staff	38	11.9	11.9	84.4
Broker / Contract Writer	24	7.5	7.5	91.9
Banker / Financial Institution	11	3.4	3.4	95.3
General public	15	4.7	4.7	100.0
Total	320	100.0	100.0	

Source: SPSS output of own survey, 2026

4.3.5 Respondents' Level of Experience with Digital Payments

The study evaluated the extent of experience respondents regarding digital payment systems. As shown in table5 49.7% of the study population falls into the medium experience category, while 36.9% response rate was high level of expertise with digital transaction tools. In contrast, only a small respondent, just 13.6% of the study populations report a low level of experience. This indicates that while the vast majority of stakeholders are familiar in using digital financial environments along with a small but notable study participants are not familiar with digital payment system.

Table 4.6: *Respondents Level of Experiences on Digital payments*

Level of Experiences on Digital payments

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low	43	13.4	13.4	13.4
	Medium	159	49.7	49.7	63.1
	High	118	36.9	36.9	100.0
	Total	320	100.0	100.0	

Source: SPSS output of own survey, 2026

4.4 Descriptive Statistics

The research analyzed the descriptive statistics of the findings of the dependent and the independent variables. For the easiness of result presentation, the aggregate mean and standard deviation scores of each variable are summarized in table 4.7. Four independent variables were assessed for effect on stakeholder trust within the study population. Payment Security occurred

as the main factor, yielding a high mean score of 4.15 and a standard deviation of 0.57. Transparency followed by a mean score of 4.02 with an SD 0.682. All the other independent variables values scored mean values of greater than 3.0. Indicating all the variables were agreed with the requested items. For the same reason, the low standard deviation stayed minimal for response variability across all groups showing that no outliers have occurred throughout the study.

To interpret the mean scores obtained from the 5-point Likert scale (ranging from 1 = Strongly Disagree to 5 = Strongly Agree), the overall mean values were categorized into five distinct interval levels. The class interval width of 0.80 was calculated using the formula:

$$\text{Internal Width} = \frac{Maximum\ Value - Minimum\ Value}{Number\ of\ Levels} = \frac{5-1}{5} = 0.80$$

Based on this interval calculation, the mean scores were evaluated according to the criteria presented in Table 4.7.

Table 4.7*: Interpretation Criteria for Mean Scores*

Mean Range	Interpretation Level	Degree of Agreement
1.00 – 1.80	Very Low	Strongly Disagree
1.81 – 2.60	Low	Disagree
2.61 – 3.40	Moderate	Neutral
3.41 – 4.20	High	Agree
4.21 – 5.00	Very High	Strongly Agree

Table 4.8: *Comparison of mean and standard deviation amongst variable factors*

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Transparency	320	2	5	4.02	.682
Payment security	320	3	5	4.15	.557
Institutional Credibility	320	2	5	3.44	.659
Technological Readiness	320	2	5	3.23	.666
Stakeholder Trust	320	3	5	4.16	.418

Source: SPSS output of own survey, 2026

Table 4.8 presents the comparative summary of descriptive statistics; including sample size (N), minimum, maximum, mean, and standard deviation across all evaluated study variables (N = 320). Overall, respondents demonstrated high agreement across most key dimensions. Among the independent and core factors, Stakeholder Trust recorded the highest overall mean (M = 4.16, SD = 0.418), indicating a high level of overall trust among respondents. This was closely followed by Payment Security (M = 4.15, SD = 0.557) and Transparency (M = 4.02, SD = 0.682), both falling securely within the high agreement category (3.41 – 4.20) Institutional Credibility also registered a high mean rating (M = 3.44, SD = 0.659). In contrast, Technological Readiness yielded the lowest mean score (M = 3.23, SD = 0.666), placing it at a moderate level (2.61 – 3.40). The lower standard deviation across all constructs (ranging from 0.418 to 0.682) indicates low variability and high consensus among the respondents regarding these perceptions.

Table 4.9: *Mean and Standard deviation of Transparency*

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
I believe the current manual document authentication process lacks transparency.	320	3	5	4.30	.693
I worry about the security of my funds and documents during manual contract transactions.	320	1	5	3.89	1.078

A digital escrow system that provides real-time tracking of funds will assure my trust in the process.	320	2	5	4.07	.771
I believe DARS is capable of managing a digital escrow platform	320	2	5	4.06	.784
Valid N (listwise)	320				

Source: SPSS output of own survey, 2026

Overall, items within this variable yielded mean scores ranging from 3.89 to 4.30, reflecting high to very high agreement levels among respondents. The standard deviations ranged between 0.693 and 1.078, indicating consistent agreement across the evaluated items. These results demonstrate that stakeholders perceive significant transparency gaps in manual procedures while expressing strong confidence in a digital escrow solution.

Table 4.10: *Mean and Standard deviation of Payment Security*

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
A digital escrow system provides better security for payments than traditional, in-person cash transactions.	320	2	5	4.43	.722
I believe the DARS agency is capable of managing a digital escrow platform	320	2	5	4.06	.784
The escrow system protects me from the seller/buyer not fulfilling their contractual obligations.	320	3	5	4.30	.693
I trust the digital escrow platform to protect my sensitive financial and personal information from unauthorized access.	320	2	5	4.07	.771
I believe the digital escrow system reduces the risk of fraudulent activities compared to traditional direct payments	320	2	5	4.06	.784
Valid N (listwise)	320				

Source: SPSS output of own survey, 2026

Table 4.10 summarizes the descriptive statistics for the Payment Security variable (N = 320). Overall, items measuring this construct yielded mean scores between 4.06 and 4.43, representing high to very high levels of agreement among respondents. Standard deviations ranged tightly from 0.693 to 0.784, reflecting strong stakeholder consensus regarding the enhanced payment security offered by a digital escrow system compared to traditional methods.

Table 4.11: *Mean and Standard deviation of Institutional credibility*

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
I believe the office will protect my assets and private information.	320	1	5	3.33	1.097
The office is reliable in resolving disputes arising from documentation discrepancies.	320	2	5	3.59	1.004
I trust the legal standing of digital documents authenticated by this office.	320	2	5	3.54	.905
The staff at the office are capable of managing the transition from manual to digital authentication	320	1	5	3.27	.941
Valid N (listwise)	320				

Source: SPSS output of own survey, 2026

Table 4.11 presents the descriptive statistics for the Institutional Credibility construct (N = 320). Overall, items measuring this variable yielded mean scores ranging from 3.27 to 3.59, spanning moderate to high agreement levels. Standard deviations ranged between 0.905 and 1.097, indicating slightly higher variability in respondent perspectives compared to other constructs. These findings demonstrate that while stakeholders generally view the institution's legal standing and dispute resolution positively, perceptions regarding staff readiness for digital transition and asset protection remain moderate.

Table 4.12 *Mean and Standard deviation of Technological Readiness*

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
The Authentication Service office is honest and transparent in its dealings with customers.	320	2	5	3.02	.826
I believe the office will protect my digital assets and private information.	320	1	5	3.26	1.035
The office is reliable in resolving disputes arising from digital documentation discrepancies.	320	1	5	3.32	1.094
I trust the legal standing of digital documents authenticated by this office.	320	2	5	3.46	1.010
The staff at the office are capable of managing the transition from manual to digital authentication	320	1	5	3.19	.908
The staff at the office are capable of managing the transition from manual to digital authentication	320	1	5	3.27	.941
The current system’s interface is user-friendly and intuitive.	320	1	5	3.17	.914
I believe the technology required to use this system is ready and available to.	320	1	5	3.12	.839
The current system provides clear instructions for navigating the process	320	1	5	3.35	1.000
Valid N (listwise)	320				

Source: SPSS output of own survey, 2026

Overall, the items measuring Technological Readiness construct generated mean scores ranging from 3.02 to 3.46, reflecting moderate to high agreement levels among respondents. The standard deviations ranged between 0.826 and 1.094, indicating consistent spread across response items. These findings suggest that while stakeholders generally recognize the core legal and operational framework, perceptions regarding system usability, technological availability, and user interface guidance remain predominantly at a moderate level.

Table 4.13: *Mean and Standard deviation of Stakeholders' trust*

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
I trust the digital system to securely store sensitive contract data.	320	1	5	4.24	.744
The implementation of a digital system will improve my overall trust in the Document Authentication and Registration service	320	2	5	4.13	.854
A digital escrow system will increase my confidence in completing high-value contracts online.	320	2	5	4.43	.722
I believe an escrow system will effectively reduce the risk of fraud in digital registration services.	320	3	5	4.30	.693
The use of a trusted third-party escrow makes me to use electronic platforms for contract registration.	320	2	5	4.10	.768
I trust that my funds are secure when held by an escrow service until document authentication is complete.	320	1	5	3.89	1.078
I trust that digital escrow ensures fairness to both buyers and sellers during registration processes	320	2	5	4.26	.708
I believe a digital escrow system ensures secure, unauthorized-access-free transaction	320	2	5	4.07	.771
I believe my data/documents would be securely protected during the digital escrow process.	320	2	5	4.06	.784
I trust that digital escrow ensures the legal authenticity of documents in Ethiopia.	320	1	5	4.12	.805
I feel confident that a digital escrow system would fairly mediate in case of contract disputes.	320	2	5	4.20	.782
Valid N (listwise)	320				

Source: SPSS output of own survey, 2026

Overall, items measuring this dependent variable yielded mean scores between 3.89 and 4.43, reflecting high to very high levels of agreement among respondents. Standard deviations ranged tightly from 0.693 to 1.078, demonstrating a strong, consistent consensus among stakeholders regarding the overall security, legal authenticity, and institutional fairness expected from a digital escrow system at DARS.

4.5 Correlation Analysis

The researcher evaluates the strength and direction of the linear relationships between the study's variables using bivariate Pearson correlation analysis. As it has been revealed by Pallant, (2020) this zero order correlation approach gives a standardized coefficient (r) ranging from -1.00 to +1.00. This reflects either a perfect negative or perfect positive linear association. It also shows how each independent factor co-varied with the primary dependent variable of stakeholder trust. Annex 2 detailed the overall correlation matrix of the statistical outputs.

4.5.1 Regression Assumptions

The researcher carried out checking to ensure the collected data meet the standard assumptions of Ordinary Least Squares (OLS) before running the regression analysis performed. The data was checked for normality, linearity, multicollinearity, homoscedasticity, and the independence of error terms. Result showed that all five assumptions were satisfied. The residual distributions closely followed a normal curve, and the relationships between the independent variables and the dependent variable were linear. There were no signs of multicollinearity among the predictors that every Variance Inflation Factor (VIF) remained well under the threshold of 10, and tolerance scores remained safely above 0.1 respectively.

In addition, the Durbin-Watson statistic came out to 1.781 falls comfortably well within standard limits. This confirms that the error terms are not auto correlated. Finally, the residual scatterplots showed a random, even dispersion of data points indicating that stable variance across the entire model.

These results show that the data is clean and ready for multiple linear regression analysis. (Annex 2).

4.6.2. Regression Model Summary

As shown in Table 4.12, the R^2 value of 0.808 indicates that the independent variables explain 80.8% of the variation in stakeholders' trust.

Table 4.14: *Regression model summary*

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.899[a]	.808	.806	.18390	1.781

a. Predictors: (Constant), TECHREADALL), TRANSPALL, INSTCRDBTYALL AYMNTSECALL

b. Dependent Variable: COMPUTE STHHOLDDTRUSTALL=

Source: SPSS output of own survey, 2026

The researcher used stakeholder trust as primary dependent variable, testing it against the four digital escrow system metrics. The statistical output summarized in Tables 12 and 13 establishes clear relationships (R^2, 0.808, F = 332.2 and p < .0.01). This strong model fit ensured that the independent variables of the study work together to directly influence trust in the study population

Table 4.15: ***ANOVA F Test***

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	44.953	4	11.238	332.299	.000[b]
	Residual	10.653	315	.034		
	Total	55.607	319			

a. Dependent Variable: COMPUTE STHHOLDDTRUSTALL

b. Predictors: (Constant), TECHREADALL, TRANSPALL,INSTCRDBTYALL, PAYMNTSECALL

Source: SPSS output of own survey, 2026

4.5.3 Effect Relationship

Unstandardized coefficients (Beta values) were used to determine the relative importance of each independent variable in predicting stakeholder trust (Pallant, 2005). The relationship is defined by the following regression equation:

Stakeholders' Trust = a + ß$_1$ (transparency) + ß$_2$ (payment security) + ß$_3$ (institutional credibility) + B$_4$ (technology readiness) + e$_i$

The study examined how four features of digital escrow systems influence stakeholder trust. According to the data in Tables 14 and 15, these features are highly effective at predicting the stakeholders, trust (R2 = 0.808), (F = 332.2), (P < .001) so we can conclude that the model works very well, as the combined digital escrow variables strongly linked to stakeholder trust**.**

The results in Table 16 reveal that payment security has the most critical impact on stakeholders' trust, with a dominant coefficient of (beta = 0.887).

Table 4.16: *Regression coefficients*

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.284	.102		12.539	.000
	Transparency	.009	.016	.014	.541	.589
	Payment security	.665	.020	.887	32.830	.000
	Institutional Credibility	.017	.016	.027	1.078	.282
	Technological Readiness	.007	.016	.012	.473	.637

Dependent Variable: Stakeholders' trust

Source: SPSS output of own survey, 2026

The coefficient values show both the magnitude and the direction of the relationship. Positive signs indicate a direct relationship, while negative signs show an inverse relationship. The unique contribution of each independent variable was assessed by unstandardized coefficient (B), standardized beta coefficients, t values and the significance level (p < 0.05). Higher absolute value with lower p values demonstrates significant effect (Pallant, 2005).

Consequently, the researcher tested the proposed hypotheses using the regression results based on the direction of the beta coefficient t-value, and the *p*-value. p < 0.05, Hypotheses are interpreted statistically supported. The following presentation below interprets the findings of the research beside the initial hypotheses. The proposed hypotheses were evaluated by analyzing the direction and magnitude of the beta coefficients alongside the corresponding t-values and p-values. It used threshold of p < 0.05 to determine whether the data statistically supported each

hypothesis. The data weighs directly against the study initial research hypotheses and to contextualize the findings.

The first hypothesis tested in this study was:

H1: Transparency has a positive and significant effect on Stakeholders' trust.

When evaluating the relationship between transparency and stakeholders' trust within the study population, the relationship was evaluated and **it was not statistically significant**. The p- value fails to meet the required 0.05 significance limit. It was 0.589, even though the transparency recorded with beta 0.01and t value 0.541. Although transparency has a positive beta coefficient with the hypothesized direction, it does not have a statistically significant impact on stakeholders' trust in the study population.

Consequently, H1 is rejected.

The second hypothesis tested in this study was:

H2: Payment security exerts a positive and significant effect on Stakeholders' trust.

The empirical results provide strong validation for Hypothesis 2, confirming that payment security exerts a dominant positive influence on stakeholder trust. Within our structural model, payment security emerged as the most critical predictor of stakeholders' trust (beta = 0.887, $p < 0.001$)). The analysis indicates that stakeholder trust is highly volatile, fluctuating dramatically in response to financial safety perceptions. This finding reflects the unique baseline element of a digital escrow system.

Hence, H2 is supported.

The third hypothesis tested in this study was:

H3: Institutional credibility has a positive and significant effect on Stakeholders' trust.

The empirical results fail to support Hypothesis 3, demonstrating that institutional credibility does not significantly influence stakeholder trust within this framework (beta 0.027, P value 0.28). Even if a marginal connection existed, the observed effect size is statistically negligible.

This indicates that regulatory endorsements and the formal reputation of the provider carry far less weight for this population than credibility of the institution.

As a result, H3 is rejected.

The last hypothesis tested in this study was:

H4: Technological Readiness has a positive and significant effect on Stakeholders' trust.

Technological readiness presented no significant impact on stakeholder trust with beta 0.012 and p value of 0.637. As a result **H4 is rejected**. This suggests that stakeholders' willingness or capability to adopt new technology has less influence on stakeholders' trust. While technological readiness usually drives how quickly people embrace new systems, building trust in a digital escrow environment relies strictly on practical transaction security rather than the stakeholder's technical comfort level.

Overall, the regression analysis supported only H2, confirming that payment security is the only significant contributor of stakeholder trust. In contrast, **H1, H3, and H4 were rejected**. While all have a positive relationship, the relationships failed to reach statistical significance implying that they do not actively shape stakeholders' trust in DARS contact transactions process.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary of findings

As a neutral tool for building transactional trust digital escrow systems have expanded globally. To evaluate how this system impact stakeholders' trust, field surveys were administered across four regional Documents Authentication and Registration Service branches in Addis Ababa. Out of 384 structured questionnaires distributed to target stakeholders, the study successfully retrieved 320 fully completed and valid responses. This strong field engagement translates into a final response rate of 83.3%, providing a strong dataset for the subsequent quantitative analysis.

Demographically, the sample profile leans heavily toward young adult males holding undergraduate degrees, good education level that ensured a clear comprehension of the survey items. A significant majority of the participants also demonstrated high digital payment literacy. Regarding their operational interactions with DARS, just over half of the respondents (50.9%) were frequent users, 38.8% engage with the service occasionally, and 10.3% consists of professional actors who use the service as a routine basis.

The descriptive analysis identifies payment security as the most critical variable that impact stakeholders' trust yielding the highest mean score of 4.15 (SD = 0.557). Transparency was the second highest dimension registering a mean score of 4.02 (SD = 0.682). Overall average was above the mean score value of 3.0, showing a good agreement among respondents and low variance in their answers in the study populations.

The study demonstrated a high internal consistency across 32 Likert items, achieving a good Cronbach's Alpha value (alpha = 0.806). This fulfills the 0.70 reliability threshold. Multiple regression analysis revealed that payment security has a positive and statistically significant impact on stakeholder trust. Conversely, transparency, institutional credibility, and technology

readiness demonstrated positive but statistically insignificant contributions to building stakeholders trust within the study population.

5.2 Conclusion

Even though researches on Ethiopian digital platforms are increasing, a clear gap remains regarding how the influence of digital escrow systems affects stakeholders' trust in contract transactions at DARS. This study bridges this gap and clears the path for further initiatives regarding digital escrow. The data indicates that payment security impacts stakeholders' trust the most, while transparency, institutional credibility, and technology readiness play minor roles. Ultimately, the success and value of digital escrow systems are fundamentally tied to secure payment mechanisms in the contract transaction process.

Integrating an escrow framework into the Documents Authentication and Registration Service (DARS) can fix current payment security issues by replacing slow, manual, and intermediary-dependent tasks with secure automated cross institutional transactions. This shift is crucial for major legal agreements and the overall contractual process. However, building this digital escrow setup will likely face major hurdles. Regulatory uncertainty, weak infrastructure, and a lack of technical expertise are going to be the likely challenges.

Overcoming these obstacles requires close collaboration among stakeholders including policymakers, financial service providers, tech developers, and different government authorities. By implementing strict security protections, DARS can successfully move away from traditional, bank dependent processes toward a strong system based setup that builds trust on stakeholders. This modernization will ultimately reduce fraud, streamline contract enforcement, and speed up the digital transformation of Ethiopia's authentication services.

5.3 Recommendations

Based on these research findings, the research proposes the following recommendations:

1. Payment security is the primary driver of trust among contractual parties. DARS should allocate resources towards transaction security enhancing mechanisms. This includes the adoption digital escrow system as its core benefit of the tool payment safety.

2. Since DARS main mandate is to authenticate and register contractual agreement, the payment security gap between parties would not be filled by its institutional reform alone. This need cross-institutional collaboration with financial institutions to embed digital escrow system within existing workflow. Testing the system within a few selected financial institutions first ensures smooth technical integration.
3. Financial institutions must see this gap as an opportunity and add digital escrow to their product list. This not only fulfills stakeholders' payment issues but also maximize their profit. As we are in dynamic technological era first mover's advantage must always be taken to consideration.
4. Government authorities should allocate resources to create awareness as the adoption of escrow is not only fulfills trust gaps. The traceability nature of digital escrow transaction resolves tax and administration issues.
5. Policymakers need to draft a comprehensive legal framework for digital escrow operations and draw clearly defined steps for handling contractual party's disagreements.

5.4 Suggestions for Future Research

The findings of this study offer key insights into how transparency, credibility, payment security, and technological readiness shape stakeholder trust taking escrow as a contextual tool at DARS. This research highlights several areas that require further exploration. Future studies should shift from cross-sectional data to a longitudinal design to track changes over time. Additionally, researchers should examine how evolving legal frameworks and stakeholder protection policies moderate trust. Future research should also compare trust dynamics in major urban hubs outside Addis Ababa against smaller regional business ecosystems. Digital escrow system is not yet implemented technology in DARS and these findings expose hidden operational challenges that future academic work must address. Furthermore, future researches are advised to adopt a mixed-methods approach, as it is essential to capture comprehensive understanding. As this study adopts only quantitative approach gathering qualitative data would help capture the distinct differences in trust perceptions among stakeholders.

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ANNEX ONE: QUESTIONNAIRE



ADDIS ABABA UNIVERSITY

College of Business and Economics Department of Digital Marketing

MSc Thesis Research Questionnaire

This questionnaire is designed to collect data for a Master's thesis research examining the effect digital escrow on stakeholders' trust at Documents Authentication and Registration Service. Your participation in this study is fully voluntary. The information you provide will be kept strictly confidential and will be used only for academic purposes. No personal identifying information will be collected. There is no right or wrong answers. Please respond honestly based on your experience and perception. The questionnaire will take approximately ten minutes to complete. Thank you very much for your valuable participation.

Section A: Demographic & Background Information

Instruction: - Please indicate your information with each statement. (Tick one)

1. **Gender**

   [ ] Male [ ] Female

2. **Age:**

   [ ] 18-25 [ ] 26-35 [ ] 36-45 [ ] 46-55 [ ] 56+

3. **Highest Educational Level:**

   [ ] Secondary [ ] Diploma [ ] Bachelor [ ] Master/PhD

4. **How often have you used contract authentication services?**

   [ ] Never [ ] Rarely [ ] sometimes/occasionally

   [ ] Often/frequently [ ] regularly as part of my professional activities

5. **What is your primary role in contract transactions?**

[ ] Buyer / Seller [ ] DARS Staff [ ] Broker / Contract Writer

[ ] Banker / Financial Institution [ ] General Public

6. **Level of experience with digital payments**

[ ] Low [ ] Medium [ ] High



Section B: Main questions

Please rate the following on a scale of 1-5 (1: Strongly Disagree, 5: Strongly Agree)

Statement	Agreement Scale				
	Strongy Disagree	Disagree	Neutral	Agree	Strongly Agree
	1	2	3	4	5
Transparency					
I believe the current manual document authentication process lacks transparency.					
I worry about the security of my funds and documents during manual contract transactions.					
A digital escrow system that provides real-time tracking of funds will assure my trust in the process.					
I believe DARS is capable of managing a digital escrow platform					
Payment Security					
A digital escrow system provides better security for payments than traditional, bank transactions.					
The escrow system protects me from the seller/buyer not fulfilling contractual obligations.					
The escrow system reduces the risk of identity theft during transaction registration.					
I trust the digital escrow platform to protect my sensitive financial and personal information from unauthorized access.					
I believe digital escrow system reduces the risk of fraudulent activities compared to traditional direct payments					
Institutional Credibility					
The Authentication Service office is honest and transparent in its dealings with customers.					
I believe the office will protect my assets and private Information					
The office is reliable in resolving disputes arising from documentation discrepancies.					

I trust the legal standing of the documents authenticated by this office.					
The staff at the office are capable of managing the transition from manual to digital authentication					
Technology Readiness					
The Authentication Service office workflow is honest and transparent in its deals with customers.					
I believe the office will protect my digital assets and private information.					
The office is reliable in resolving disputes arising from documentation discrepancies.					
I trust the legal standing of digital documents authenticated by this office.					
The staff at the office are capable of managing the transition from manual to digital authentication					
The current system's interface is user-friendly and intuitive.					
I believe the technology required to use this system is readily and available					
The current system provides clear instructions for navigating the process					
Stakeholders' Trust					
I trust the DARS system to securely store sensitive contract data.					
The implementation of a digital system will improve my overall trust in the Document Authentication and Registration service					
A digital escrow system will increase confidence in completing high-value contracts					
I believe an escrow system will effectively reduce the risk of fraud in digital registration services.					
The use of a trusted third-party escrow makes me to use electronic platforms for contract registration.					
I trust that my funds are secure when held by the escrow service until document authentication is complete.					
I trust that digital escrow will ensure fairness to both buyers and sellers during registration processes					
I believe a digital escrow system has the potential to ensure secure, unauthorized-access-free transaction					
I believe my data/documents would be securely protected during the digital escrow process.					
I trust that digital escrow has the potential to ensure the legal authenticity of documents in Ethiopia.					
I feel confident that a digital escrow system would fairly mediate in case of contract disputes.					

Thank you for your cooperation

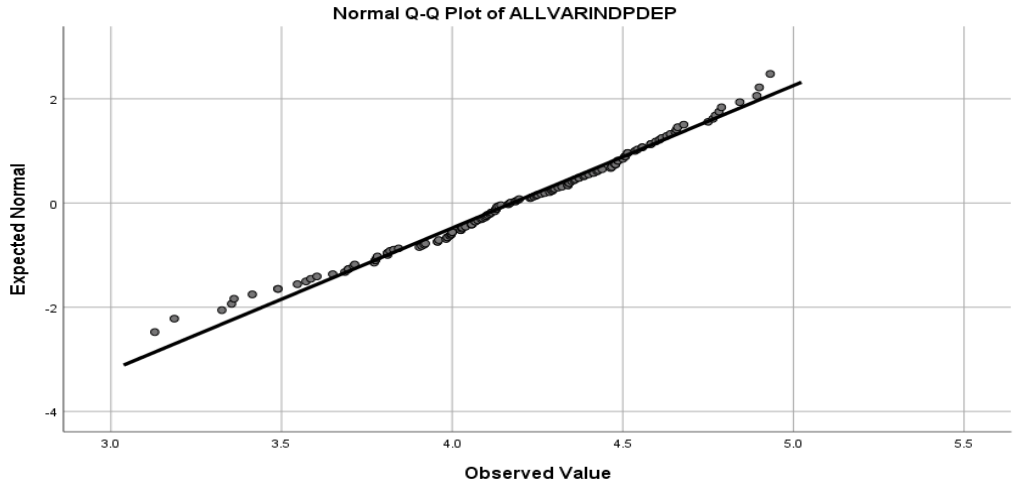
ANNEX TWO

Correlation Matrix

Correlations

		COMPUTE TRANSPALL=MEAN(TR1,TR2,TR3,TR8)	COMPUTE PAYMNTSECALL=MEAN(PS1,PS2,PS4,PS6,PS7)	COMPUTE INSTCRDBTYALL=MEAN(IR2,IR3,IR4,IR5,IR6)	COMPUTE TECHREADALL=MEAN(THCR1,THCR2,TCHR3,THCR4,THCR5,THCR6,TCHR7,THCR8)
COMPUTE TRANSPALL=MEAN(TR1,TR2,TR3,TR8)	Pearson Correlation	1	.354**	.261*	.261*
	Sig. (2-tailed)		.000	.2	.001
	N	320	320	320	320
COMPUTE PAYMNTSECALL=MEAN(PS1,PS2,PS4,PS6,PS7)	Pearson Correlation	.354**	1	.209**	.289**
	Sig. (2-tailed)	.000		.000	.03
	N	320	320	320	320
COMPUTE INSTCRDBTYALL=MEAN(IR2,IR3,IR4,IR5,IR6)	Pearson Correlation	.261*	.209**	1	.154**
	Sig. (2-tailed)	.001	.000		.04
	N	320	320	320	320
COMPUTE TECHREADALL=MEAN(THCR1,THCR2,TCHR3,THCR4,THCR5,THCR6,TCHR7,THCR8)	Pearson Correlation	.238*	.289**	.154**	1

NORMALITY



HOMOSCEDASTICITY



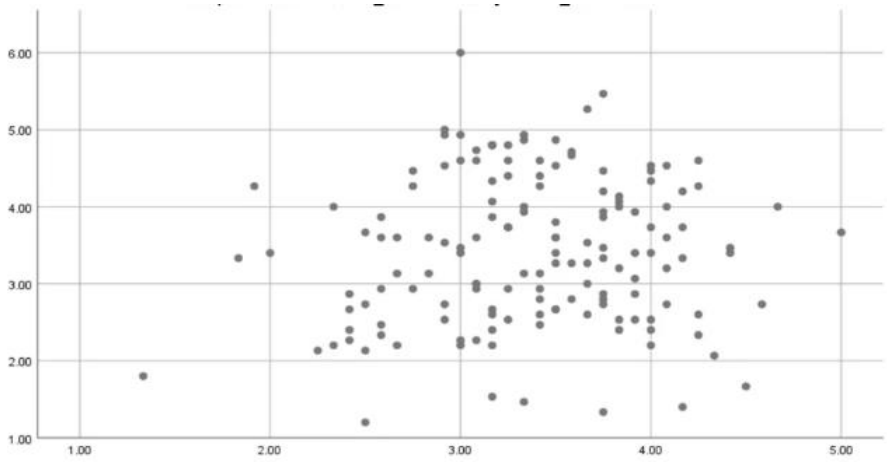
MULTICOLLINEARITY

Variables	Collinearity Statistics	
	Tolerance	**VIF**
Transparency	.870	1.150
Payment security	.834	1.199
Institutional Credibility	.938	1.066
Technological Readiness	.968	1.033

Source: SPSS output of own survey, 2026

Linearity

Scatter Plot



Autocorrelation

The Durbin-Watson statistic

Variables	***Durbin-Watson***
Model 1	***1.781***