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# **FACTORS AFFECTING THE ADOPTION OF AGENCY BANKING IN THE CASE OF COMMERCIAL BANK OF ETHIOPIA (CBE)**

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## **Abstract**

*Agent banking is a distribution channel for providing several banking services to the underprivileged people through banking agents without establishing any formal branches. Agent banking system was not well known for the banking industry of Ethiopian. It is therefore important to isolate the factors that affect agency banking in commercial bank of Ethiopia. The study tries to identify the factors that affect the adoption of agent banking. Therefore, the general objective of this study is to investigate the factors affecting the Adoption of Agency Banking in Commercial Bank of Ethiopia (CBE). To achieve the objective of the study descriptive research designs were used. For the study quantitative Data were collected through five point Likert scale questionnaires and qualitative date were collected through open ended questionnaires. The study targeted a total of 240 employees, 92 customers and 92 agents. However, only 198 respondents from employee, 78 respondents from agents and 80 respondents from customers responded and returned their questionnaires. Collected data was analyzed by using descriptive, correlation and regression analysis. Multiple regression analysis was conducted to test the influence among predictor variables. R square value is 0.341 which shows that, there is 34.1 % of variation in adoption of Agent banking due to Social and Cultural factors, Technological Factors, Economic Factors, Regulatory Factors and Environmental Factors. The study recommends that, the bank should make progress to strength its system quality by hiring highly qualified and committed Information System personnel and should strength its support system such as Information Communication Technology ICT infrastructure by working with relevant government.*

### **Key Words**

**Agent Banking, Technological Factors, Economic Factors, Regulatory Factors, Environmental Factors**

## **Acronyms**

CBE- Commercial Bank of Ethiopia

ICT- Information Communication Technology

NBE- National Bank of Ethiopia

ATMs: Automated Teller Machine

POS- Point of sale

TOE- Technology-Organization- Environment

KYC – Know Your Customer

# **Chapter one**

## **Introduction**

### **1.1 Background of the study**

A growing number of enterprises must contend with greater competition in today's globalized and dynamic commercial climate. The secret to maintaining a sustained competitive advantage in providing high-quality services that will ultimately lead to happy consumers is the fast-paced technical advancements and competitive business environment. Rapid technological advancement indicates that high-quality service is a key differentiator and source of competitive advantage (Dandena et al., 2020).

Agent banking is a method of distribution that uses banking agents to offer various financial services to the less fortunate without opening official branches. Agent banking offers a restricted range of deposit collecting, loan distribution, utility bill payment, cash transfer, and remittance services (Main Uddin & Sultana, 2019). Licensed institutions can hire third parties to provide specific banking services on their behalf through an arrangement known as agent banking. Under the agent banking model, banks offer financial services through non-bank intermediaries such as pharmacies, grocery stores, retail stores, post offices, and lottery outlets (Khartit, 2021). With its directive no. FIS/01/2012, the National Bank of Ethiopia (NBE), the financial sector's supervisor, has given guidelines for the operation of mobile and agent banking. The directive was released by NBE with the aim of enhancing financial inclusion and expanding financial sector accessibility for the unbanked people, particularly in rural areas that are geographically remote from areas with banking services. Ethiopian banks have been providing services to their customers outside of their branches by utilizing electronic banking via POS terminals and ATMs.

Now, they are implementing agent banking, which has been used in several nations, to improve accessibility and save expenses. According to various studies, agent banking has been used in Latin America, particularly in Brazil, and has since spread to other nations. Kenya is one of the African countries that has had the most success implementing agent banking (AFI, agent banking in Latin America).

The world of financial institutions like banks has changed as a result of the information technology industry's explosive expansion and innovations. Financial institutions are crucial in offering a variety of financial services, such as transferring surplus funds to those in need of funds to carry out various economic endeavors. In the financial industry, banks have historically been the main participants in mobilizing public funds for savings and lending to individuals in need. This is still the case in underdeveloped nations today, as alternative financial institutions are less developed than banks. Therefore, this study focuses on identifying the critical factors which influence the adoption of agency banking services by commercial bank of Ethiopia.

## **1.2 Statement of problem**

(Worku, 2010) claims that because Ethiopia's banking sector is still in its infancy, it is imperative that plans for capacity building be put in place and that the financial system be modernized using cutting-edge technology that is available everywhere in the globe. The current banking system is unable to meet the demands of an expanding import-export industry, as well as expanded international trade and international relations. The system is not reliable or efficient enough.

According to the research by (Siedek, 2008), agent banking increases the banks' competitiveness and geographic reach, giving both current and potential consumers easier access to financial services. The bank offers this ease through its agents, and when paired with innovative services, it can reach markets outside of its typical clientele. With the use of agency-banking technology, operations are now more productive and efficient, allowing for quicker and more convenient transaction processing. As a result, it has improved internal processes, increased customer service, improved operations, and distributed information more effectively. This suggests that the benefits to customers extend beyond handling currency to fewer trips to the banking rooms. According to Sewagegnhu's (2015) study, agent banking allows for the gathering of a small group of clients around each agent, allowing for the introduction of the bank's identity and services to prospective consumers. This might make running a new branch in the neighborhood easier. Nevertheless, despite the significance of agency banking, some banking halls continue to have long lines, customers who handle excessive amounts of cash, and a lack of knowledge about the services and products offered by agency banking.

The author claims that electronic banking is becoming more and more common in developing nations and is widely utilized in wealthier nations (Meaza, 2013). However, because electronic payment methods are still relatively new in Ethiopia, cash is still the most often utilized form of payment there. Ethiopia's banking industry cannot continue to be an exception when it comes to the swift adoption of electronic payment systems by industrialized and emerging nations. Based on data from the NBE (2015), six of Ethiopia's eighteen commercial banks have begun offering agency-banking services. These banks have started implementing agency banking (CBE birr) systems in an effort to reduce expenses and increase efficiency. However, despite the expansion of agency banking

(Zhao, 2008) a deeper comprehension of the factors influencing the adoption of E-banking is essential to promote its continued adoption in developing nations, particularly Ethiopia. Researchers and practitioners can develop strategic implications about how to encourage the growth of agency banking and e-banking in developing countries by gaining a thorough understanding of the conditions and factors that affect these industries' capacity to fully adopt and realize their benefits. While the banking sector is showing a great deal of interest in agent banking, academics have not given it much thought. Ethiopia, the second-most populous country in Africa, has the lowest rate of financial inclusion (the percentage of the population with a bank account) among Sub-Saharan African nations, despite an alarmingly high rate of mobile penetration, which can be utilized as a tool for financial inclusion.

Developing a deeper understanding of the elements that impact e-banking adoption is crucial to encouraging its continuous use in developing countries, especially Ethiopia. Understanding the conditions and factors that affect these industries' ability to fully adopt and realize their benefits will help researchers and practitioners make strategic decisions about how to support the growth of agency banking and e-banking in developing nations. Although academics have not given agent banking much study, the financial industry is quite interested in it.

Following the National Bank of Ethiopia's recent finalization of a draft decree describing the framework of such services, a number of banks and financial organizations are expressing interest in introducing mobile banking services. A number of micro financial institutions in Ethiopia are now able to publicly offer mobile money services to their consumers as of September 2015 thanks to the CBE birr technology solution, which powers one of the best mobile money services, CBE

birr. The number of CBE birr consumers at the Commercial Bank of Ethiopia is increasing over time, however the activity level of registered customers seems to be lower than that of the whole customer base. Such that the official audit report for 2020–2021 touched, CBEbirr is the platform which the bank offers to render agency banking business that agents use to deliver banking activities to customers or public including cash-in, cash-out, bill payment and others to gain benefit in the form of commission and more sales. Consequently, the bank increases its customer base and mobilize more deposits from the business agency banking.

Agent banking system was not well known for the banking industry of Ethiopian. It is therefore important to isolate the factors that affect agency banking in commercial bank of Ethiopia.

Due to these issues, there is a research gap that this study aims to close by examining the variables impacting the adoption of CBE birr, which will increase the availability of agency banking services in CBE. The goal of the study is to determine the variables that influence the uptake of the CBE birr service from the distribution network coverage, consumers' adoption standpoint, and benefit point of view. In light of the aforementioned research issues, the goal of this study is to evaluate the variables influencing the Commercial Bank of Ethiopia's adoption of agent banking.

The success of the business is greatly influenced by the changing environment brought about by society's rising adoption of mobile phones, and this study aims to fill the contextual gap left by previous research in this area. The conceptual gap of the previous research will also be considered here, since it is still believed that a knowledge gap is one of the reasons agency banking should not be expanded in the industry. With the help of updated sampling procedures, market data, technological improvements, and new views, this work attempts to close the empirical gap left by previous research.

Agents and branches were used to attract 4.5 million mobile money or CBEBIRR customers, according to the official audit report for 2020–2021. Overall results demonstrated that CBE mediated through digital channels fared better than teller-based CBE, accounting for 56% of the total. Because of this, the agency banking sector does not yield significant profits for financial institutions, the general public, or society at large, even in business-friendly economies. This might be the case because this problem hasn't been practically addressed in prior study.

According to the aforementioned research, banks have been able to gain market share due to the advent of digitalization in the industry. As with any developing society, banks have also turned their focus to electronic banking because of its enormous potential. Ethiopia's commercial bank has a reputation for being easily accessible because of its large number of branches throughout the nation. By its very nature, this traditional banking system is expensive, and digitally based services that improve service efficacy and efficiency can quickly replace it.

With today's technology, you may do electronic banking with simply a cell phone and an operating system. People can conduct financial transactions using their mobile phones. However, the performance of the bank and the potential of the market are no longer comparable. Customers that come to multiple branches to get financial services are usually neglected in the lobby area. To satisfy these clients, the bank is anticipated to concentrate more on agency banking and overall digitalization. The complete worldwide practice of agency banking and related services will be thoroughly covered in the upcoming section on the literature study.

This paper can close the conceptual gap left by previous research since the issue of interest has not been completely examined and has the potential to change the general direction and company culture. The preceding statement is a concept that warrants support as it underscores the inability of banks and the financial sector to generate consistent profits, in addition to the lack of financial inclusion in the market, as observed in other countries such as Kenya, Nigeria, India, and so forth. Consequently, insufficient knowledge in the sector hinders the opportunity to benefit all parties. This study adds to the public awareness-raising activities and knowledge acquisition strategies used by businesses to fill in the practical gaps left by the prior studies.

By examining how the landscape has changed as a result of the government's digitalization policy, the dynamic improvement in mobile phone usage by society, and new regulations enacted by policy makers like opening the market to foreign competitors, which has allowed mobile network operators like MPESA and TELEBIRR to enter the domestic market, this thesis also aims to fill in the contextual gaps left by earlier research. In particular, this paper addresses the TOE (Technology-Organization-Environment) as mentioned above by taking into account additional important factors, such as economic and sociocultural factors, which are uncommon in earlier studies. It is therefore easy to conclude that this paper will fill the theoretical gap of earlier studies.

In conclusion, Ethiopian commercial banks have not adopted agency banking as quickly as expected. Its implementation may be hampered by a number of things, including as social and cultural barriers, legislative obstacles, technology restrictions, and questions about economic feasibility. To effectively accelerate the implementation of agency banking and realize its potential benefits for the banking sector, it is imperative to comprehend these characteristics. Thus, the primary goal of this research is to pinpoint the crucial elements that impact Ethiopia's commercial banks' adoption of agency banking services.

### **1.3 Research questions**

The study has tried to address the following research questions; encompassing the concepts related to what the influencing factors demonstrated as variables and which ones has the higher effect on Agency Banking adoption.

- How does the technological factors influencing the adoption of agency banking in Commercial bank of Ethiopia?
- How do regulatory factors impact the adoption of agency banking in the Ethiopian banking sector?
- How do economic considerations influence the decision to adopt agency banking services?
- How do social and cultural factors affect the adoption of agency banking in Commercial bank of Ethiopia?
- How do environmental factors affect the adoption of agency banking in Commercial bank of Ethiopia?
- Among the influencing Variables which one has the higher effect on Agency Banking adoption

### **1.4 Objectives of the study**

#### **1.4.1 General objectives**

The general objective of this study is to investigate the factors affecting the Adoption of Agency Banking in Commercial Bank of Ethiopia (CBE).

### **1.4.2 Specific objectives**

The specific objectives include:

1. To examine the influence of technological factors on the adoption of Agency Banking in Commercial Bank of Ethiopia.
2. To determine the impact of regulatory factors on the Adoption of Agency Banking in the Commercial Bank of Ethiopia.
3. To examine the influence of economic considerations on the users' decision to adopt Agency Banking services.
4. To explore the role of social and cultural factors in influencing Agency Banking adoption
5. To examine the influence of environmental factors on the users' decision to adopt agency banking services
6. To determine the higher explaining independent variable that influence the adoption of Agency Banking

### **1.5 Significance of the study**

This study holds significant importance for various stakeholders in the Ethiopian banking sector. It provided valuable insights to commercial banks, policymakers, and regulatory authorities on the barriers and opportunities related to agency banking adoption. The findings can inform the formulation of policies and strategies to enhance financial inclusion efforts and expand the reach of banking services to unbanked and underserved populations. Additionally, the study contributes to the existing literature on agency banking adoption in developing countries and may serve as a reference for further research in this domain.

### **1.6 Scope and Limitation of the study**

This study focuses on Commercial bank of Ethiopia on its adoption of agency banking. The study is limited to the factors affecting agency banking adoption and will not explore other aspects of the banking sector. Geographically, the study is only conducted in Addis Ababa which the central region of the bank. It is mentioned that there are other two regions in the bank's arrangement the North-East and the South-West regions. Regarding methodology, the study involves both direct employees of the agency banking division and significant agency banking industry participants so

staffs from other divisions and departments are not included. However key stakeholders in the agency banking sector are involved such as clients. To assess and identify the impact of independent variables on the uptake of agency banking, regression and correlation analysis is used.

The study focuses on factors that affect the adoption of agency banking particularly in case of CBE. Even if the finding of this paper helps much as an input and reference for future use, still it may not fit perfectly to other organizations, financial sectors or even banks due to different company policy, market share, financial capacity, business nature etc. For instance, Ethio-telecom engages in agent service using the payment platform TELEBIRR. The sampling is depending on the staffs who are engaged in agency banking activities directly or indirectly operating under Addis Ababa based district offices and head office department only; due to the location of other district offices is in different regions of the country that makes difficult for the researcher to address. Moreover, agents and customers are considered in collecting the data.

## **1.7 Definition of Terms**

**Agency Banking:** A banking model where third-party agents, often retail shops or small businesses, provide basic banking service on behalf of a bank to customers in underserved areas.

**Financial Inclusion:** The endeavor to guarantee that people and enterprises can obtain reasonably priced and suitable financial goods and services.

**Technological Factors:** Elements related to the technological infrastructure and readiness for agency banking implementation.

**Regulatory Factors:** Aspects of the legal and regulatory environment that may impact agency banking adoption.

**Economic Considerations:** Financial and cost-related factors influencing the decision to adopt agency banking services.

**Social and Cultural Factors:** Societal and cultural influences that may affect the adoption of agency banking.

## **1.8 Organization of the Thesis**

This thesis is structured into several chapters to present a comprehensive analysis of factors affecting the adoption of Agency Banking in Commercial Bank of Ethiopia. Such that it is divided into five chapters. The study's background, problem statement, purpose, research questions, significance, and scope are all included in the first chapter. The second chapter includes literature review in the subject of research. In third chapter, the research design and techniques is described. In chapter four data presentation and analysis is discussed. The Research findings, conclusions and recommendations are described in Chapter five.

## **Chapter two**

### **Literature Review**

#### **Introduction**

The purpose of this study's chapter is to evaluate the literature in the domain of Adoption, with a particular focus on factors affecting the Adoption of Agency Banking. This survey of literature outlines three major areas which includes theoretical review, empirical review and conceptual framework based on the previous research findings.

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

##### **2.1.1 Overview and Global experience of Agency Banking**

"Bank" refers to a company licensed by the National Bank to conduct banking business in Ethiopia or a bank owned by the government. "Agent banking" refers to the conduct of banking business on behalf of a financial institution through an agent using various service delivery channels; "agent" means a person engaged in a commercial or business activity and has been contracted by a financial institution to provide the services of the financial institution on its behalf. (NBE, Regulation of Mobile and Agent Banking Services Directives No. FIS /01/2012). A retail or postal shop hired by a financial institution or a mobile network operator to handle customers' "transactions" is referred to as a banking agent. The person who executes the transaction and allows customers to deposit, withdraw, and transfer money, pay their bills, find out the balance on their account, and get government benefits or a direct deposit from their employment is the retail outlet's owner or an employee.

Financial inclusion is a process that ensures that everyone in a country has simple access to, use of, and availability of the formal financial system (Pant, 2016). Providing financial services to the underprivileged and low-income members of the community at a fair price is the goal of the financial inclusion initiative (Munoru, 2016). The ability of an individual, family, or group to acquire a wide range of formal financial services that are practical, ethically provided, and reasonably priced is known as financial inclusion. Financial exclusion is a term used to describe those who lack this skill (Mbugua & Afande, 2015).

Economic development and poverty reduction depend heavily on financial inclusion. The World Bank (2018) states that access to adequate and reasonably priced financial goods and services that are offered responsibly and sustainably is a right for both individuals and enterprises. Governments, international development organizations, academics, and the corporate sector have all made financial inclusion a primary priority for the world. The World Bank wants to make financial access available to everyone so that the less fortunate and rural poor can escape poverty by helping them to create respectable lifestyles. A well-considered financial inclusion program can also help the underprivileged in rural areas start and grow their own enterprises (Pant, 2016).

The elimination of social inequality and the eradication of poverty are made possible by financial inclusion for society's most vulnerable and poorest people. It will give people the tools they need to manage and save their money so they can make wise financial decisions. It will unleash potential and empower people on all levels, including men, women, and entire communities, encouraging investment there and reviving the economy overall (SEPA for Corporates, 2015). People who have access to financial inclusion are more likely to save, which enhances capital formation and strengthens the economy (Khanvilkar, 2015).

The strong economic progress and financial expansion of a people continue to be supported by a fundamental pillar known as financial inclusion. The potential that financial inclusion has in solving issues like global poverty, income inequality, underdevelopment, and welfare is the primary driver of this. Everyone having access to financial services is thought to result in a faster and more significant impact on global development when everyone's efforts are combined. Because of this, agency banking was created. According to Ndungu, Okibo, and Nyangu (2015), non-conventional banking transactions offered through alternative banking channels have actually surpassed those conducted through regular banking.

The use of agent banking to provide financial services in developing areas has emerged as one of the most promising techniques ever. This strategy involves financial institutions partnering with already-existing nonbank retail establishments including convenience stores, petrol stations, and post offices to provide financial services. Because it allows banks to provide services at a lower cost and reaches unbanked and low-income people where they live, this strategy can be particularly effective when helping the unbanked poor. Only agency banking facilities service around 1,600 communities in Brazil, the country where the concept has had the most success. Caixa Econômica

Federal (CEF), the second-largest bank in Brazil, was the first to use the agent banking system in 2000 by strengthening its already-existing collaboration with the national chain of lottery retailers (Casas Lotéricas). Initially, Casas Lotéricas was hired by CEF to provide services including the payment of bills and social security benefits. Following a national auction for the postal franchise, the largest private bank in Brazil, Bradesco, followed with an agency banking arrangement with Brazil's postal services in 2001 to provide financial services (Chaia, et al., 2010; Kumar, et al., 2006).

Since the government approved agency banking in late 2009, more than 5,000 agent outlets supported by 11 banks have cropped up in Mexico, according to Chaia et al. (2010). Through more than half of the 23,000 state-owned Diconsa stores, the government is leveraging it to develop a basic financial services offering. Nearly 200,000 individuals have received government payments since 2009 thanks to a pilot system that uses point-of-sale devices and identity cards with fingerprint readers. The network could let the Mexican government reach at least two million beneficiaries and expand the spectrum of services it offers by include insurance and savings programs. Similarly, M-Pesa is also the most effective mobile money service provider in Africa that shows remarkable success in mobile money services from Kenya. M-Pesa relays on physical locations which operates as correspondent outlets giving users fast and convenient platform to deposit as well as cash withdrawal.

Stephen Ross and Barry Mitnick were the first academics to formally recommend and start developing a theory of agency in the early 1970s. Agency theory research has produced a number of conclusions. Most importantly, when the contract is outcome based, an agent is more likely to embrace the aims of the principal and, as a result, operate in the principle's interest. Additionally, the agent is more likely to comply with the principal's objectives when he is aware of a mechanism in place that enables the principal to check the agent's behavior (Ndungu, et al. 2015).

The process of financial inclusion depends heavily on technology. In order to ensure that people have access to financial services whenever and wherever they need them, it is the most significant driver of financial inclusion (Fanta & Makina, 2019). The ecosystem for financial inclusion in Asia has changed quickly as a result of technological breakthroughs, new goods and services, and creative business models. Financial inclusion is now feasible because to technological progress and the digital transformation (Pant, 2018).

The traditional limits of banking are continually being pushed by new innovations. Similar to this, the way banks interact with their clients is changing from being operations-centric to being customer-centric. Additionally, branchless methods like automated teller machines (ATMs), internet banking, and mobile banking have replaced traditional brick and mortar branches as the primary means of delivering banking services. From their financial institutions, consumers and companies anticipate easy access and user-friendly services. As a result, banks are looking into new technologies for convenience and mobility of their customers. In order to improve access to financial services in poor nations, agent banking has become a well-liked modern mechanism (Sakchyam, n.d.). Agent banking is the term for the electronic and remote execution of financial operations. Due to the fact that financial services are provided by external resources, customers can obtain them without going to bank branches (Subramanian, 2013).

### **2.1.2 Agency Theory**

(Michael et al., 1976) created the notion of agency. According to the thesis, there is a connection between the agents and the enterprise. The theory is very interested in determining whether there are enough market mechanisms for the agents to fulfill the owners of the businesses' expectations in order to maximize returns. The owners make an effort to guarantee that there is a significant division between ownership and control even though the agents work for the principle. Legal authority to make decisions and conduct business on behalf of the company is legally transferred to the agent by the principle. The principle always anticipates that the agents will act in their best interests and on their behalf. The interests of the principal and the agent can diverge at times. These variations lead to some agency issues, such as when the agent's goals diverge from the principal's (Candidate et al., 2022).

### **2.1.3 Agency banking models**

Different literature explains the types of agency banking models indicating the models that financial organization prefer to recruit, follow and retain agents in order to leverage the best of the business. Commercial banks have come to the conclusion that it is not possible to provide financial services to rural communities through their conventional branches. As a result, they have asked others (retail establishments) to carry out their instructions and offer basic banking services such account opening, deposits, and withdrawals. In the agreement between banks and neighborhood

stores, the banks take on the role of principals and the neighborhood stores of agents (Munoru, 2016).

Many academic works elucidate the many agency banking models, highlighting the approaches that financial institutions favor for hiring, training, and retaining agents to optimize business performance. Commercial banks have concluded that their traditional branches are unable to serve rural populations with financial services. Consequently, they have instructed others (retail establishments) to follow their lead and provide basic banking services including creating accounts, making deposits, and making withdrawals. In the agreement between community stores and banks, the neighborhood stores act as agents and the banks as principals (Shakya, 2022).

In collaboration with telecom companies, ISPs, and a vast network of bank-hired agents, banks have established several agent banking distribution channels across the globe (Nisha et al., 2020). For example, using agent banking to promote financial inclusion has already been used in Brazil, Colombia, Kenya, Peru, and India. A non-bank-based agent banking model is developing, while Brazil still employs a paradigm centered on banks for agent banking. The current legal framework in Colombia restricts the conduct of business to bank-based agents; non-bank-based agents are not allowed. Peru uses a bank-based agent banking concept. The nonbank-based agent banking model is widely used in Kenya. Both the bank-based and non-bank-based agent banking models are used in India (EFInA, 2011).

To illustrate with examples four different types agent banking models were founded by (Veniard & Melinda, 2010). These includes:

- I. POS-ENABLED BANK AGENT** (agent adopt a payment card determining clients under a control of a bank);
- II. MOBILE- PHONE ENABLED AGENT** (The agent uses a cell phone to recognize and classify clients and will be managed by banks);
- III. MOBILE WALLET** (Telecom companies manages these agents who use cell phones to identify their clients offering mobile wallets that are supported by bank deposits); and
- IV. BANK MOBILE WALLET WITH ACCOUNTS** (It is the bank account integrated with mobile wallet. Fee will be received by telecoms so banks do not manage the agents.

Three theories have been also justified by (Njunji, 2013) concerning agent banking models which supports to better view in the area:

**A. BANK-FOCUSED THEORY:** - The bank-focused idea emerges when a traditional bank uses non-traditional cheaper delivery channels to render financial services to its current customers. Examples include using Automated Tellers Machines (ATMs), online-banking, or mobile-banking to provide people with minimum financial services. This strategy is progressive in nature and can be considered as a minor enlargement of traditional branch banking.

**B. BANK-LED THEORY:** - Customers undertake financial transactions through retail agents rather than bank branches or bank workers in the bank-led model, which contrasts from traditional branch-based banking. A regulated financial organization (mostly banks) distributes financial services through a retail agent under the most basic variant of the bank-led notion of agent banking. In other words, the bank creates financial outputs but distributes them through retail agents who handle all or most of the customer engagement.

The bank-led model provides a clear alternative to traditional branch-based banking, according to Aduda et al. (2013). Instead of going to bank offices or dealing with bank workers, it lets customers to complete financial transactions at a wide range of retail agents (or through mobile phone). This model significantly expands the reach of financial services by using variety channels like retailers, a different trade partner (telecom / chain store) with expertise and a target market different from traditional banks, and may be significantly less expensive than the other bank-based options.

A regulated financial institution (usually a bank) provides financial services through a retail agent in the most basic form of the bank-led branchless banking model. To put it another way, while the bank creates financial services and products, it distributes them through retail agents who handle all or most of the customer interactions. The bank is the institution where consumers retain accounts and serves as the primary source of financial services (Lyman, T., Ivatury, & Staschen, 2006).

**C. NON-BANK-LED THEORY:** - The non-bank-led model includes banks insignificant role in the daily activities of managing accounts. The role of the bank is only protecting the funds according to this model. Such that management of accounts is operated by a non-bank which directly interacts with customers. There is no deal between the customers and the banks in

this theory rather mobile network providers or operators, card issuers and retailers appear commencing interactions.

Customers that use the nonbank-led branchless banking model do not interact with banks or keep bank accounts. A bank might not be at all involved. Customers instead engage with a nonbank company, such as a mobile network operator or a provider of prepaid cards, and their first point of contact is a retail agent. Customers swap their cash for e-money held in a virtual e-money account on the nonbank's server, which is not connected to a bank account in the person's name, rather than depositing money into and withdrawing money from a bank account (Lyman et al., 2006).

For the predominantly unbanked population, banking services can be provided through a non-bank based paradigm, often known as a transformational model. Based on this transformative paradigm, telecom firms in Kenya and South Africa run the services MPESA and Wizzit, respectively (EBR, 2018).

Furthermore, Achugamonu (2017) explains two key models of agent banking in Nigeria: **BANK-LED MODEL** and **NON-BANK-LED MODEL**.

- a. **BANK-LED MODEL**: - (This is where a bank acts as a principal in forming agent banking relation with agents)
- b. **NON-BANK-LED MODEL**: - (This is other than banks could serve as principals in forming agent banking relation with agents)

The last type of agency models mentioned in different literatures is the hybrid Model of agency banking which incorporates the two common models the bank-led model and the non-bank-led model emphasizing on mobile network operators (MNOs). This hybrid model indicates the side by side operation of pure bank and pure non-bank or MNO models. This model also includes micro finances to facilitate the agency services (ACAA 2023).

The above authors have mentioned the ideology of agency modeling lays the involvement of banks in agency service incorporating conventional accounts and the other aspect is realizing the agency service without using the banks direct involvement and having accounts which will also be carried out by different network operators. The literatures indicated experience of different countries with their companies like M-Pesa. When we bring the concept to our market we can find TeleBirr under Ethio-telecom. Here banks also have an involvement with the combination of the two agency

models by collaborating with other organizations like telecoms, microfinances and even financial technology companies to operate under the model of hybrid agency service model.

#### **2.1.4 Challenges and benefits of agency banking**

Financial institutions have seen a surge in their earnings, and one of the key factors in such significant gains is agent banking. Banks are discovering that setting up agents is less expensive than creating a branch, where they would have to pay more for staff, rent, power, etc. In agent banking, practically all expenses are borne by the agent. Agent banking has enabled bank services and products to enter markets that previously thought inaccessible. Banks can now be found in even the smallest settlements thanks to agent banking. It is found to be very effective by the banks to increase customer base instead of using sales force (Lehman 2010).

With the growth of financial institution branches, financial access has increased. On the other hand, financial institutions continue to be concentrated in urban or semi-urban areas, where transportation is convenient and easy. Due to the fact that many of these towns still lack access to banking, it is challenging to offer necessities like electricity, telephones, and banking in these places. In order to satisfy the payment needs of persons who lack access to banking services, agent banking has been promoted (Pant, 2016).

Agent banking was described by Mahmood and Sarkar (2015) as one of the strategies for integrating a sizable population of economically disadvantaged people into the formal financial system. Because it is believed that agent banking would boost the use of financial services by those who are financially excluded, it is becoming more and more popular in many developing countries. A novel idea called agent banking can help banks reach out to underserved communities through their agents, who will offer a range of financial services to local citizens while receiving logistical support from the bank's nearest office. In locations where a bank's full-fledged branch is impractical, agents are appointed.

A bank can expand its branch network at a cheap cost by using authorized agents through agent banking, commonly referred to as branchless banking or business correspondents. As a result, banks can offer less-risk services to clients in remote and rural locations where it is challenging to operate typical bank offices (Novatti, 2019). When banks use agents to provide services, it is known

as Branch Less Banking (BLB). The strategy aims to target people who are currently not using traditional banking and lower delivery costs. Mobile devices and card networks are frequently utilized for BLB (Pickens, Porteous, & Rotman, 2009).

According to Aggarwal and Klapper (2013), because of the low volume and value of transactions, traditional bank branches are not a profitable and practical answer to financial inclusion in rural areas. Agent banking services, which make use of mobile technology and an established network of local businesses, thereby offer low-cost financial services to rural disadvantaged populations. Financial institutions can expand their services to areas where a sizable segment of the population lacks access to banking services and branch creation requires a sizable investment thanks to the agency banking model. With different degrees of success, agent banking has recently gained recognition as a practical and advantageous method for delivering formal financial services to rural areas in many developing countries, particularly in Latin America. Various nations across the world have entertained this agency banking service to enlarge financial services scope and dimension which includes Brazil, Kenya, India, Pakistan Philippines, Malaysia, South Africa and Uganda can be mentioned (Nisha, Nawrin and Bushra 2020).

Since it had been the subject of in-depth research, Jensen and Meckling (1976) introduced agency theory in its modern incarnation. In their investigation of agency theory, they defined an agency relationship as an arrangement in which one or more persons (principals) hire another person (agent) to carry out tasks on their behalf and grant the agent some authority. The agent could not always behave in the principal's best interests if the agent's and principal's goals are both to increase profits. The principle can control deviations from his interests by providing the agent with the appropriate incentives. Commercial banks that use the agency banking model and employ lots of agents establish the principal-agent relationship by attaching fair incentive mechanisms. Because of attractive commission and payments, more customers and individuals like to work as agents.

As Nurcan (2005) explains, an agency relationship develops when at least one principle asks a third party; Someone or something that assists in facilitating a transaction but is not one of the main players is referred to as a third party, to perform an administrative activity on their behalf. In order to achieve a net benefit, the meetings hope that the relationship will result in an effective work division. Because it acknowledges the significance of the agent in attaining financial inclusion,

agency theory is relevant to this topic. The idea holds that the principal's delegation of authority contributes to the development of a prosperous and effective economy.

The high percentage of financial inclusion will be very advantageous to the government because it will allow for more efficient use of resources. It encourages saving and economic growth, serving as a means of reducing poverty. In this regard, the situation in Kenya continues to serve as a valuable case study. In Kenya, the Central Bank has already given approval to 8,809 agents and granted four banks licenses to conduct agent banking activities. Many more are anticipated to receive their licenses in due time. According to Barasa et al. (2013), this will significantly increase the penetration of low cost financial services in the nation.

The MNO (the Mobile Network Operator) or Network Service Provider will be advantageous from a number of angles, including allowing the Operator to provide financial services for all subscriber segments (in the case of the MNO Model), acting as a conduit for the development of new services around its primary distribution system, enhancing subscriber retention, and acting as a new revenue stream as more and more subscribers join the service provider in need of the particular service.

Because they have to keep enough cash and electronic float on hand for clients to withdraw and deposit money whenever they need it, agents need a lot of capital. Other costs necessitate upfront payments as well, albeit for considerably smaller amounts. Agents must also keep a prepaid sum or collateral on the bank's property in addition to these requirements. Agents might need to upgrade their stores' branding (paint, stickers, counter, etc.), get a business license, or beef up security (Flaming et al. 2011).

Social issues and the public perception of financial institutions' products are another area of concern. The reputation of banks may suffer if retail representatives are underpaid or are robbed. There are many operational risks stated, including the release of client information or deficiencies in the liquidity of the cash drawer of the retail agent, which could endanger their reputations. The public is unable to use the new product as a result of these and other image-management errors due to their unfavorable impressions of it (Laurer, 2011).

It is necessary for developing countries to establish a respectable level of infrastructure and good human capacity building before they can adapt global technologies for their local demands. Many

consumers in developing countries don't have access to or don't have faith in the crucial infrastructure needed to process electronic payments (Kaur & Rajneesh, 2014).

To summarize the benefits of agency banking with the challenges available, the literatures above have shown important aspects. Agency banking is very advisable in many ways according to these researchers. The common ones start with the chance to mobilize more resources and expand customer base for banks with less cost, means of additional income for agents in terms of commissions and incentives, to visualize huge financial inclusions to the public, bring different organizations to participate in financial services as a different business streams like telecom companies, saves time for customers, accessibility and other benefits can be mentioned.

The agency banking does not appear without challenges to cultivate the fruits from it. The main objectives of this paper is also to identify them for better adoption particularly in the case of CBE. The general challenges may serve as inputs for our case company. Such that, as per the literatures have touched through so far by many researchers some basic challenges including getting public trust for agents, securing reputation of the principal financial institution, lack of infrastructure and technological inadequacy, handling the float balance in relation to liquidity for agents can be mentioned.

To give huge glance of the prior studies under this chapter we have touched the general overview, meaning and concepts concerning the subject that we are dealing with: the agency banking, the pioneer nations experience with the challenges they faced during their adoption before being elite in the business, the benefits they acquired and the strategies they followed for their success in terms of agency modeling has been covered. To excel in the agency banking business there has been numerous studies were conducted recommending possible solutions and ideas to be successful in the business. So among these many studies some selected to examine their findings which could support this research to arrive at better recommendations that were not touched before or overlooked and then the next sub topic gives these findings.

### **2.1.5 Theoretical framework**

Many researchers in their study used various approaches. From those frameworks the technology acceptance model(TAM) and the technology-organization-environment frame work (TOE) are the common ones due to their inclusiveness of the factors which could have direct or indirect influence on adoption of any technology based services. The following sub-topics give details on TAM and TOE since this study also is using the same approach to identify the factors which affect the adoption of agency banking in Commercial Bank of Ethiopia (CBE).

#### **1. Technology Acceptance Model (TAM)**

The Technology Acceptance Model (TAM) proposed by Davis (1989) is a widely used theoretical model for studying technology adoption in the banking sector. TAM suggests that perceived usefulness and perceived ease of use significantly influence users' intentions to adopt a technology. In the context of agency banking, perceived usefulness could refer to the convenience of accessing banking services through agents, while perceived ease of use may pertain to the simplicity of conducting transactions. Moreover, the Unified Theory of Acceptance and Use of Technology (UTAUT) by Venkatesh et al. (2003) may also offer insights into the factors influencing agency banking adoption, as it considers additional constructs like social influence and facilitating conditions.

- **Perceived Ease of Use (PEOU)**

The term "perceived ease of use" describes the extent to which someone thinks using a given technology won't need any physical or mental effort. It gauges how much thought is needed to use the intended applications, according to the prospective user (Davis, 1993). Opiya (2008) asserted that technologies with perceived user interface complexity and a high learning curve were deemed dangerous to adopt. The favorable correlations between attitude toward usage and ease of use are supported by empirical data (Venkatesh & Davis, 2000), and it is clear that PEOU is a significant factor in determining whether or not consumers would accept IT (Venkatesh, 2000). Therefore, ease of use is a key factor in determining whether or not an invention will be accepted (Hart O. et al., 2012).

- **Perceived Usefulness (PU)**

It has to do with how much consumers believe using a system will be advantageous. It offers diagnostic tools for examining the relationships between actual usage, intention to use, and attitude toward use. It has to do with saving money and time, and it's viewed from the angles of bettering service rendering and expanding accessibility (Warshaw, 1989).

## **2. Technology-Organization-Environment (TOE)**

The TOE framework was created to investigate the chances that technological advances will be successfully adopted. Chang et al., 2007, Zhu & Kraemer, 2006; Salwani et al., 2009; TOE is a thorough and well-known framework in the context of innovation adoption by various businesses and has been utilized in numerous research. Technology adoption inside an organization is influenced by elements related to the technological, organizational, and external environment setting, according to Tornatzky and Fleischer (1990).

- **Technological factors**

Various researchers provided varying descriptions of technical factors According to Hart O. et al. (2012), adoption is influenced by the variety of technologies available to a company as well as the application's perceived relative advantages, complexities(learning-curve), compatibility (organizational & technical), observability (imagination/visibility) and tri-ability (experimentation/pilot-testing).

The adopter's view of the benefits of e-banking is referred to as the technology element. Based on the supposition of Roger's diffusion of innovation (Rogers 2003), typical technological variables taken into account in technology adoption studies include relative advantages (perceived benefits) and relative disadvantages (perceived dangers).

Relative advantage, for the banking sector as well as consumers, covers both the direct and indirect benefits; the direct benefits include operational cost savings, greater organizational functionality, increased efficiency, increased profitability, and productivity gains. On the other hand, indirect benefits include the chance or intangible advantages like increased customer happiness due to better services, an improved banking environment, and satisfaction of their changing wants and lifestyles (Iacovou 1995, Kuan&Chau 2001, and Lu et al. 2005).

Relative disadvantage, implies when dealing with technologies related to online transactions, such as e-banking, security issues are problems (Chang 2007; Rogers 2003). Therefore, it is anticipated that the perception of the hazards associated with e-banking may affect its uptake (Ayana, 2012). Additionally, customers' reluctance to use the services greatly impedes the growth of e-banking, which is one of the risks encountered by bank institutions while providing e-banking services (Laforet 2005 and Zhao et al. 2008).

- **Organizational factors**

Business scope, organizational culture, top management support, organizational structure complexity as measured by centralization, vertical differentiation, and formalization, human resource quality, and size-related issues like specialization and internal slack resources are all covered by the organizational factor (Jeyaraj A. Et al., 2006). Consequently, both Iacovou (1995) and Grover (1993) asserted that firms' decisions to adopt technological innovation are influenced by a variety of factors, including company size, top management support, financial resources, and human resources which can be categorized under organizational factors. Accordingly, researchers like Tornatzky and Fleisher (1990) added that organizational factors can be seen as the managerial structure of the organization as centralization, formalization and complexity. The human resources the company have with its size and scope also part of the organizational factors.

- **Environmental factors**

According to Al-Qirim (2006), environmental considerations primarily relate to various enabling and obstructing elements in operational regions. According to Kvin Z. et al. (2004), environmental contexts include the environment in which a firm conducts its business, including its industry, competitors, access to resources provided by other externals, and interactions with the government. According to Ayana (2012) the legal issues, infrastructure, competition, political stability and government policy are substantial factors to consider under the environmental factors.

## **2.2 Empirical Literature review**

Based on a descriptive analysis focused on the development of agent banking in Bangladesh and the future of agent banking, (Pervin & Sarker, 2021) investigated the history and prospects of agent banking in Bangladesh. Using the SWOT analysis technique, the researcher looked at the agent banking sector's advantages, disadvantages, opportunities, and threats. The focus of the study was

on the operation of agent banking, namely the services provided by the agents, how they raise money by offering different services, and how the economy benefits from these services.

(Ebong & George, 2021) assert that banks must innovate in order to increase their contribution to financial inclusion. They argue that making use of digital developments in services like payments and digitizing alternative channels like agent banking will probably increase the effectiveness of physical channels and the delivery of banking services, hence extending the reach and penetration of the banking industry.

Another study by (Di Lemma et al., 2019) examined the regulatory barriers to agency banking in Ethiopia and highlighted the need for more flexible regulatory policies to promote its adoption. A study by (Ahmed et al., 2018) assessed the status of agency banking in Ethiopia and found that despite initial enthusiasm, there were challenges in expanding agent networks in rural areas due to infrastructural limitations and inadequate training for agents. These findings underline the importance of technological factors and the need for sufficient support and training for agents.

Ndegwa (2017) investigated the potential of agent banking as a financial inclusion technique in commercial banks by investigating how geographic coverage and liquidity affect agent banking in order to examine the value of agent banking services in promoting financial inclusion in Kenya. 38 administration managers and supervisors of the commercial banks in Kiambu that had implemented the agency banking model participated in the study, which used a cross-sectional survey design and a self-administered questionnaire to collect data. Descriptive statistics (frequency distribution and percentages) and inferential statistics (regression) were used to analyze the data. Geographic coverage was the most critical perk, and as a result, the main influencer of financial inclusion, at a 95% confidence level. The study suggested that banks should focus on rural areas to benefit from the agency banking.

Few scholars have examined the opportunities the concept presents for the banking sector in Ethiopia and the barriers to service uptake because it is a novel idea. In order to evaluate the opportunities and challenges of adopting agent banking services and the drivers and barriers of adopting electronic banking systems in Ethiopia, studies by (Bultum, 2012), (Aregahegne, 2015), (Kassahun et al., 2016) and (Afeework, 2015) have been conducted. These studies highlighted technological factors, the services' perceived benefit and risk, organizational factors in the way of

financial and human resource factors, a lack of an appropriate legal framework, competitive advantages, and governmental policies.

In a study by (Njuki, 2015) to determine the prevalence of network capability factors and how they affect banking agents' performance, it was found that the majority of agents were impacted by internet connectivity when handling agent transactions.

Another top worry for financial services agents is network availability (C. Ndungu, 2014) As of (Kithuka, 2012) study examined the factors impacting the expansion of agency banking in Kenya, focusing on the case of Equity Bank in Kwale County. The results showed that perceived usefulness, perceived security, financial education, improved knowledge, attitude, and practice in agency banking, and a lack of coordination between banking agencies all influenced the growth of agency banking in Kenya. Distance did not affect the frequency of customer transactions.

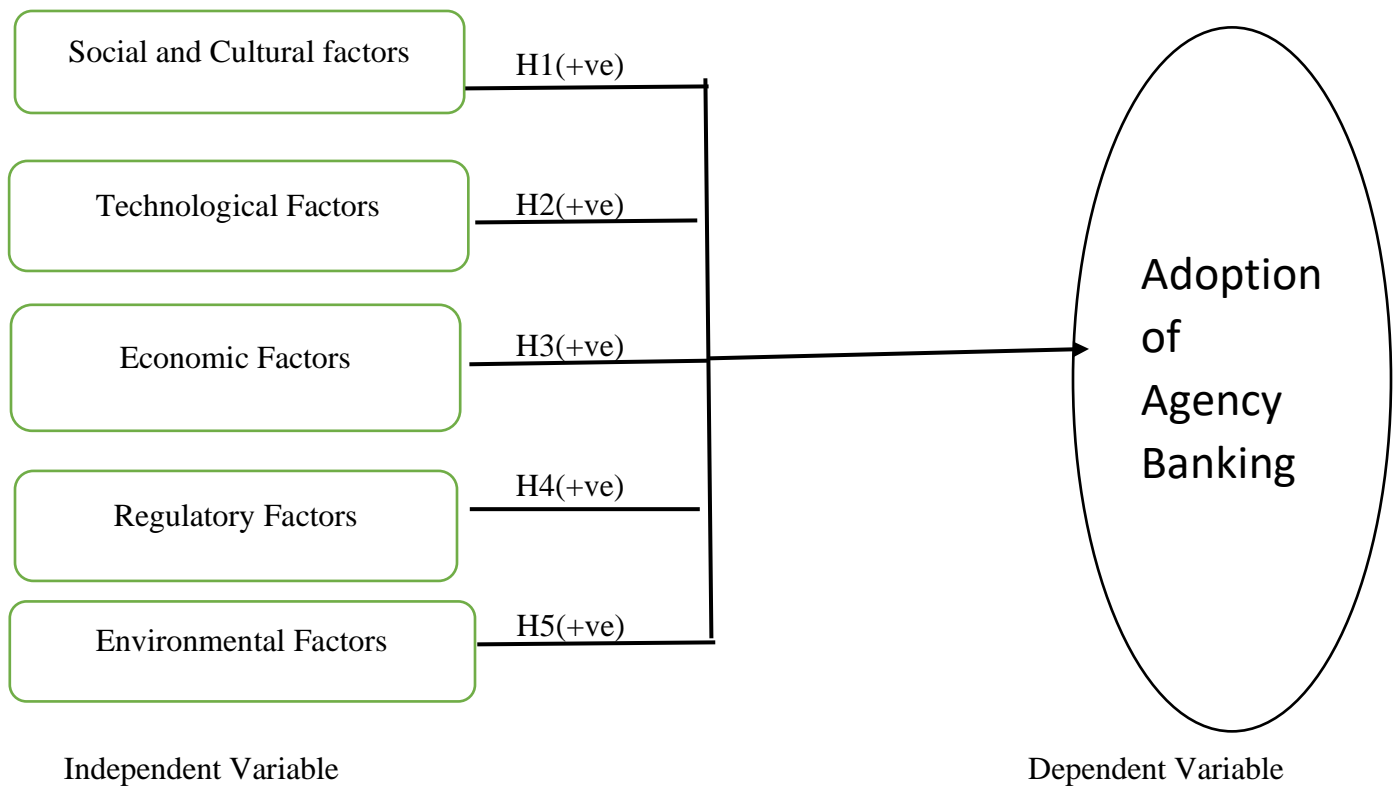
According to Rogers E. (1995), Individuals are more inclined to adopt an innovation if they can quickly see its benefits. Visible outcomes reduce ambiguity and encourage peer discussion of a novel concept because friends and neighbors of an adopter frequently inquire about them. Everett Rogers claims that between 49 and 77 percent of the difference in the acceptance of new products can be attributed to these five characteristics. In conclusion, Rogers E. (1995) made the case that innovations delivering better relative advantage, compatibility, simplicity, Trialability, and Observability were accepted more quickly than other advancements

To conclude the finding of different literatures from the above literature review their results mentioned some common factors such as financial illiteracy of the society, lack of adequate infrastructure, lack of gaining trust from the public to use the agents to effect transactions, technological stagnation, liquidity, available risks, organizations decision to expand the business, security related threats and many more. However, this research has focused and identified the factors which affect the adoption of agency banking in the case of Commercial Bank of Ethiopia using the Technology and technology acceptance with Organizational and Environmental factors as the independent variables to assess their impact on the dependent variable adoption of agency banking.

## 2.3 Research Framework

Drawing from the theoretical and empirical findings, the conceptual framework for this study is designed to incorporate key factors influencing agency banking adoption in Ethiopian commercial banks. It integrates technological, regulatory, economic, social, and cultural aspects to provide a comprehensive understanding of the adoption process.

The framework is depicted as follows: Factors affecting the adoption of Agency Banking



**Figure 2.1 Conceptual Framework based on reviewed literature**

## 2.4 Hypothesis Development

Based on the research objectives and the relationships between the independent variables and the dependent variable, the following research hypotheses were proposed:

- H<sub>1</sub>- There is a positive and significant relationship between Social and Cultural related factors and Adoption of Agency Banking in Commercial Bank of Ethiopia.
- H<sub>2</sub>: There is a positive and significant relationship between technology acceptance factors and Adoption of Agency Banking in Commercial Bank of Ethiopia.
- H<sub>3</sub>- There is a positive and significant relationship between Economic related factors and Adoption of Agency Banking in Commercial Bank of Ethiopia.
- H<sub>4</sub>- There is a positive and significant relationship between Regulatory related factors and Adoption of Agency Banking in Commercial Bank of Ethiopia.
- H<sub>5</sub>- There is a positive and significant relationship between Environmental factors and Adoption of Agency Banking in Commercial Bank of Ethiopia.

# **Chapter Three**

## **Research Methodology**

### **3.1 Introduction**

This chapter presents the research methodology adopted for the study, including the research design, data collection methods, sample selection, and data analysis techniques. The aim of this research is to examine factors affecting the adoption of Agency Banking Commercial Bank of Ethiopia. The research methodology section provides a detailed explanation of how the study will be conducted and how the data will be collected and analyzed.

### **3.2. Research design**

The research design assumed descriptive survey study on assessing the factors affecting the adoption of agency banking in the case of Commercial Bank of Ethiopia (CBE). A scientific method known as a descriptive research design involves observing and documenting a subject's behavior without changing it in any manner. It aims to compile, arrange, and sum up data regarding the subject under study (punch, 2006). Descriptive design is known for its effective in analyzing non-quantified issue. This research design also brings the opportunity to integrate both the quantitative and qualitative research approaches (Ethridge, D.E 2004). This will make it possible for the researcher to record the elements that will facilitate and hinder the execution of the business for the case institution CBE which joined the agency banking business in 2017. Such that this paper used descriptive survey study with qualitative and quantitative research design to get the best out of it.

### **3.3 Research Approach**

This study employed a quantitative research approach in order to meet its goal. Self-administered questionnaires were used to gather the data. Additionally, a pre-tested questionnaire was created in order to collect the necessary data. The quantification of the relationship between variables is at the core of quantitative data collection techniques. The quantitative approach is advantageous because it aids in preventing bias in the collection and presentation of study data (Creswell, 2003).

### **3.4. Population and sampling**

The target population for this research comprised employees working directly in the agency banking departments of Commercial Bank of Ethiopia. As per the report disclosed at the end of the fiscal year 2022/2023, the bank has more than 4,000 active agents who are currently engaged in agency banking activities across the country. As per the bank's internal portal demonstration 92 agents under central region get paid commission due to higher customer service during the month June, 2023. For this study it will be more effective if all these agents are considered with their customers' responses and views are considered in realizing the adoption of the business in the bank so by using under the non-probability sampling method named convenience sampling method, 92 questionnaires will be distributed to customers who use agents for their daily activities at agents' sites, hoping to communicate a customer per an agent since 92 agents were eligible to be paid reasonable commissions as per the portal. According to Ben-Shlomo Y, Brookes S, and Hickman M. 2013, Convenience sampling is possibly the most straightforward method of sampling since participants (i.e., customers) are selected according to their availability and desire to participate. While it is possible to obtain meaningful results, all non-probability sampling procedures have the risk of volunteer bias and the sample may not be representative of other variables, like age or sex. As a result, the results are susceptible to severe bias.

The study focused on Central region among the three regional offices which are North-East region, South-East region and Central region because of the ease of accessing each offices and staffs to collect the needed data. Central-Region is organized with ten district offices. The districts are Arada district, Bole district, Kirkos District, Kolfe District, Megegnagna District, Merkato District, Nifas-silk District, Gulele District, Kality District and Yeka District. The districts' Digital Banking offices are organized with one Digital Manager, three Senior Digital officers, seven Digital officers including associates and minimum five trainees as per the new structure. This paper was supported by distributing questionnaires to staffs from manager to officers counting twenty staffs per District office.

The bank has also a department engaged in facilitating and promoting agency banking activities at head office level focusing on improving the business in an innovative manner. This study also collected the response from these staffs engaged in agency banking unit under agent and merchant management department at head office.

Hence, all staffs from Digital Banking Departments including the Digital manager to Digital officers to collect data through questionnaires focusing districts under central-region including all staffs from agent management unit under head office level. These staff members were targeted as the population of the study since they work and participate in assessment preparations of the agency banking, formulation of guidelines for agents, preparation of monetary and non-monetary incentives proposals, prepare training materials for agents and staff, recruit agents and etc. According to the justification outlined above, the target population of this study was 200 (10\*20) staffs working in Digital Banking District offices of the central region and 40 staffs operating agency banking activities at head office level with 92 agents and their 92 customers visiting agent sites.

### **3.5. Sampling size and techniques**

#### **3.5.1 Sampling size**

This study opted to use the whole population as a sample particularly for the data to be collected from central region districts, agent and merchant management department at head office, customers and agents to makes it feasible to include the entire population as a sample. Accordingly, this study took 200 CBE staffs from central region districts, 40 CBE staffs from agent and merchant management department at head office, 92 individuals from agents working with CBE and 92 individuals from customers who are using the active agents of the bank to facilitate the daily banking activities based on the recent data stated above under the mentioned central region. Such that totally the sample size included 424 individuals.

#### **3.5.2 Sampling Technique**

Given the small population size of 200 CBE staffs from central region districts, 40 CBE staffs from agent and merchant management department at head office and 92 active agents, a suitable sampling technique for this specific groups on factors affecting the adoption of agency banking in Commercial Bank of Ethiopia was the census approach which is considering every member of the population so every individual/staff member were surveyed for the data collected from the staffs. However, for the data from customers the non-probability sampling method named convenience sampling method was used to 92 customers who has used agents for their daily activities at agents' sites.

### **3.6. Method of Data collection, instruments and variables**

Primary data was collected through structured surveys. The survey questionnaire was designed based on the research objectives and included closed-ended questions were conducted to gain deeper insights into participants' perceptions and experiences regarding agency banking adoption.

A structured questionnaire was developed based on established scales to measure the constructs of interest. The questionnaire included sections to assess factors of adoption which includes technological, regulatory, economic, social, & cultural, environmental aspects and Adoption. The questionnaire had had been pilot-tested with a small group of digital banking staff members of CBE to assess its clarity, comprehensibility, and validity. The final questionnaire was administered to the selected sample of respondents, ensuring informed consent and maintaining confidentiality of responses.

### **3.7. Method of Data analysis**

Quantitative data from the surveys was analyzed using statistical software using SPSS software version 20. Descriptive statistics and inferential analysis, such as regression analysis, was used to examine relationships between variables.

Descriptive statistics was employed to summarize the characteristics of the sample and the variables of interest. Regression analysis was conducted to examine the relationships between the independent variables (technological, regulatory, economic, social & cultural aspects and environmental factors) and the dependent variable (Agency Banking Adoption). Correlation analysis had been performed to assess the strength and direction of the relationships.

Potential demographic or contextual variables was considered as control variables in the analysis. Tools like tables, pie charts and percentages also used.

### **3.8. Model Specification/Assumptions**

A regression model was specified to analyze the relationship between the dependent variable (Adoption of Agency Banking) and various independent variables (technological, regulatory, economic, social, and cultural factors). This enabled the researcher to identify which factors have a significant impact on agency banking adoption.

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + \dots + b_nx_n + \varepsilon$$

Where, Y = Adoption

a = y intercept

b1 = the regression coefficient of Technological factors

X1= Technological Factor

b2 = the regression coefficient of regulatory factor

X2= Regulatory factors

b3 = the regression coefficient of economic factors

X3= Economic Factors

b4 = the regression coefficient of Social and cultural aspects

X4= Social and cultural aspects

b5 = the regression coefficient of Environmental factors

X5= Environmental factors

$\varepsilon$  = error term

## **3.9 Reliability and Validity**

### **3.9.1 Validity**

To check the validity of the research instrument that has been used for this research and to make sure that the research instrument is valid in terms of content, the researcher performed some activities stated in the preceding chapter and questionnaires were submitted to the advisor for further correction comment.

In addition, For the sake of reducing the possibility of getting wrong answers and to ensure the soundness of this study, the following measures had been taken.

Data was carefully collected from trustworthy sources; those were respondents who were engaged in the provision of Agency Banking Services. The questionnaires were carefully prepared based on theoretical and empirical literature review and the latest version SPSS data analysis tool has been employed to analyze the statistical data and maximum care will be made during data coding.

### 3.9.2 Reliability

Cronbach Alpha is a reliability test used to gauge the measuring instruments' (questionnaire) internal consistency, or reliability. It is most frequently used to assess whether or not the Likert scale is dependable when the questionnaire is constructed utilizing many Likert scale assertions. (Chetty & Datt, 2015).

**Table 3.1 Cronbach's alpha ranges**

$\alpha \geq 0.9$	Excellent
$0.9 < \alpha \leq 0.8$	Good
$0.8 < \alpha \leq 0.7$	Acceptable
$0.7 < \alpha \leq 0.6$	Questionable
$0.6 < \alpha \leq 0.5$	Poor
$\alpha \leq 0.5$	Unacceptable

Source: (Glen, 2022)

A higher level of alpha ( $\alpha$ ) may mean that the items in the test are highly correlated. However,  $\alpha$  is also sensitive to the number of items in a test. A larger number of items can result in a larger  $\alpha$ , and a smaller number of items in a smaller  $\alpha$ . If alpha is high, this may mean redundant questions (i.e. they're asking the same thing). A **low value for alpha** may mean that there aren't enough questions on the test. Adding more **relevant** items to the test can increase alpha. Poor interrelatedness between test questions can also cause low values, so can measuring more than one latent variable (Glen, 2022).

As described in Table 4.15 Cronbach alpha of variables of this research is found  $0.8 < \alpha \leq 0.7$  indicating acceptable correlations between variables according to (Glen, 2022), It also shows that respondents were asked similar related questions

**Table 3.2 Cronbach's Alpha Based on Standardized Items**

Reliability Statistics	
Cronbach's Alpha	N of Items
.777	28

*Source: Own Survey 2024*

### **3.10. Research Ethics**

Both the organization and every respondent gave their consent. Each participant's information was kept private and was only shared with the organization with permission from both the study participants and the organization. The participants received courteous treatment and were made fully aware of the purpose of the study and the rationale behind its conduct. The questionnaire contained no questions pertaining to personal identification. Owing to the potential for plagiarism, all claims and conclusions derived from other research were duly recognized and referenced in the list of references.

# Chapter Four

## Data Presentation and Analysis

### 4.1. Introduction

This chapter presents the final results of the analysis of the data obtained from the respondents. These include background information of respondents, the statistical methods of analysis i.e. descriptive analysis, correlation analysis, and regression analysis. The study targeted a total of 240 employees, 92 customers and 92 agents. However, only 198 respondents from employee, 78 respondents from agents and 80 respondents from customers responded and returned their questionnaires contributing to 82.5 %, 84.7 % and 86.9 % response rate for employee, agents and customers respectively. The questionnaire was developed for employees using five scales ranking i.e., Linkert scale; where 1 represents strongly disagree, 2 Disagree, 3 Neutral, 4 Agree and 5 Strongly Agree. In order to collect qualitative data open ended questionnaires were developed for customers and agents. To analyze the collected data with that of the objective set for this research, Statistical procedures were carried out using Statistical package for the social science statistics version (SPSS) 20.00.

**Table 4.1 Response rate**

Category	Target number of questionnaires	Returned number of questionnaires	Response rate
CBE Employee	240	198	82.5%
Customers	92	80	86.9 %
Agents	92	78	84.7%

*Source: Own survey, 2024*

### 4.2. Descriptive Analysis

#### 4.2.1. Background Information of Respondents

This section of the analysis deals with the demographic characteristics of the respondents which includes: gender, level of education, year of working experience and position in the organization. Background of the respondents is described Table 4.1.

**Table 4.2 Background information of respondents (Employee)**

<b>Employee</b>		
<b>Gender</b>		
	<b>Frequency</b>	<b>Percent (%)</b>
Male	118	59
Female	80	41
<b>Total</b>	198	100
<b>Educational background</b>		
	<b>Frequency</b>	<b>Percent (%)</b>
Diploma	40	20.20
BSc/BA	125	63.13
MSc/MA	26	13.13
Other	7	3.53
<b>Total</b>	198	100
<b>Work experience</b>		
	<b>Frequency</b>	<b>Percent (%)</b>
0-2	82	41.41
2-5	27	13.63
5-10 years	49	24.74
Above 10 years	40	20.2
<b>Total</b>	198	100.0
<b>Position in the organization</b>		
	<b>Frequency</b>	<b>Percent (%)</b>
Digital Manager	11	5.55
Senior Digital officer	30	15.15
Digital officers	69	34.84
Bank trainee	80	40.40
Other	8	4.04
<b>Total</b>	198	100.0

Source: Own survey, 2024

For this research data was collected from 198 respondents. Respondents' characteristics in relation to gender showed that 59 % of them are males and 41% of them are females. The number of male participants is greater than female participants.

From the respondents 40 of them are diploma holders which represents 20.2 % and majority of the respondent are BA/BSC holders with total number of 125 which represents 63.13 % from the total respondents. While 26 respondents which represents 13.13 % are MA/MSc degree holders. The educational background of the respondents reveals that they are sufficiently literate to comprehend

and accurately complete the research instruments, and a variety of educational backgrounds are represented in the study's sample of respondents.

Considering the current position of respondent in the company, 5.55 % comprises digital managers, 15.15 % are senior digital officers, 34.84 % are digital officers, 40.4 % are bank trainees. This suggests that the respondents came from various organizational work positions and had the capacity to supply accurate and trustworthy data as well as see the subject matter from various aspect.

In terms of respondents' total work experience (in years) 41.41% and 13.63 % of respondents are those who have work experience of 0 to 2 years and 2 to 5 years respectively. 24.74 % of respondents are those who have work experience of 5 to 10 years and the remaining 20.2 % of the respondents are those who have work experience of more than 10 years.

**Table 4.3 Background information of respondents (Customers)**

<b>Customers</b>		
<b>Gender</b>		
	<b>Frequency</b>	<b>Percent (%)</b>
Male	48	60
Female	32	40
<b>Total</b>	80	100
<b>Educational background</b>		
	<b>Frequency</b>	<b>Percent (%)</b>
Below Grade 4	3	3.75
Grade 4-8	20	25
Secondary school	18	22.5
Diploma	16	20
BSc/BA	14	17.5
MSc/MA	7	8.75
Other	2	2.5
<b>Total</b>	80	100
<b>Age</b>		
	<b>Frequency</b>	<b>Percent (%)</b>
16-29	40	50
30-39	23	28.75
40-49	12	15
Above 50	5	6.25
<b>Total</b>	80	100.0

Source: Own survey, 2024

Eighty responders, who are clients, provided data for this study. According to the gender-specific features of the respondents, 60% of them are men and 40% are women. Male participants outnumber female participants in this survey.

From the respondents 16 of them are diploma holders which represents 20% and majority of the respondent are Grade 4-8 with total number of 20 which represents 25 % from the total respondents. 14 respondents are BA/BSc holders which represents 17.5 % from the total respondents and 7 respondents which represents 8.75 % are MA/MSc degree holders.

Considering age of respondents 50% of respondents are between age 16 to 29, 28.75% of respondents are between 30 to 39, 15% of respondents are between age 40 to 49 and the rest are above age 50.

**Table 4.4 Background information of respondents (Agent)**

<b>Agent</b>		
<b>Gender</b>		
	<b>Frequency</b>	<b>Percent (%)</b>
Male	49	62.8
Female	29	37.2
<b>Total</b>	78	100
<b>Educational background</b>		
	<b>Frequency</b>	<b>Percent (%)</b>
Below Grade 4	0	0
Grade 4-8	0	0
Secondary school	15	19.2
Diploma	21	26.9
BSc/BA	26	33.33
MSc/MA	9	11.54
Other	7	9.03
<b>Total</b>	78	100
<b>Age</b>		
	<b>Frequency</b>	<b>Percent (%)</b>
16-29	29	37.18
30-39	36	46.15
40-49	10	12.8
Above 50	3	3.87
<b>Total</b>	78	100.0

Source: Own survey, 2024

Data for this study was gathered from 78 respondents, all of whom are agents. Gender-specific characteristics of the respondents revealed that 37.2% of them are female and 62.8% of them are male. Male participants outnumber female participants in this survey.

From the respondents 21 of them are diploma holders which represents 20% and majority of the respondent are BA/BSC holders with total number of 26 which represents 33.33 % from the total respondents. 15 respondents are Secondary school graduates which represents 19.2 % from the total respondents and 9 respondents which represents 11.54 % are MA/MSc degree holders.

Considering age of respondents 37.18 % of respondents are between age 16 to 29, 46.15 % of respondents are between 30 to 39 ,12.8 % of respondents are between age 40 to 49 and the rest are above age 50.

#### **4.4. Quantitative analysis for Factors affecting the Adoption of Agency Banking**

For the purpose of identifying the factors influencing the adoption of agency banking, the Commercial Bank of Ethiopia delivered 28 things to the chosen workers. In response to statements describing the factors influencing the adoption of agency banking, respondents were asked to rank their degree of agreement.

##### **4.4.1 Technological Factors**

**Table 4.5 Technological Factors**

	<b>Statement</b>	<b>Mean</b>	<b>Standard deviation</b>
1.	Your bank's use of agent banking is an example of a technological breakthrough.	1.71	1.155
2.	The hardware used by the agent banking system are easy to understand by the agents and their personnel	2.84	1.394
3.	The uptake of agent banking is affected by road infrastructure and network failure.	3.14	1.216

4.	The younger generation's prevalence makes it simple to implement agent banking.	1.77	1.155
5.	The use of agent banking is made easier by the development of mobile technologies.	2.96	0.779
6.	Using agent banking increases the banks' competitiveness.	3.09	1.178

*Source: Own survey, 2024*

From Table 4.2 the mean value ranges from 1.71 to 3.14. The adoption of agent banking by the bank cannot be considered as a technological breakthrough since the Mean value is 1.71 with standard deviation 1.155 and more than half of respondents disagreed on the statement. The hardware used by the agent banking system are not much easy to understand by the agents and their personnel since the Mean value is 2.84 with standard deviation 1.394 and 16.2 % of respondents are disagreed, 23.2 % of respondents strongly disagreed and 34.3 % of respondents have neutral opinion in the statement. The uptake of agent banking is affected by road infrastructure and network failure since the Mean value is 3.14 with standard deviation of 1.216 and 18.7 % of respondents are agreed, 16.7% of respondents are strongly agreed and 38.9 % of respondents have neutral opinion in the statement. The younger generation's prevalence doesn't make it simple to implement agent banking since the Mean value is 1.77 with standard deviation 1.155 and more than half of the respondents disagreed on the statement. Using agent banking increase, the banks' competitiveness since the Mean value is 2.96 with standard deviation 0.779 and 14.6% of respondents agreed and more than half of respondents have neutral opinion on the statement. Adoption of agent banking makes the banks competitive since the Mean value is 3.09 with standard deviation 1.178 20.2% of respondents agreed and 49% of respondents have neutral opinion on the statement which is stated in appendix B.1.

#### 4.4.2 Regulatory factors

**Table 4.6 Regulatory factors**

		Mean	Standard deviation
1.	The NBE regulation regarding agent and mobile banking operations is comprehensive and easy to follow.	3.7	1.289
2.	The expansion of agency banking is beneficially affected by the KYC need to register or open a new client account, as established by the directive for mobile and agent banking.	3.2	1.080
3.	Agency banking will improve both current and potential clients' access to the bank's services.	2.88	0.846
4.	Adoption of agency banking is positively impacted by the existence of regulatory rules.	3.34	0.962

*Source: Own survey, 2024*

From Table 4.2 the mean value ranges from 2.88 to 3.7. The NBE regulation of mobile and agent banking operation is comprehensive and easy to follow since the Mean value is 3.7 with standard deviation of 1.289 and more than half of the respondents are agreed on the statement. The expansion of agency banking is beneficially affected by the KYC need to register or open a new client account, as established by the directive for mobile and agent banking since the mean value of the statement is 3.2 with standard deviation of 1.080 and 22.2% of respondents agreed and more than half of respondents have neutral opinion on the statement. Agency banking will improve both current and potential clients' access to the bank's services since the Mean value is 2.88 with standard deviation of 0.846 and 15.7% of respondents agreed and more than half of respondents have neutral opinion on the statement. Adoption of agency banking is positively impacted by the existence of regulatory rules since the Mean value is 3.34 with standard deviation of 0.962 and 21.7% of respondents agreed and more than half of respondents have neutral opinion on the statement. Which is stated in appendix B.2.

### 4.4.3 Social and cultural Factors

**Table 4.7 Social and cultural Factors**

	Statement	Mean	Standard deviation
1.	The bulk of people live in rural areas with limited access to financial services, which may encourage the use of agent banking.	4	0.961
2.	Since the majority of the population is young, embracing current technologies may be taught to them with ease.	3.49	0.766
3.	The adoption of agent banking is influenced by the clients' age, gender, and educational background.	3.93	1.287
4.	The customer base's lifestyle and demographics (age, income, employment, etc.) would help determine how the general public feels about agent banking.	3.68	1.129

*Source: Own survey, 2024*

The bulk of people live in rural areas with limited access to financial services, which may encourage the use of agent banking since the mean value is 4 with standard deviation of 0.961 and more than half of respondents are agreed on the statement. Since the majority of the population is young, embracing current technologies may be taught to them with ease since the mean value is 3.49 with standard deviation of 0.766 and more than half of respondents are agreed on the statement. The adoption of agent banking is influenced by the clients' age, gender, and educational background since the mean value is 3.93 with standard deviation of 1.287 and more than half of respondents are agreed on the statement. The customer base's lifestyle and demographics (age, income, employment, etc.) would help determine how the general public feels about agent banking which is stated in appendix B.3.

#### 4.4.4 Environmental factors

**Table 4.8 Environmental factors**

	Statement	Mean	Standard deviation
1.	The adoption of agency is influenced by competition	3.53	0.666
2.	Availability of appropriate agency channels influences adoption of agency Banking	2.93	0.787
3.	The retail agents' ease of access and closeness to a bank branch influences the adoption of agency Investing	3.47	0.97
4.	Agent and client education levels directly affect the success of agency banking.	3.93	1.020
5.	The provision of agency services is impacted by cooperation with other banks in a variety of ways, such as accepting agent deposits on behalf of other banks.	3.41	0.913
6.	For banks, agent banking represents an untapped business opportunity.	3.52	0.643

Source: Own survey, 2024

From Table 4.2 the mean value ranges from 2.93 to 3.93. The adoption of agency is influenced by competition since the Mean value is 3.53 with standard deviation of 0.666 and more than half of the respondents are agreed on the statement. Availability of appropriate agency channels doesn't influence adoption of agency Banking since the mean value of the statement is 2.93 with standard deviation of 0.787 and 18.2 % of respondents are disagreed and more than half of the respondents have neutral opinion on the statement. The retail agents' ease of access and closeness to a bank branch influences the adoption of agency Investing since the mean value is 3.47 with standard deviation of 0.97 and 13.1 % of respondents agreed and more than half of the respondents have neutral opinion on the statement. Agent and client education levels directly affect the success of agency banking which is indicated from the mean value of 3.93 with standard deviation of 1.02 and more than half of respondents agreed on the statement. The provision of agency services is impacted by cooperation with other banks in a variety of ways, such as accepting agent deposits on behalf of other banks which is indicated from the mean value of 3.41 with standard deviation of 0.913 and more than half of respondents agreed on the statement. For banks, agent banking

represents an untapped business opportunity since the Mean value is 3.52 with standard deviation of 0.643 and more than half of the respondents are agreed on the statement which is stated in appendix B.4.

#### 4.4.5 Economic factors

**Table 4.9 Economic factors**

	Statement	Mean	Standard deviation
1.	Your bank representative thinks that the reason they are remaining in the company longer is because they are being paid well.	3.45	0.764
2.	Agents that do agent banking operations are compensated with a commission that is justly reasonable.	2.99	0.733
3.	Implementing technological innovation requires high investment cost	3.41	0.966
4.	Adoption of e-banking and agent banking is highly influenced by bank size.	4.16	0.855

*Source: Own survey, 2024*

From Table 4.2 the mean value ranges from 2.99 to 4.16. Bank agents are remaining in the company longer is because they are being paid well which is indicated from the mean value of 3.45 with standard deviation of 0.764 and more than half of respondents are agreed on the statement. Agents that do agent banking operations are not compensated with a commission that is justly reasonable since the mean value is 2.99 with standard deviation of 0.733 an 18.2% of respondents are disagreed on the statement and more than half of respondents have neutral opinion on the statement. Implementing technological innovation requires high investment cost which is indicated from mean value of 3.14 with standard deviation of 0.966, from the result 20.2% of respondents strongly agreed on the statement and more than half of respondents have neutral opinion on the statement. From the results Adoption of e-banking and agent banking is highly influenced by bank size since the mean value is 4.16 with standard deviation of 0.855 and more than half of respondents agreed on the statement.

#### 4.4.6 Agent banking

**Table 4.10 Agent banking**

	Statement	Mean	Sta. deviation
1.	The number of adopters /customers is increasing annually	3.76	1.259
2.	An increasing number of agents are being engaged annually.	2.98	0.818
3.	The agent banking transaction's value is steadily increasing.	3.02	0.837
4.	The amount of transactions made through agent banking is steadily rising.	3.49	0.949

*Source: Own survey, 2024*

From Table 4.2 the mean value ranges from 2.98 to 3.76. The number of adopters /customers is increasing annually which is indicated from the mean value of 3.76 with standard deviation of 1.259 and more than half of respondents are agreed on the statement. An increasing number of agents are being engaged annually since the mean value is 2.98 with standard deviation of 0.818 and 16.2% of respondents are agreed on the statement and more than half of respondents have neutral opinion on the statement. The agent banking transaction's value is steadily increasing which is indicated from mean value of 3.02 with standard deviation of 0.837, from the result 17.2% of respondents agreed on the statement and more than half of respondents have neutral opinion on the statement. The amount of transactions made through agent banking is steadily rising since the mean value is 3.49 with standard deviation of 0.949, from the result 24.2% of respondents agreed on the statement and more than half of respondents have neutral opinion on the statement.

#### 4.5 Correlation Analysis

The measurement of a monotonic relationship between two variables is called correlation. According to (Schober, 2018), a monotonic connection between two variables is one in which either (1) the value of one variable increases together with the value of the other, or (2) the value of one variable falls along with the value of the other. 'R' has a value between  $\pm 1$ . While a value of 'r' of zero denotes the absence of any relationship between the two variables, When r is positive, there is a positive correlation between the two variables (i.e., changes in both variables occur in the direction of the statement), and when r is negative, there is a negative correlation (Schober, 2018). A relationship's strength between variables is indicated by a Pearson's correlation value, which can vary from -1.00 to 1.00. A weak positive correlation is defined as 0 to 0.29, a moderately positive

correlation as 0.3 to 0.49, and a strong positive correlation as 0.5 to 1. On the other hand, a correlation between 0 and -0.29 is regarded as weak, a correlation between -0.3 and -0.49 as moderate, and a correlation between -0.5 and -1 as significant (Pallant, 2010).

In this study, bivariate Karl Pearson's coefficient of correlation (product moment correlation coefficient) (r) is employed in correlation analysis to ascertain the association between employee turnover causes and organizational performance.

**Table 4.11 Correlation**

		<b>Correlations</b>					
		Technological Factors	Regulatory Factors	Environmental Factors	Economic Factors	Social and Cultural factors	Agent Banking
Technological Factors	Pearson Correlation	1	.427**	.210**	.221**	.289**	.417**
	Sig. (2-tailed)		.000	.003	.002	.000	.000
	N	198	198	198	198	198	198
Regulatory Factors	Pearson Correlation	.427**	1	.281**	.202**	.435**	.493**
	Sig. (2-tailed)	.000		.000	.004	.000	.000
	N	198	198	198	198	198	198
Environmental Factors	Pearson Correlation	.210**	.281**	1	.780**	.532**	.320**
	Sig. (2-tailed)	.003	.000		.000	.000	.000
	N	198	198	198	198	198	198
Economic Factors	Pearson Correlation	.221**	.202**	.780**	1	.427**	.294**
	Sig. (2-tailed)	.002	.004	.000		.000	.000
	N	198	198	198	198	198	198
Social and Cultural Factors	Pearson Correlation	.289**	.435**	.532**	.427**	1	.406**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	198	198	198	198	198	198
Agent Banking	Pearson Correlation	.417**	.493**	.320**	.294**	.406**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	198	198	198	198	198	198

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

*Source: Own survey, 2024*

A described in Table 4.9 Pearson Correlation value between Technological Factors with Agent Banking or vice versa is ( $r=0.417$ ,  $\text{sig}=0.000$ ). According to (Pallant, 2010) it lies between 0.3 and 0.49 which shows moderately positive correlation between these variables. Pearson Correlation value between Regulatory Factors and Agent Banking or vice versa is ( $r=0.493$ ,  $\text{sig}=0.000$ ). According to (Pallant, 2010) it lies between 0.3 and 0.49 which shows moderately positive correlation between these variables. Pearson Correlation value between Environmental Factors and Agent Banking or vice versa is ( $r=0.320$ ,  $\text{sig}=0.000$ ). According to (Pallant, 2010) it lies between 0.3 and 0.49 which shows moderately positive correlation between these variables. Pearson Correlation value between Economic Factors and Agent Banking or vice versa is ( $r=-0.294$ ,  $\text{sig}=0.000$ ). According to (Pallant, 2010) it lies between 0 and 0.29 which is considered weak positive correlation between these variables. Pearson Correlation value between Social and Cultural Factors with Agent banking or vice versa is ( $r=0.406$ ,  $\text{sig}=0.000$ ). According to (Pallant, 2010) it lies between 0.3 and 0.49 which shows moderately positive correlation between these variables.

#### **4.6 Regression Analysis**

A method for examining and quantifying the relationship between two or more variables is regression analysis. Regression analysis starts with data recorded in a sample and attempts to estimate a mathematical relationship between two or more variables (Springer, 2008).

Analysis that is versatile is linear regression. The link between a dependent and an independent variable is displayed by simple linear regression. A statistical method for examining the relationship between one dependent variable and multiple independent variables is called multiple regression. Using known values for the independent variables to forecast the value of the single dependent variable is the goal of multiple regression analysis. Every predictor value is assigned a weight, which indicates how much of an impact it has on the final prediction (Andrew et al., 2006). Multiple regression analysis is employed in this study.

There are two kinds of variables in regression: independent variable, which determines the reason behind the behavior of a dependent variable, and another type of variable. Given that the correlation result only indicates the strength and direction of the association between the variables. The adoption of agency banking is examined through the use of multiple regression analysis.

- The dependent variable is Agency Banking
- The independent variables are Technological Factors, Regulatory Factors, Environmental Factors, Economic Factors and Social and Cultural Factors

**Table 4.12 Model Summary**

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.584 <sup>a</sup>	.341	.323	.44363
a. Predictors: (Constant), Social and Cultural factors, Technological Factors , Economic Factors, Regulatory Factors, Environmental Factors				

Source: Own survey, 2024

From Table 4.11 The percentage of the dependent variable's variance that may be separately or jointly explained by the independent variables is known as the R<sup>2</sup>, or coefficient of multiple determinations. Based on the analysis, Table 4.10's R square value of 0.341 indicates that there was a 34.1% variation in the adoption of agent banking due to changes in the economic, technological, social and cultural, and other aspects, Regulatory Factors and Environmental Factors. In other words, it is noted that 34.1 % of the changes in the adoption of Agent banking variables could be attributed by the combined effect of the predictor variables or there is 34.1 % of variation in adoption of Agent banking due to Social and Cultural factors, Technological Factors, Economic Factors, Regulatory Factors and Environmental Factors.

**Table 4.13 ANOVA**

<b>ANOVA<sup>a</sup></b>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.518	5	3.904	19.834	.000 <sup>b</sup>
	Residual	37.787	192	.197		
	Total	57.305	197			
a. Dependent Variable: Agent Banking						
b. Predictors: (Constant), Social and Cultural factors, Technological Factors , Economic Factors, Regulatory Factors, Environmental Factors						

Source: Own survey, 2024

From Table 4.12, The regression connection was shown to be extremely significant in predicting how Social and Cultural, Technological, Economic, Regulatory, and Environmental aspects affected the adoption of agent banking, as evidenced by the likelihood value of 0.000 ( $p < 0.05$ ). Thus, with F calculated ( $=19.834$ )  $>$  F critical ( $=3.622$ ); the model is generally statistically significant. Further, the findings show that the overall model was significant.

**Table 4.14 Coefficients of regression**

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.890	.289		3.084	.002
	Technological Factors	.222	.068	.214	3.255	.001
	Regulatory Factors	.238	.054	.306	4.393	.000
	Environmental Factors	.039	.106	.037	.371	.711
	Economic Factors	.110	.113	.092	.971	.333
	Social and Cultural factors	.144	.071	.151	2.037	.043

a. Dependent Variable: Agent Banking

Source: Own survey, 2024

$$Y = 0.89 + 0.222X_1 + 0.238X_2 + 0.039X_3 + 0.11X_4 + 0.144X_5 + \text{Standard error}$$

Where  $X_1$ - Technological Factors

$X_2$ - Regulatory Factors

$X_3$ - Environmental Factors

$X_3$ - Economic Factors

$X_3$ - Social and Cultural factors

Y- Agent Banking

Further, the Beta-value of every variable in the coefficient table such as Social and Cultural factors, Technological Factors, Economic Factors, Regulatory Factors, Environmental Factors has a value of 0.151, 0.214, 0.092, 0.306 and 0.037 respectively indicate that one-unit increase in degree of the factors accounts for increase in Adoption of Agent Banking variable.

## **4.7 Qualitative Analysis for the factors affecting the Adoption of Agency Banking**

This part examined the information gathered from clients and representatives using the open-ended and closed-ended questions in the survey. Using the research questions developed at the outset of the project, these results were presented thematically below.

### **4.7.1 Analysis based on questionnaires given for Customers**

First customers were asked whether they had used agent banking service and more than half of respondents admitted that they had used agent banking service. When asked if it would be possible to obtain an agent banking service with a high-quality system that would enable them to do banking tasks more rapidly, over half of the respondents said it was not possible. In addition, when asked if the availability and strength of an internet connection frequently restricted their usage of agent banking, more than half of the respondents said that this was the case.

In order to find availability of information Respondents were asked whether CBE staffs provided adequate information about the particular Agent banking service and more than half of respondents admitted that CBE staffs provided adequate information. They were also asked the easiness to track their account information when they used the mobile and agent banking services than when using the traditional banking service and more than half of respondents revealed that mobile and agent banking services are easier to track their account information.

In order to find out the reliability of network respondents were asked whether the network on the mobile and agent banking services was more reliable when making transactions as compared to ATMs and banking halls and more than half of respondents revealed that the network was not reliable. They were asked whether agent banking services were compatible with their banking needs and more than half of respondents revealed that the services are compatible with their banking needs.

Respondents were asked whether agent banking services had enough cash to enable them withdraw large sums of money and more than half of respondents revealed that an agent banking service doesn't have enough cash to enable them withdraw large sums of money. They were also asked whether agent banking services were provided with skilled man power so they helped them to make transaction using the mobile and agent banking service and more than half of respondents revealed that services are not provided with skilled man power.

Generally, respondents from customers were asked what are factors affecting the adopting of agent banking service provision and they responded the following factors

- Environmental factors
- Organizational factors
- Technological factors
- Demographic factors
- Economic Factors
- Trust on the system.

#### **4.7.2 Analysis based on questionnaires given for Agents**

Respondents from agent were asked whether agent banking services perceived by customers was having Convenience advantage and more than half of respondents revealed that services are having Convenience advantage. They were also asked whether agency banking services were understood by customers as they were secured and more than half of respondents revealed that services are not understood by customers

In order to find out the easiness of technology in the services and the depth of marketing and promotional activities respondents were asked whether agent banking services were technologically easy to use more than half of respondents revealed that the services are technologically easy to use. More than half of the respondents indicated that the services are impacted by the activities mentioned when asked if the financial institution's extensive marketing and promotional efforts have had an impact on the expansion of agency banking services.

Respondents were asked whether they got reasonably fair amount of commission for doing agent banking operation more than half of respondents revealed that they got reasonably fair amount of commission.

Respondents were asked what were the main benefits their institution and customers obtaining from the adoption of agent banking and they have responded the following benefits.

- Overcoming geographic limitations
- Reduction of queues in the banking hall
- Enhancement of productivity in the banking industry
- Reduction of paper work
- Commission for the adopting institution

Respondents were asked the barrier or challenge of adopting agent-banking service provision and they have responded the following challenges.

- Insecurity
- Capital
- Network instability
- Liquidity
- Credibility/trust
- Technological acceptance

#### **4.8 Hypotheses Testing Result**

A quick review of the data and a summary of the findings of this paper's statistical test considering the stated hypotheses will be covered in the section on the results of the hypotheses testing. The theories were put to the test using information gathered from 424 people, including CBE employees, agents, and clients.

All of the independent variables have showed a moderately positive correlation, with the exception of the economic components, which have a weakly positive correlation, as indicated by the Pearson correlation test, which measures the influence of one variable on another. Moreover, using the beta value and the coefficient of regression, the other significant test was created. The dependent variable's change in standard deviations for every standard deviation rise in the predictor variable is shown by the beta value, which is also known as the standard beta coefficient in simple linear regression. According to this study, the regulatory variables in the case of CBE are the strongest predictor of the adoption of agency banking (0.306), meaning that these factors have showed the

greatest influence on the adoption of agency banking by 30.6%. Details of the results from the two tests are displayed in the following table 4.15.

**Table 4.15 Hypotheses Testing Result**

Hypotheses	Description Hypothesis	Statistical Findings		Result
		Pearson correlation	Beta value	
H1	Social and Cultural related factors positively affect Adoption of Agency Banking in CBE	(r=0.406, sig=0.000)	0.151	Retained
H2	Technology acceptance factors positively affect Adoption of Agency Banking in CBE	(r=0.417, sig=0.000)	0.214	Retained
H3	Economic related factors positively affect Adoption of Agency Banking in CBE	(r=-0.294, sig=0.000)	0.092	Retained
H4	Regulatory related factors positively affect Adoption of Agency Banking in CBE	(r=0.493, sig=0.000)	0.306	Retained
H5	Environmental factors positively affect Adoption of Agency Banking in CBE	(r=0.320, sig=0.000)	0.037	Retained
a. Dependent Variable: Agent Banking				

*Source: own survey, 2024*

## Chapter Five

### Summary, Conclusion and Recommendations

#### 5.1 Summary of Major Findings

The ultimate objective of this study is to identify which factors affect the adoption of agency banking in CBE by considering effects of the stated independent variables: technology, Social and cultural factors, Economy, regulator and Environmental factors towards the dependent variable agency banking adoption. Since this section of the study focuses on the results and findings on statistical analysis and any significant outputs related to the hypotheses. In order to find the best result, the study targeted a total of 424 populations from these 240 are from employee, 92 are from customers and 92 are from agents. However, only 198 respondents from employee, 78 respondents from customers and 80 respondents from agents responded and returned their questionnaires.

For this research the correlation analysis result is used to determine the degree of relationship between variables. Pearson Correlation value between Technological Factors with Agent Banking or vice versa is ( $r=0.417$ ,  $sig=0.000$ ) which shows moderately positive correlation between these variables. Pearson Correlation value between Regulatory Factors and Agent Banking or vice versa is ( $r=0.493$ ,  $sig=0.000$ ) which shows moderately positive correlation between these variables. Pearson Correlation value between Environmental Factors and Agent Banking or vice versa is ( $r=0.320$ ,  $sig=0.000$ ) which shows moderately positive correlation between these variables. Pearson Correlation value between Economic Factors and Agent Banking or vice versa is ( $r=0.294$ ,  $sig=0.000$ ) which is considered weak positive correlation between these variables. Pearson Correlation value between Social and Cultural Factors with Agent banking or vice versa is ( $r=0.406$ ,  $sig=0.000$ ) which shows moderately positive correlation between these variables.

Multiple regression analysis was conducted to test the influence among predictor variables. R square value is 0.341, the model estimated shows that there was 34.1% variation in adoption of Agent banking as a result of changes in the Social and Cultural factors, Technological Factors, Economic Factors, Regulatory Factors and Environmental Factors. In other words, it is noted that 34.1 % of the changes in the adoption of Agent banking variables could be attributed by the combined effect of the predictor variables or there is 34.1 % of variation in adoption of Agent

banking due to Social and Cultural factors, Technological Factors, Economic Factors, Regulatory Factors and Environmental Factors.

## **5.2 Discussion**

The major objective of this study was to investigate factors affecting the adoption of agency banking the case of Commercial Bank of Ethiopia. In order to investigate factors affecting the adoption of agency banking the case of Commercial Bank of Ethiopia five general factors are selected based on literature review which are Technological Factors, Environmental Factors, Regulatory Factors, Social and cultural Factors and Economic Factors.

Because of technological considerations, agents and their staff may find it difficult to comprehend the hardware utilized by the agent banking system. Furthermore, the adoption of agent banking is impacted by road infrastructure and network failures. The development of mobile technology helps banks become more competitive by facilitating the use of agent banking.

Considering Regulatory Factors, The NBE's regulations regarding agent and mobile banking operations are comprehensive and easy to follow. The mobile and agent banking directives' KYC requirements for new client account registration and opening have a favorable impact on agency banking's expansion. Both current and potential consumers will have easier access to the bank's services thanks to agency banking, and the adoption of agency banking is encouraged by the regulatory norms that govern it.

Considering Social and cultural Factors, the bulk of people live in rural areas with limited access to financial services, which may encourage the use of agent banking. Since the majority of the population is young, embracing current technologies may be taught to them with ease. The adoption of agent banking is influenced by the clients' age, gender, and educational background. The customer's lifestyle and demographics (age, income, employment, etc.) help determine how the general public feels about agent banking.

Considering Environmental Factors Competition has an impact on how agency banking is adopted. The success of the adoption of agency banking is influenced by the retail agents' closeness and accessibility to a bank branch, rather than the availability of suitable agency channels. Success in agency banking is directly impacted by the educational attainment of both clients and agents. The

provision of agency banking services is impacted by collaboration with other banks in a number of ways, such as accepting deposits from agents on their behalf. It is evident that banks have an untapped market opportunity in agent banking.

Given the state of the economy, bank agents are remaining in the industry longer since they receive competitive pay. However, some agents who do agent banking operations do not receive a commission that is deemed to be reasonable. Putting new technology into practice costs a lot of money. According to the findings, the adoption of agent banking is highly influenced by bank size.

The hypotheses show positive correlation but only the economic factor implies weak positive correlation which is expected to be at least moderately positively correlated due to the literatures indicate during prior studies: for instance; Financial inclusion is crucial for both poverty alleviation and economic growth. According to the World Bank (2018), everyone has the right to appropriate, fairly priced financial goods and services that are provided in an ethical, sustainable, and responsible manner, including businesses. Financial inclusion is now a top concern for the entire world according to governments, corporations, universities, and international development groups.

The result we found from this study is supported by previous studies. For instance, according to Al-Qirim (2006), environmental considerations primarily relate to various enabling and hindering elements in operational regions. The response and the output implies that the environmental factors also correlate positively the adoption of agency banking in CBE. These environmental factors and contexts are said to include a company's industry, competitors, access to resources provided by other external parties, and interactions with the government, as well as the arena in which it conducts business in adopting technical breakthroughs (Kvin Z. et al. 2004). Such that all the hypotheses were expected to have positive impact towards the dependent variable as the literatures in different studies claim considering the variation of the impact- fullness as per different nature of companies and locations

This study also paves a way for the future studies to consider other additional factors considering the result from multiple regression analysis to test the influence among predictor variables as R square value is 0.341 or 34.1%. This result implies there are other additional factors to sum up together to find very strong influential factors. Moreover, since agency banking relies and relates

to the underserved and unbanked societies the study would give additional insights by incorporating rural areas.

### **5.3 Conclusion**

The main benefits of adoption of agent banking includes Overcoming geographic limitations, Reduction of queues in the banking hall, Enhancement of productivity in the banking industry, Reduction of paper work and Commission for the adopting institution and in our country's context digitalization and financial inclusion are the policy of the government that financial sectors expected to support and realize across the nation. Such that agency banking can play an important role in expanding cashless society.

Generally, the main challenges or factors affecting the adoption of agency banking the case of Commercial Bank of Ethiopia are Technological Factors, Environmental Factors, Regulatory Factors, Social and cultural Factors and Economic Factors. Pearson Correlation value of Agent Banking with Technological Factors, Regulatory Factors, Environmental Factors and Social and Cultural Factors shows moderately positive correlation between these variables. Pearson Correlation value between Economic Factors and Agent Banking is considered weak positive correlation.

Taking Regulations into Account The NBE's regulation of mobile and agent banking operations are comprehensive and easy to follow, and the existence of agency banking regulatory guidelines encourages adoption of the practice. However, network outages and poor road infrastructure have a significant negative impact on the use of agent banking in Ethiopia's commercial banks. The most often cited issues related to the deployment of agent banking in CBE include insecurity, capital, network instability, liquidity, credibility/trust, and technological acceptability.

### **5.4 Recommendations**

To draw clients and provide financial services effectively, system and service quality are crucial. Employees, clients, and agents, however, made it abundantly evident that the bank's structure and level of service are inadequate and call for significant attention and assistance. As a result, the bank should hire highly skilled and dedicated information system staff in order to strengthen the quality

of its system. To be able to give its clients high-quality service, the company should hire more employees and give its front-line employees additional training.

In the long run, the bank should train all employees to be able to handle the volume of support that comes from customers and agents. Initially, the bank should facilitate and provide sufficient training and technical support to agents and staffs who are providing agent banking/CBE-Birr related activities. Following training, the bank should coach and mentor the agents to enable them to master the operation.

Technology has greatly aided banks in creating alternate distribution methods, such as agent banking. The provision of banking services (such as receiving deposits, making withdrawals, managing loan repayment, etc.) through agent banking necessitates the involvement of third parties on behalf of the banks. In collaboration with the appropriate government agencies, the bank should fortify its ICT infrastructure and other support systems. This will assist in addressing the issue of unstable networks.

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# **APPENDIX**

## APPENDIX A: Questionnaires

Addis Ababa University

School of Commerce

### Questionnaire for CBE Employee

I am Filimon Abebe, a student of Master of Marketing Management at Addis Ababa University. I am undertaking a research on the topic “**Factors affecting The Adoption of Agency Banking in The Case of Commercial Bank of Ethiopia (CBE)**” for the partial fulfillment of the requirements of the degree of Master of Marketing Management. This questionnaire aims at exploring and assessing the factors affecting the adoption of agency banking in Commercial Bank of Ethiopia (CBE). As a crucial input for the research, I would like to gather information from key stakeholders. Therefore, I would like to thank you in advance for your time. All the information gathered will be kept strictly confidential and used only for academic purpose.

**Phone Number: +251911909532**

**Email: Filimonabebe11@gmail.com**

#### Part I. Socio-demographic characteristics of respondents

1.1 Gender                      Male                       Female

1.2 Educational Background

1. Below diploma     2. Diploma     3. BSc/BA     4. MA/MSc     5. Other

1.3 Work Experience

1) 0-2 Years     2) 3-5 Years     3) 5-10 Year     4) Above 10   
Years

**If other, please specify .....**

Position in the organization

- 1. Digital Manager
- 2. Senior Digital officer
- 3. Digital officer
-

4. Bank Trainee

5. If other, please specify.....

**General Guideline:**

- Please put a tick “√” mark for your choices
- The response scale for the questions is given as:
  - 5= Strongly Agree
  - 4= Agree
  - 3= Neutral
  - 2= Disagree
  - 1= Strongly Disagree

**A. Technological Factors**

	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1.	Your bank's use of agent banking is an example of a technological breakthrough.					
2.	The hardware used by the agent banking system are easy to understand by the agents and their personnel					
3.	The uptake of agent banking is affected by road infrastructure and network failure.					
4.	The younger generation's prevalence makes it simple to implement agent banking.					

5.	The use of agent banking is made easier by the development of mobile technologies.					
6.	Using agent banking increases the banks' competitiveness.					

### B. Environmental Factors

	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1.	The adoption of agency is influenced by competition					
2.	Availability of appropriate agency channels influences adoption of agency Banking					
3.	The retail agents' ease of access and closeness to a bank branch influences the adoption of agency Investing					
4.	Agent and client education levels directly affect the success of agency banking					
5.	The provision of agency services is impacted by cooperation with other banks in a variety of ways, such as accepting agent deposits on behalf of other banks.					
6.	For banks, agent banking represents an untapped business opportunity					

### C. Regulatory Factors

	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1.	The NBE regulation regarding agent and mobile banking operations is comprehensive and easy to follow.					
2.	The expansion of agency banking is beneficially affected by the KYC need to register or open a new client account, as established by the directive for mobile and agent banking.					
3.	Agency banking will improve both current and potential clients' access to the bank's services.					
4.	Adoption of agency banking is positively impacted by the existence of regulatory rules.					

#### **D. Social and cultural Factors**

	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1.	The bulk of people live in rural areas with limited access to financial services, which may encourage the use of agent banking.					
2.	Since the majority of the population is young, embracing current technologies may be taught to them with ease.					

3.	The adoption of agent banking is influenced by the clients' age, gender, and educational background.					
4.	The customer base's lifestyle and demographics (age, income, employment, etc.) would help determine how the general public feels about agent banking.					

**E. Economic Factors**

	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1.	Your bank representative thinks that the reason they are remaining in the company longer is because they are being paid well.					
2.	Agents that do agent banking operations are compensated with a commission that is justly reasonable.					
3.	Implementing technological innovation requires high investment cost					
4.	Adoption of e-banking and agent banking is highly influenced by bank size.					

**F. Adoption of Agent banking**

	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
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		1	2	3	4	5
1.	The number of adopters /customers is increasing annually					
2.	An increasing number of agents are being engaged annually.					
3.	The agent banking transaction's value is steadily increasing.					
4.	The amount of transactions made through agent banking is steadily rising.					

### Questionnaire for Customers

I am Filimon Abebe, a student of Master of Marketing Management at Addis Ababa University. I am undertaking a research on the topic “**Factors affecting The Adoption of Agency Banking in The Case of Commercial Bank of Ethiopia (CBE)**” for the partial fulfillment of the requirements of the degree of Master of Marketing Management. This questionnaire aims at exploring and assessing the factors affecting the adoption of agency banking in Commercial Bank of Ethiopia (CBE). As a crucial input for the research, I would like to gather information from key stakeholders. Therefore, I would like to thank you in advance for your time. All the information gathered will be kept strictly confidential and used only for academic purpose.

**Phone Number: +251911909532**

**Email: Filimonabebe11@gmail.com**

#### Part I. Socio-demographic characteristics of respondents

1.1 Gender                      Male                       Female

1.2 Educational Background

1. Below grade 4       2. Grade 4-8       3. Secondary

4. BSc/BA       5. MSc/MA       6. Other

1.3 Age

1. 16-29                       2. 30-39                       3. 40-49                       4. Above 50

**Part II.**

1. Have you ever used agent banking service?

Yes

No

2. Can you get agent banking service with high quality system so it helps you to complete banking activities more quickly?

Yes

No

3. The use of Agent Banking is often limited by the availability and strength of internet connection

Yes

No

4. Do CBE staffs provide adequate information about the particular Agent banking service?

Yes

No

5. Is the use of Agent banking service often limited by the availability and strength of internet connection?

Yes

No

6. Is there factors affecting the adopting of agent-banking service provision? If any, please specify in the space provided

\_\_\_\_\_.

\_\_\_\_\_.

7. It would be much easier tracking my account information when I use the mobile and agent banking service than when using the traditional banking service.

Yes

No

8. The network on the mobile and agent banking service is more reliable when making transactions as compared to ATMs and banking halls.

Yes

No

9. Is an agent banking service compatible with your banking needs?

Yes  No

10. Does an agent banking service have enough cash to enable you withdraw large sums of money?

Yes  No

11. Agent banking services are provided with skilled man power so they help me to make transaction using the mobile and agent banking service.

Yes  No

### Questionnaire for Agent

I am Filimon Abebe, a student of Master of Marketing Management at Addis Ababa University. I am undertaking a research on the topic “**Factors affecting The Adoption of Agency Banking in The Case of Commercial Bank of Ethiopia (CBE)**” for the partial fulfillment of the requirements of the degree of Master of Marketing Management. This questionnaire aims at exploring and assessing the factors affecting the adoption of agency banking in Commercial Bank of Ethiopia (CBE). As a crucial input for the research, I would like to gather information from key stakeholders. Therefore, I would like to thank you in advance for your time. All the information gathered will be kept strictly confidential and used only for academic purpose.

**Phone Number: +251911909532**

**Email: Filimonabebe11@gmail.com**

#### Part I. Socio-demographic characteristics of respondents

1.1 Gender Male  Female

1.2 Educational Background

1. Below grade 4  2. Grade 4-8  3. Secondary

4. BSc/BA  5. MSc/MA  6. Other

1.3 Age

1. 16-29  2. 30-39  3. 40-49  4. Above 50

#### Part II.

1. Is an agent banking service perceived by customers as having Convenience advantage?

Yes

No

2. Is an agency banking service understood by customers as it is secured?

Yes

No

3. Is an agent banking service technologically easy to use?

Yes

No

4. Is the growth of agency banking affected by the depth of marketing and promotional activities conducted by the financial institution?

Yes

No

5. Do you get reasonably fair amount of commission for doing agent banking operation?

Yes

No

6. As far as service delivery to customers is concerned, what are the main benefits your institution and customer obtained from the adoption of agent banking

.....  
.....  
.....  
.....  
.....

7. Is there barrier or challenge of adopting agent-banking service provision? If any, please specify in the space provided below:

.....  
.....  
.....  
.....

## APPENDIX B: Descriptive Analysis

### B.1 Technological Factors

	Statement		SD	D	N	A	SA	Mean	Standard deviation
1.	Your bank's use of agent banking is an example of a technological breakthrough.	Frequency	135	11	33	12	7	1.71	1.155
		Percentage	68.2	5.6	16.7	6.1	3.5		
2.	The hardware used by the agent banking system are easy to understand by the agents and their personnel	Frequency	46	32	68	12	40	2.84	1.394
		Percentage	23.2	16.1	34.3	6.1	20.2		
3.	The uptake of agent banking is affected by road infrastructure and network failure.	Frequency	25	26	77	37	33	3.14	1.216
		Percentage	12.6	13.1	38.9	18.7	16.7		
4.	The younger generation's prevalence makes it simple to implement agent banking.	Frequency	120	36	15	21	6	1.77	1.155
		Percentage	60.6	18.2	7.6	10.6	3		
5.	The use of agent banking is made easier by the development of mobile technologies.	Frequency	9	31	123	29	6	2.96	0.779
		Percentage	4.5	15.7	62.1	14.6	3		
6.	Using agent banking increases, the banks' competitiveness.	Frequency	34	3	97	40	24	3.09	1.178
		Percentage	17.2	1.5	49	20.2	12.1		

## B.2 Regulatory factors

	<b>Statement</b>		<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>Standard deviation</b>
1.	The NBE regulation regarding agent and mobile banking operations is comprehensive and easy to follow.	Frequency	<b>26</b>	<b>5</b>	<b>31</b>	<b>76</b>	<b>60</b>	3.7	1.289
		Percentage	<b>13.1</b>	<b>2.5</b>	<b>15.7</b>	<b>38.4</b>	<b>30.3</b>		
2.	The expansion of agency banking is beneficially affected by the KYC need to register or open a new client account, as established by the directive for mobile and agent banking.	Frequency	23	6	101	44	24	3.2	1.080
		Percentage	11.6	3	51	22.2	12.1		
3.	Agency banking will improve both current and potential clients' access to the bank's services.	Frequency	17	29	117	31	4	2.88	0.846
		Percentage	8.6	14.6	59.1	15.7	2		
4.	Adoption of agency banking is positively impacted by the existence of regulatory rules.	Frequency	12	6	110	43	27	3.34	0.962
		Percentage	6.1	3	55.6	21.7	13.6		

### B.3 Social and cultural Factors

	Statement		SD	D	N	A	SA	Mean	Standard deviation
1.	The bulk of people live in rural areas with limited access to financial services, which may encourage the use of agent banking	Frequency	6	8	31	88	65	4	0.961
		Percentage	3	4	15.7	44.4	32.8		
2.	Since the majority of the population is young, embracing current technologies may be taught to them with ease.	Frequency	8	4	74	107	5	3.49	0.766
		Percentage	4	2	37.4	54	2.5		
3.	The adoption of agent banking is influenced by the clients' age, gender, and educational background	Frequency	14	6	68	2	109	3.93	1.287
		Percentage	7.1	3	34.3	5	55.1		
4.	The customer base's lifestyle and demographics (age, income, employment, etc.) would help determine how the general public feels about agent banking.	Frequency	16	3	62	64	53	3.68	1.129
		Percentage	8.1	1.5	31.3	32.3	26.8		

### B.4 Environmental factors

	Statement		SD	D	N	A	SA	Mean	Standard deviation
1.	The adoption of agency is influenced by competition	Frequency	5	4	70	119	0	3.53	0.666
		Percentage	2.5	2	35.4	60.1	0		

2.	Availability of appropriate agency channels influences adoption of agency Banking	Frequency	7	36	129	15	11	2.93	0.787
		Percentage	3.5	18.2	65.2	7.6	5.6		
3.	The retail agents' ease of access and closeness to a bank branch influences the adoption of agency Investing	Frequency	3	15	110	26	44	3.47	0.97
		Percentage	1.5	7.6	55.6	13.1	22.2		
4.	Agent and client education levels directly affect the success of agency banking.	Frequency	6	14	32	82	64	3.93	1.020
		Percentage	3	7.1	16.2	41.4	32.3		
5.	The provision of agency services is impacted by cooperation with other banks in a variety of ways, such as accepting agent deposits on behalf of other banks.	Frequency	16	5	63	109	5	3.41	0.913
		Percentage	8.1	2.5	31.8	55.1	2.5		
6.	For banks, agent banking represents an untapped business opportunity	Frequency	3	5	78	110	2	3.52	0.643
		Percentage	1.5	2.5	39.4	55.6	1		

### Economic factors

	Statement		SD	D	N	A	SA	Mean	Standard deviation
1.	Your bank representative thinks that the reason they are remaining in the company longer is because they are being paid well.	Frequency	<b>9</b>	<b>6</b>	<b>69</b>	<b>114</b>	<b>0</b>	3.45	0.764
		Percentage	<b>4.5</b>	<b>3</b>	<b>34.8</b>	<b>57.6</b>	<b>0</b>		

2.	Agents that do agent banking operations are compensated with a commission that is justly reasonable.	Frequency	2	36	134	14	12	2.99	0.733
		Percentage	1	18.2	67.7	7.1	6.1		
3.	Implementing technological innovation requires high investment cost	Frequency	5	13	116	24	40	3.41	0.966
		Percentage	2.5	6.6	58.6	12.1	20.2		
4.	Adoption of e-banking and agent banking is highly influenced by bank size.	Frequency	0	13	20	88	77	4.16	0.855
		Percentage	0	6.6	10.1	44.4	38.9		

## B.5 Agent banking

	Statement		SD	D	N	A	SA	Mean	Standard deviation
1.	The number of adopters /customers is increasing annually	Frequency	<b>24</b>	<b>4</b>	<b>30</b>	<b>78</b>	<b>62</b>	3.76	1.259
		Percentage	<b>12.1</b>	<b>2</b>	<b>15.1</b>	<b>39.4</b>	<b>31.3</b>		
2.	An increasing number of agents are being engaged annually.	Frequency	11	28	120	32	7	2.98	0.818
		Percentage	5.6	14.1	60.6	16.2	3.5		
3.	The agent banking transaction's value is steadily increasing.	Frequency	10	28	117	34	9	3.02	0.837
		Percentage	5.1	14.1	59.1	17.2	4.5		

4.	The amount of transactions made through agent banking is steadily rising.	Frequency	8	5	102	48	35	3.49	0.949
		Percentage	4	2.5	51.5	24.2	17.7		

## Customers

No.	Statement	Frequency	
		Yes	No
1.	Have you ever used agent banking service?	51	29
2.	Can you get agent banking service with high quality system so it help you to complete banking activities more quickly	31	49
3.	The use of Agent Banking is often limited by the availability and strength of internet connection	63	17
4.	Do CBE staffs provide adequate information about the particular Agent banking service?	66	14
5.	It would be much easier tracking my account information when I use the mobile and agent banking service than when using the traditional banking service	53	27
6.	The network on the mobile and agent banking service is more reliable when making transactions as compared to ATMs and banking halls	23	57
8.	Is an agent banking service compatible with your banking needs	61	19
9.	Does an agent banking service have enough cash to enable you withdraw large sums of money?	32	48
10.	Agent banking services are provided with skilled man power so they help me to make transaction using the mobile and agent banking service	55	25

## B.6 Agents

No.	Statement	Frequency	
		Yes	No
1.	Is an agent banking service perceived by customers as having Convenience advantage?	66	12
2.	Is an agency banking service understood by customers as it is secured?	32	46
3.	Is an agent banking service technologically easy to use?	58	20
4.	Is the growth of agency banking affected by the depth of marketing and promotional activities conducted by the financial institution	54	24
5.	Do you get reasonably fair amount of commission for doing agent banking operation?	60	18

**APPENDEX C: Agent Contract**

**Commercial Bank of  
Ethiopia Agent Contract**

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**Addis Ababa**

**የውክልና ባንክ አገልግሎት ውል**

**Agent Banking Service Agreement**

ይህ ውል ከዛሬ \_\_\_\_\_ ቀን \_\_\_\_\_ ወር እ.ኤ.አ 20\_\_\_\_ ከዚህ በኋላ "ባንክ" እየተባለ በሚጠራው የኢትዮጵያ ንግድ ባንክ እና \_\_\_\_\_ በኢትዮጵያ ውስጥ በስራ ፈቃድ ቁጥር \_\_\_\_\_ ከተመዘገበው እና ከዚህ በኋላ "ወኪል" (ተተኪዎችን ወይም መብቱ የሚተላለፍላቸውን ይጨምራል) እየተባለ በሚጠራው መካከል የተደረገ ስምምነት ነው።

This agreement is made on the Day of \_\_\_\_\_ month, 20\_\_\_\_ between COMMERCIAL BANK OF ETHIOPIA (herein after referred as the "Bank") and \_\_\_\_\_ incorporated in Ethiopia with registration number \_\_\_\_\_ (herein after referred as the ደረሰኝ ላይ መፈረሙን ማረጋገጥ፤

1 ትርጓሜ  
በዚህ ስምምነት ውስጥ የተካተቱት ቃላት ትርጓሜ ለዚህ አገልግሎት ተብሎ በተዘጋጀው የተጠቃሚዎች/የባንኩ መመሪያ መሰረት ይሆናል።

ጠ. ከደንበኞች ጥሬ ገንዘብን በመቀበል እና ከእራሱ ከወኪሉ ሂሳብ ላይ ተመሳሳይ መጠን ያለው ገንዘብ በመቀነስ ወደ ደንበኛው የኤሌክትሮኒክ ሂሳብ (E-Money Account) ገቢ ማድረግ ወይም ለደንበኛው በኤሌክትሮኒክ ሂሳብ ውስጥ ያለውን ገንዘብ ወጪ በማድረግ በተመሳሳይ መልኩ በጥሬ ገንዘብ መክፈል፤

2 ወኪሉ ከዚህ በታች የተዘረዘሩትን አገልግሎቶች ይሰጣል  
ሀ. ደንበኞችን መዝግቦ ሂሳብ መክፈት  
ለ. የተቀማጭ ገንዘብ መቀበል  
ሐ. ገንዘብ ወጪ ማድረግ  
መ. ገንዘብ ማስተላለፍ  
ሠ. የአገልግሎት ክፍያዎችን መክፈል  
ረ. የደሞዝ ክፍያዎችን መክፈል  
ሰ. ለደንበኞች የአገልግሎቱን አጠቃቀም ግንዛቤ ማስጨበጥ  
ሸ. ሌሎች በብሔራዊ ባንክ የተፈቀዱ የሲቢኢ ብር አገልግሎቶችንና ሲቢኢ ብር ያሳወቃቸውን አገልግሎቶች መስጠት ይችላሉ።

3 የወኪሉ ሀላፊነትና መብት  
ሀ. በተጠቀሰው የስምምነት ጊዜ ውስጥ ሲቢኢ ብር (CBE Birr) አገልግሎትን ለደንበኞች መስጠት፤  
ለ. አዲስ ደንበኛን ለመመዝገብ ያላለሰለሰ ጥረት ማድረግ፤  
ሐ. እያንዳንዱ ግብይት (transaction) ከተፈጸመ በኋላ ደንበኛው ለመመዝገቢያ በተዘጋጀው ሰነድ ላይ እና ሲቢኢ ብር (CBE Birr)

"Agent" includes its successors and assigns).

1 Definitions

The terms used in this agreement will have the meanings stated under the user guide/procedure of the bank destined for this purpose.

2 The Agent will provide the following services

- a) Customer registration and account opening
- b) Cash deposit (cash in)
- c) Cash withdrawal (cash out)
- d) Cash transfer service
- e) Bill payment
- f) Salary/ Bulk payment
- g) Customer Education
- h) Perform any others services that permitted by national bank of Ethiopia and notify by CBE Birr.

3 Responsibilities and Rights of Agent

- a) Provide the CBE Birr services to customers for the duration of this agreement.
- b) Use its best endeavors to register new customers for the CBE Birr services.
- c) Ensure that each Customer signs the Log Book/CBE Birr receipt upon successful completion of a Transaction.
- d) Receive cash payments from Customers into the Cash Float in exchange for credits to Customer's E-Money Accounts with a corresponding debit to the Agent Float and vice versa.
- e) In the event of insufficient sums available in the E-Money Float Account, the agent must deposit a sum in the bank before carrying out transaction.

- ሠ. በቂ የሆነ ገንዘብ በኤሌክትሮኒክ ሂሳብ ውስጥ በማይኖርበት ጊዜ ሁሉ ወኪሉ ግብይት ከመፈጸሙ በፊት ወደ ባንክ በመሄድ ወደኤሌክትሮኒክ ሂሳብ ጥሬ ገንዘብ ማስገባት አለበት።
- ረ. ወኪሉ የሲቢኢ ብር አገልግሎትን ባንኩ ባስቀመጠው የዋጋ ዝርዝር እና በየጊዜው በባንኩ በሚወጣው የዋጋ ማሻሻያ መሰረት ይሰጣል፤
- ሰ. ባንኩ በፈቀደለት አካባቢ (ቅርንጫፍ) እና የግብይት የገንዘብ ጣሪያ ወሰን ብቻ ወኪሉ የሲቢኢ ብር አገልግሎት ይሰጣል፤
- ሸ. ወኪሉ በዚህ ውል ውስጥ የተመለከቱትን መብትና ኃላፊነቶች ለሌላ ሰው ወይም ድርጅት አያስተላልፍም፤
- ቀ. ወኪሉ ለእያንዳንዱ የተፈጸመ ግብይት የሚረጋገጫ አጭር የፅሁፍ መልእክት ከባንኩ ይደርሰዋል። ግብይቱ የተፈጸመ መሆኑ የሚረጋገጠው አጭር የፅሁፍ መልእክት ለወኪሉ ሲደርስ ብቻ ነው።
- በ. ወኪሉ ማናቸውንም መረጃ፣ ሰነዶች ወይም በልምድ የዳበረ ንድፈሃሳብ ከባንኩ የፅሁፍ ፈቃድ ውጪ ለሌላ ለ3ኛ ወገን አሳልፎ መስጠት አይችልም። ወኪሉ ሚስጢራዊ መረጃዎችን መጠቀም የሚችለው ከዚህ ውል አፈጻጸም ጋር በተገናኘ ብቻ ነው።
- ተ. ወኪሉ የተሰጠውን የተጠቃሚ መለያ እና የሚስጥር ቁጥር በመጠቀም ለሚፈጸም ማንኛውም ግብይት ሙሉ ሃላፊነት ይወስዳል።
- ቸ. ከዚህ ውል አፈጻጸም ጋር በተገናኘ ማናቸውም ስርቆት ወይም ህገወጥ ድርጊት በሚፈጸምበት ወቅት ወኪሉ በአፋጣኝ ለባንኩ ሪፖርት ያደርጋል፤
- ኘ. ወኪሉ በቂ ገንዘብ በሂሳብ ውስጥ ሳይኖር ምንም አይነት ግብይት መፈጸም የለበትም። ወኪሉ በሂሳብ ውስጥ ካለው ተቀማጭ ገንዘብ በላይ በማናቸውም ምክንያት ገንዘብ ወጪ ቢያደርግ ሙሉ ኃላፊነቱን ይወስዳል።
- ነ. ወኪሉ ሁሉንም በሥራ ላይ ያሉ ህጎችን እና ሕገ ወጥ የገንዘብ ዝውውር ደንቦችን ያከብራል።

- f) Shall only provide the CBE Birr Services using the tariffs as set out in price Schedule as may be varied by the bank from time to time.
- g) Shall only provide the CBE Birr Services at the agreed Outlets within any Transaction Limits placed on such Outlets.
- h) Shall not assign any rights or responsibilities mentioned under this Agreement to any other person or entity.
- i) Shall get an SMS confirmation for each completed transaction from the bank. Only the receipt of SMS confirmation will signify completed transaction.
- j) Shall not disclose any information, documentation, data or know-how to any third party without the written consent of the bank. The Agent shall only use confidential information only related to the performance of this agreement.
- k) Shall be responsible for all Transactions undertaken using his/her user ID and PIN.
- l) In the event of any theft or loss related to the performance of this agreement the agent shall report to the bank.
- m) Shall not undertake any transaction in cases where his/her account has no sufficient fund. The agent will assume full responsibility for any amount due to his/her as a result of overdrawn from his account.
- n) Shall comply with all applicable laws, and anti-money laundering [AML] requirements.

4 የሲቢኢ ብር ሀላፊነትና መብት  
 ሀ. ወኪሎችን መምረጥና ልዩ የሆነ መለያ ቁጥር ሰጥቶ በአግባቡ መዝገብ ማስቀመጥ

- ለ. አንደኛው ሰነድ ለወኪሎች ሰራተኞቻቸው ስልጠና መስጠት
- ሐ. የሲቢኢ ብር አገልግሎት የሚያስፈልጉ መገልገያዎችን ማቅረብ
- መ. በውሉ መሰረት የሲቢኢ ብር የጉርሻ ክፍያዎችን በወቅቱ መክፈል

ሠ. በየጊዜው የሚወጡ ክፍያዎችን ተከታትሎ ማወቅ

- 4 Responsibility and Right of CBE Birr
- a) Selects and Assign each CBE Birr agents a unique identification number and keep up-to- date records of its agents.
  - b) If necessarily provide the training to the Agent and its personnel
  - c) CBE Birr shall provide consumables for agent banking service as deemed necessary
  - d) CBE Birr shall pay commission for agent with in the agreed revenue settlement period

e) notify the Agent of the Fee Amount applicable from time to time

5 የወኪል ደህንነት

ሀ. ወኪሉ ማንኛውንም የሲም ካርድ መጥፋት ወይም ስርቆት ሲያጋጥመው አገልግሎት እንዳይሰጥ ለማድረግ ወዲያውኑ ለሲቢኢ ብር ማሳወቅ አለበት ሲቢኢ ብርም ያልተፈቀደለት አካል እንዳይጠቀምበት ለመከላከል ወዲያውኑ አገልግሎት እንዳይሰጥ ያደርገዋል። ወኪሉም በፅኑነት እስካላሳወቀ ድረስ በመሃከል ለሚደርሰው ኪሳራ ወኪሉ ሙሉ ሃላፊነቱን ይወስዳል።

ለ. ወኪሉ ተንቀሳቃሽ ስልኩን፣ የሚስጢር ቁጥሩን ፣ የይለፍ ቃሉንና የሲቢኢ ብር አጠቃቀም መመሪያን በአግባቡ የመከተል ኃላፊነት አለበት። ከዚህ ጋር በተያያዘ ለሚመጡት ጉዳዮች፣ ኃላፊነቶች፣ ኪሳራዎችና ወጪዎች ወኪሉ ሃላፊነቱን ይወስዳል።

6 የግብይት ገደብ

ሀ. የወኪሉ የግብይት ገደብ በባንኩ የግብይት ገደብ መሰረት ይሆናል።  
ለ. የወኪሉ የግብይት ገደብም እንደ ወኪሉ ደረጃ ይወሰናል

7 የወኪል የስራ ሰዓት

ሀ. ወኪሉ አገልግሎቱን ከጠዋቱ -----ሰዓት እስከ ምሽቱ -----  
- ሰዓት መስጠት ይችላል።

8 የኤሌክትሮኒክስ መጠቀሚያዎች ቴክኒካል ገለጻ

ሀ. አንድ ወኪል በተንቀሳቃሽ ስልኩ በመጠቀም የሲቢኢ ብርን አገልግሎት ማድረስ ይችላል  
ለ. አንድ ወኪል የመረጃ መረብን በመጠቀም የሲቢኢ ብርን አገልግሎት ማድረስ ይችላል

5 Agent Security

a) In the event of any loss or theft of the Agent’s SIM Card the Agent must notify immediately in accordance with the CBE Birr in order that CBE Birr may disable the same to prevent its further unauthorized use. The Agent is responsible for any losses, costs and expenses incurred in the period between the losses or theft of the Agent’s SIM Card and such time as CBE Birr shall have received written notice of such loss or theft.

b) The Agent is responsible for the safekeeping and proper use of the Mobile Equipment, and for keeping the PIN secret, password and for all CBE Birr Instructions initiated using the PIN and password. The Agent shall indemnify and keep CBE Birr indemnified against any and all actions, claims, demands, damages, liability, costs and expenses as a result of any negligent use of the Mobile Equipment or PIN and password.

6. Transaction Limit

a) Agents transaction limit will be as per the banks limit schedule  
b) Agent’s transaction limit will vary according to the level of agent

7. Agent Business hour

a) The Agent will provide the service from ..... In the morning to..... night

8. Technical description of electronic devices;

a. An agent can provide the CBE Birr service Via mobile (USSD) channel  
b. An agent can provide the CBE Birr service Via web Portal (WEB)

9. የመዝገብ አያያዝ  
ሀ. ወኪሉ አስፈላጊ የሆኑ መዝገቦችን፤ መረጃዎችንና ሰነዶችን በአግባቡ በመያዝ በአቅራቢያው ላለ የኢትዮጵያ ንግድ ባንክ በመዝገብ ካሰፈረበት ቀን አንስቶ ከሁለት ሳምንት ባልበለጠ ጊዜ ውስጥ በአግባቡ ማስረከብ አለበት።

10. የሰው ሃብት  
ሀ. የወኪሉ ሰራተኞች እንደ ኢትዮጵያ ንግድ ባንክ ሰራተኞች ሳይሆኑ መብትና ግዴታቸው ባንኩና ወኪሉ በተዋዋሉት ስምምነት መሰረት ይሆናል።

11. የፍሎት/የተንቀሳቃሽ ሂሳብ ባለቤትነት  
ይህ ውል ፀንቶ ባለበት ጊዜ ሁሉ የሲቢኢ ብር ፍሎት (ተንቀሳቃሽ ሂሳብ) ባለቤትነት የወኪሉ ይሆናል። ሆኖም ወኪሉ በሚፈፀሙ ግብይት ሂሳብ ሊቀንስ እና ሊጨምር ይችላል።

12. የማስታወቂያ ዕቃዎች/ቁሳቁሶች እና የአጸምሯዊ ንብረት መብት  
ሀ. ባንኩ አስፈላጊውን የማስታወቂያ ዕቃዎች በራሱ ወጪ አዘጋጅቶ ያቀርባል።  
ለ. ባንኩ ለአገልግሎቱ አስፈላጊ የሆኑ አላቂ መገልገያዎችን እንደ አስፈላጊናቱ ያቀርባል።  
ሐ. ወኪሉ የተለያዩ የሲቢኢ ብር ማስታወቂያዎችን ምቹ በሆነ እና ለማህበረሰቡ በሚታይ መልኩ ማስቀመጥ አለበት።  
መ. ወኪሉ ማንኛውንም ከሲቢኢ ብር የንግድ ምልክት ፣ የንግድ ስም ወይም ሌሎች ምልክቶች ጋር ሊያሳስት በሚችል መልኩ ተመሳሳይነት ያለውን የንግድ ምልክት መጠቀም የለበትም።

13. ኮሚሽን  
ሀ. ባንኩ ለወኪሉ የሚሰጠውን ኮሚሽን መጠን ይወስናል።  
ለ. ባንኩ ለአገልግሎቱ የሚከፍለው ኮሚሽን ላይ በማናቸውም ጊዜ ማስተካከያ ሊያደርግ ይችላል። የሚደረገው ማስተካከያ በባንኩ ድህረገፅ ላይ በግልፅ የሚቀመጥ ይሆናል።

9. Record keeping  
a) The agent shall at all-time ensure safe keeping of all relevant records, data, documents or files or alternately, such records, data, documents or files are shifted to the nearby branch which the agent initially registered with in two Weeks.

10. Human resource  
a) Employees of an agent shall not be treated as employees of Commercial Bank of Ethiopia and the rights and duties of such shall be agreed between the bank and the agent.

11. Float Ownership  
The CBE Birr Float shall at all times during the Agreement Period be the property of the Agent and shall vary in accordance with the Transactions effected by the Agent.

12. Branding & promotional materials & intellectual property rights  
a) Bank shall provide all branding and promotional items at no cost to the agent.  
b) The bank shall provide consumables for agent banking service as deemed necessary  
c) The Agent shall display the promotional items in a suitable place which is feasible to the public.  
d) The Agent shall not use any trademarks that are confusingly similar to the Trademarks, Trade names, or other signs of CBE Birr.

13. Remuneration for the agent  
a) The Bank shall set commission for agent banking service.  
b) The bank reserves the right to amend the commission at any time; the notice shall be published at CBE official website.

17. ገቢን አስመልክቶ ማረጋገጫ ስላለመስጠት ወኪሉ የሲቢኢ ብር ግብይትን እስካልፈጸመ ድረስ ምንም አይነት ክፍያ ከባንኩ የማያገኝ ሲሆን ከአገልግሎቱ የሚገኝ ገቢን ተመርኩዞ ምንም አይነት ማረጋገጫ በቃልም ሆነ በፅሁፍ አይሰጥም።

15. ስለካሳ  
በዚህ ውል አለመከበር እንዲሁም በወኪሉ ሰራተኞች ወይም በማናቸውም ሰነድ ወገን ሆነ ተብሎ ወይም በቸልተኝነት በሚፈጸም ማንኛውም ድርጊት ላይ ብቻ ሳይወሰን፤ ወኪሉ በባንኩ ላይ ለደረሰ እና ሊደርስ የሚችል ማናቸውም ጉዳት ወይም የህግ ወጪዎች ለመካስ ሙሉ ኃላፊነቱን ይወስዳል።

16. ገዢ ሕግ  
ይህ ውል በኢትዮጵያ ሕግ መሰረት የሚፈጸም ይሆናል።

17. ጠቅላላ ድንጋጌዎች  
ሀ. ባንኩ ለዚህ አላማ በሚል በሚያዘጋጀው መመሪያ መሰረት ወኪሎችን ከደረጃ 1 እስከ 3 በማለት ይመድባል።  
ለ. በሁለቱ ወገኖች መካከል የሚደረጉ ማንኛውም ማስታወቂያዎች ወይም ግንኙነቶች በጽሁፍ መሆን አለባቸው።  
ሐ. በዚህ ውል በሌላ አኳኋን ካልተገለጸ በስተቀር ከውሉ ድንጋጌዎች ውስጥ የአንዱ ወይም የተወሰነው ክፍል አለመፈጸም የውሉን ድንጋጌ እንደተሻረ አያስቆጥረውም።  
መ. ከባንኩ የፅሁፍ ፈቃድ ካልደረሰው ወይም በህግ ካልተጠየቀ በስተቀር ወኪሉ ሥራውን በተመለከተ ማስታወቂያ ማውጣት፤ ጋዜጣዊ መግለጫ መስጠት ወይም ይህን ስምምነት ለሌላ ሦስተኛ ወገን መግለጽ አይችልም።  
ሠ. የብሔራዊ ባንክ/የኢትዮጵያ ንግድ ባንክ ወኪሎች አገልግሎቱን ለመስጠት በተስማሙበት የጊዜ ገደብ ውስጥ የወኪሉን የመስሪያ ቦታና ቅርንጫፎቹን ፤ የአገልግሎት አሰጣጡን፤ የሰነድ አመዘጋገቡን፤ አያያዙን ሪፖርት አደራረጉን በስምምነቱ መሰረት እየተካሄደ መሆኑን በማንኛውም ጊዜ የስራ ሰዓት ይከታተላሉ።

14. No guaranteed Income  
No warranties or representations are made with regard to potential revenues that maybe earned by the agent from the provision of the CBE Birr services unless transaction effected and no reliance should be placed on any statements or projections provided whether verbally or in writing in this respect.

15. Indemnity  
The agent shall hold the bank harmless for any actual or consequential damages or legal costs resulting from breach of this agreement by the agent including but not limited to breaches caused by any act, neglect or fault of the agent's employees or any third party claim in respect of any matter arising from the agent's conduct.

16. Governing law  
This agreement shall be governed in accordance with the laws of Ethiopia.

17. General Provisions  
a) The bank shall classify or categorize the agent as level 1 up to 3 as per the bank's procedure destined for this purpose.  
b) All notices or other communications as between the parties shall be made in writing and delivered to the respective party.  
c) Unless otherwise stated under this agreement, the rights and remedies contained in it are cumulative and the failure to enforce any one or more of the terms or conditions of this agreement shall not be considered as a waiver.  
d) Unless otherwise required by law the agent shall not make or cause to be made any press release, public announcement or disclosure to any third party in respect of this agreement or the transactions completed hereby or otherwise communicate with any news media without the prior written consent and approval of the bank.  
e) National Bank/CBE shall have the right at any time during the contract period to inspect the Agent's premises, Outlets and business operations (the internal systems, documents, reports, records,) to ensure compliance with the terms of this Agreement

- 18. ውሉን ስለማሻሻል  
በዚህ ውል ላይ የሚደረግ ማንኛውም ማሻሻያ ወይም ተጨማሪ ድንጋጌ በፅሁፍ ሆኖ በሁለቱም አካላት መፈረም አለበት።
- 19. ውሉን ስለማፍረስ  
ሀ. የኢትዮጵያ ብሔረሰብ ባንክ ወይም የኢትዮጵያ ንግድ ባንክ ውሉን በህግ አግባብ ወይም በባንኩ ደንብ እና መመሪያ መሠረት ሊሸፍን ይችላል።  
ለ. ወኪሉ ይህን ውል ከጣሰ ወይም ማንኛውም ተፈጻሚነት ያለውን ህግ ወይም ደንብ ካላከበረ ባንኩ ወዲያውኑ ውሉን ሊያፈርሰው ይችላል።  
ሐ. ወኪሉ ወይም ባንኩ በማንኛውም ጊዜ በቅድሚያ የሰላሳ (30) ቀን ማስጠንቀቂያ በጽሁፍ በመስጠት ውሉን ሊያፈርሱት ይችላሉ።
- 20. አንድ ወኪል በሚከተሉት ምክንያቶች ከባንኩ ጋር ያለው ውል ሊቋረጥ ይችላል።  
ሀ. የውሉ ጊዜ በሚጠናቀቅበት ወቅት  
ለ. ወኪሉ ይህን የውል ስምምነት ጥሶ በሚገኝበት ወቅት  
ሐ. ወኪሉ ቀድሞ አገልግሎት ይሰጥበት የነበረውን ድርጅት በሚዘጋበት ወቅት  
መ. ወኪሉ በቀጥታም ሆነ በተዘዋዋሪ ከባንኩ ዕውቅና እና እዚህ ውል ላይ ከሰፈሩት ደንቦች ውጪ ደንቦችን በግሉ ሲያስከፍል የተገኘ ከሆነ።  
ሠ. ወኪሉ በማጭበርበር ፣ እምነት በማጓደል ወይም በተለያዩ ጥፋቶች ላይ ወንጀለኛ ሆኖ ሲገኝ።  
ረ. ወኪሉ የገንዘብ ኪሳራ ወይም ጉዳት በሚያጋጥመው ጊዜ እና ባንኩ ይህ ወኪል ኪሳራ ከደረሰበት ቀን አንስቶ እስከ ሶስት ወር ድረስ ከኪሳራው ያገግማል ብሎ ካላሰበ።  
ሰ. ወኪሉ ከህግ ቁጥጥር ውጪ በሚሆንበት ወቅት (ለህግ ተገዢ ሳይሆን በሚቀርበት ወቅት)  
ሸ. ለግል ባለንብረቶች (ወኪሎች) ፣ ወኪሉ በሞት በሚለይበት ወቅት ወይም የአእምሮ ህመም ችግር በሚያጋጥመው ወቅት።  
ቀ. ወኪሉ ከባንኩ የፅሁፍ ፈቃድ ውጪ የሲቢኢ ብር አገልግሎት ይሰጥበት የነበረውን ቦታ ዘግቶ ወይም ቀይሮ በሚገኝበት ወቅት።  
በ. ወኪሉ የንግድ ፈቃዱን ሳያሳድስ በሚቀርበት ወቅት/ባልታደሰ የንግድ ፈቃድ አገልግሎቱን ሲሰጥ በሚገኝበት ወቅት።  
ተ. ወኪሉ በብሄራዊ ባንክ እና በኢትዮጵያ ንግድ ባንክ የወጡትን መመሪያዎች ጥሶ በሚገኝበት ወቅት።

- 18. Amendment  
Any amendments or additions to this agreement shall be made in writing and signed by both parties.
- 19. Termination
  - a) Either the National Bank of Ethiopia or Commercial bank of Ethiopia may terminate this agreement based on the applicable laws and by laws of the bank.
  - b) The bank may forthwith terminate this agreement, if the agent is in breach of this agreement, or any applicable law or regulation.
  - c) The agreement may be terminated by the bank or Agent at any time by providing not less than 30 Days' notice.
- 20. An agency contract shall be terminated when:
  - a) At compilation /expiry of agreement period
  - b) In case of breaking of this agreement by the agent
  - c) when the agent's principal commercial Activity has ceased;
  - d) Agent found directly or indirectly charging customers by itself without the knowledge of the Bank and or against any of the predefined agreements entered with the bank
  - e) Agent is guilty of a criminal offence involving fraud, dishonesty or other financial Impropriety;
  - f) Sustains a financial loss or damage to such a degree which, in the opinion of
  - g) The bank, makes it impossible for the agent to gain its financial soundness within three months from the date of the loss or damage;
  - h) in case of a sole proprietor, dies or becomes mentally incapacitated;
  - i) Transfers, relocates or closes its place of agent banking business without the Prior written consent of the Bank;
  - j) Agent fails to hold or renew a valid business license;
  - k) Violates any provision of NBE directives as may in the opinion of the

21. ስለአለመግባባት አፈታት  
በተዋዋይ ወገኖች መካከል የሚፈጠር ማናቸውም አለመግባት በእርቅ ስምምነት ይፈታል። ሆኖም አለመግባባቱ በእርቅ ስምምነት ሊፈታ ካልቻለ ጉዳዩ በኢትዮጵያ ፌዴራል ፍርድ ቤቶች የሚዳኝ ይሆናል።

22 ጧሉ የሚጀምርበትና ፀንቶ የሚቆይበት ጊዜ  
ይህ ጧል ከተፈረመበት ቀን አንስቶ እስከ -----ቀን ----- ወር-----ዓ.ም ድረስ በአንቀጽ 19 እና 20 በተዘረዘሩት ምክንያቶች ካልተሻረ በስተቀር ለአንድ አመት ጊዜ ፀንቶ የሚቆይና በየአመቱ የሚታደስ ይሆናል።

ሰለጠካሉ  
For the Agent  
ስም \_\_\_\_\_  
Name  
የሥራ ኃላፊነት \_\_\_\_\_  
Position  
ፊርማ : \_\_\_\_\_  
Signature:

ምስክሮች  
Witnesses

ስም  
Name

21. Dispute Settlement  
The parties will settle any dispute amicably. If the dispute will not be settled amicably, the matter will be referred to the Federal courts of Ethiopia.

22. Term and Commencement  
This agreement shall be effective until \_\_\_\_\_date \_\_\_\_\_month, 20\_\_\_\_commenced from the date written herein above unless terminated by the parties as per clause 11 and must renewed annually

ስለባንኩ  
For the Bank  
ስም \_\_\_\_\_  
Name  
የሥራ ኃላፊነት \_\_\_\_\_  
Position  
ፊርማ : \_\_\_\_\_  
Signature:

ፊርማ  
Signature

