Addis Ababa University
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The Role of Awareness Based Communication for Financial Inclusion: The Banking System in Focus

By
Elias Salah

A Thesis Submitted to the Graduate School of Journalism and Communication, in Partial Fulfillment of the Requirements for the Degree of Masters of Arts in Journalism and Communication

Advisor: - Dr. Getachew Dinku

Addis Ababa University
Addis Ababa, Ethiopia
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DECLARATION

I, the undersigned, declare that this thesis is my original work and all the sources of materials used for the thesis have been accordingly acknowledged.

Name: Elias Salah Signature: _____

Submitted to: Addis Ababa University, Graduate School of Journalism and Communication

Date of submission: _____

Addis Ababa University, Addis Ababa Ethiopia

Addis Ababa University

School of Graduate Studies

This is to certify that the thesis prepared by Elias Salah, entitled "The Role of Awareness based Communication for Financial Inclusion: The Banking System in Focus" and submitted in partial fulfillment of the requirements for the Degree of Master of Arts in Journalism and Communication complies with the regulations of the University and notes the accepted standards with respect to originality and quality.

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ABSTRACT

As part of top priority in the development plan, the Ethiopian Government launched National Financial Inclusion Strategy in 2017 with the aim of bringing the unbanked segment of the society to the banking system. This study investigates the role of communication for financial inclusion with particular focus on the banking system. The research used a qualitative approach employing mainly in-depth interviews, focus group discussions and secondary data analysis. Through this analysis the researcher was able to identify the visible awareness gap that exists on the consumer side particularly with consumers residing in rural areas regarding bank products and services of the commercial banks. On the contrary, urban adults were more likely to own commercial bank account. The study also found that women had generally less aware of financial services the banks offer. In addition to financial literacy gaps, having no enough money to save, were also another reason for not having a bank account. It was found out that the commercial banks highly focus on advertisement and promotion as ways of reaching out to potential customers rather than awareness-based communication. Even with the advertising and promotion tasks, they seemed to target more of the educated urban adult instated of bringing the unbanked segment of the rural adult to the banking system. They focused on deepening their urban market rather than expanding and including the unbanked segment of the society. There were few attempts to conduct communication campaigns and house-to-house communication in rural areas. It appears that the banks need to do a lot more in terms of creating financial awareness. A comprehensive communication strategy targeting long-term results should be developed and implemented.

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LIST OF ABBREVIATIONS AND ACRONYMS

AB	Awash Bank
ATM	Automatic Teller Machine
CBE	Commercial Bank of Ethiopia
DB	Dashen Bank
GTP	Growth and Transformation Plan
NBE	National Bank of Ethiopia
NFIS	National Financial Inclusion
PASDEP	Plan for Accelerated and sustained Development to End Poverty
POS	Point of Sales
SACCO	Saving and Credit Cooperatives
SDPRP	Sustainable Development and Poverty Reduction Program
WB	Wegagen Bank

CHAPTER ONE

1. INTRODUCTION

1.1 Background

In Ethiopia, there has been great effort in expanding the financial sector particularly the banking service. Currently, there are 18 banks, of which 16 are private banks while the remaining two are state owned. Thirty-six microfinance institutions and five capital goods finance companies are also operating in the country.

Since 2002, the Ethiopian government has developed successive comprehensive development plans, sustainable development and poverty reduction program (SDPRP), plan for accelerated and sustained development to end poverty (PASDEP) and the two growth and transformation plan (GTP I and II) implemented since 2002. The economy has registered a strong and sustainable growth over the past decade, underpinned by public sector development strategy that focused on investing heavily in infrastructure development (Africa Development Outlook, 2015).

The Ethiopian government has also developed and launched financial inclusion strategy. The concept of financial inclusion is creating access to and use of formal financial services, providing opportunities for facilitating individual prosperity and economic development. The two main pillars that make financial inclusion a reality are access to different financial services in order to meet the needs of customers at affordable price, and regular and enhanced utilization of these services by the public.

The strategy has been considered as one core element in the country's path towards rapid economic growth, greater prosperity and social development. Financial inclusion provides and expands opportunities for a range of micro, small and medium enterprises and households to become economically empowered and self-reliant over time. Access to finance contributes to reducing poverty and income inequality by promoting job creation in the private sector and helping households manage their finance better using efficient and better-designed financial instruments that meet their needs (NFIS, 2017).

On other hand, communication has crucial role to enhance the National Financial Inclusion strategy. It is via communication that the banking system can reach out its' consumers and create awareness about its' financial services and products. The National Financial inclusion strategy indicated that financial capability and financial awareness are important to enhance the strategy.

Presently, advertisement and promotion are widely used by the banking system to introduce their products and services. However, to reach out the vast rural consumer and to bring the unbanked segment, various communication tools need to be employed.

In an organization, internal communication is usually aimed at creating enabling environment for employees to come together, deliberate and make decisions collaboratively. On the other hand, external communication focuses on forging external relations with the publics of the organization. External communication should promote the organization by raising awareness of different stakeholders.

Therefore, this research paper endeavors to explore the role of communication for financial inclusion in the banking sector of Ethiopia and find out the different ways of communication that have been used in the banking sector to promote financial inclusion. The paper also attempts to identify the strengths and weaknesses of the communication approaches employed to promote financial inclusion.

1.2 Statement of the Problem

In Ethiopia, a small proportion of the population has taken advantage from the regulated bank services due to lack of awareness, trust, and attitude about financial services. In addition, most households including urban adults have no sufficient information and knowledge needed to uptake services from the existing regulated banking service. For instance, the World Bank survey identified 78 percent of the adults have insufficient fund attitude and concluded as a major barrier in using the regulated bank service. The survey also pointed out that such other factors as distance from banking services, cost of bank service, and lack of documentation, distrust and religion in contributing for the society's low level of bank service usage (Findex 2014 survey). The lack or inadequate information about the different types of financial

products available and the benefits obtained are the major constraints for expansion of banking services across the country (NFIS, 2017).

According to supply side data, there have been about 19 million Commercial Bank accounts and 12 million microfinance institutions saving accounts totally as of March 2016. This indicates that there have been around 68 transaction accounts per 100 adults (using an estimate of 45 million adults 18 years of age and over). The statistic also suggests that many adults have remained without having service from the regulated banking sector (NFIS, 2017).

However, the government of Ethiopia and the private sector has developed and recently introduced a National Financial Inclusion Strategy (NFIS) in view of improving access to finance and financial inclusion for a greater proportion of the society, which is currently outside the reach of banking services. Moreover, the on-going financial inclusion strategy is bearing fruits not only in terms of increasing financial intermediation but also in enhancing the use of electronic money and new financial products.

Although, the national Financial Inclusion strategy has been embarked recently, emphasis has not been given on the role of communication in addressing the objective of the strategy. Moreover, there have been no comprehensive studies on communication and financial sector development in Ethiopia. Hence, little is known on the importance of communication in banking business. This study intends to fill this gap of knowledge.

Teshome Bekele (2017) conducted a study to explore the practice of internal and external communication in Development Bank of Ethiopia. The result of the study showed that managers, employees and customers evaluate the work by corporate promotion and communication department at Development Bank of Ethiopia as good.

Moreover, Samson Belina (2016) examined the organizational communication satisfaction of employees working in Awash Insurance Company S.C. The result indicated that gender, marital status and number of years in service do not seem to make significant difference among staff members' level of satisfaction. A strong positive relationship and statistically significant correlation was found between overall communication satisfaction and job

satisfaction scores, indicating that when staff members feel satisfied with communication in their workplace, they also tend to feel satisfied with their job in workplace.

The researcher selected the banking system from the finance sector (Bank, Insurance, Microfinance institutions and lease finance companies) due to its pivotal role in the sector as well as in the economy of the country. Based on this, the banking system is expected to have experience in employing communication tools to enhance financial inclusion.

1.3 Research Questions

In order to investigate the problem with respect to limited usage banking services, the current study attempts to answer the following research questions.

1. What does the practice of communication in the banking sector look like?
2. What is the role of awareness based communication in promoting financial inclusion in the banking system in Ethiopia?
3. What are the strengths and weakness of the existing communication in the banking system?

1.4 Objective of the Research

1.4.1. General Objective of the Study

The underlying objective of this study is to explore the role of communication in the financial inclusion program of the banking sector in Ethiopia.

1.4.2. Specific Objectives

More specifically, the current study attempts to:

1. Identify the different ways of communication that have been commonly used in banking sector to promote financial inclusion.
2. Analyze those communication strategies used by the banking system using communication principles as lenses.

3. Identify the strengths and weakness of the exiting communication approaches to promote financial inclusion.

1.5 Significance of the Study

The study will examine the practice of communication in promoting financial inclusion in the banking system of Ethiopia. It will attempt to analyze the strength and weakness of the communication practice in the system.

As a result, this thesis will have the following stated significance

- By showing the communication gap in relation to promoting financial inclusion, the study intends to encourage the decision makers in the banking system give due attention for communication
- As a result of its practical application, it will also allow the decision makers in the banking system assess problems and weakness related to communication
- It may also serve as a reference for researchers those who intend to further conduct study on similar research agenda.

1.6 Scope and Limitations of the study

This study focuses only on the Commercial Banks excluding Insurance, microfinance institutions and lease finance companies. From the two public owned and 16 privately owned banks only Commercial Bank of Ethiopia, Awash, Dashen and Wegagen, were selected based on sampling technique the study employed. As they are commercial Banks, the study gave due emphasis on their external communication. On top of this four areas were selected to include the unbanked segment of the society in the research which are Butajera, Burayu,,Lega Tafo and Sululta.

The study faced certain limitations such as shortage of time, reference and similar and related research outputs undertaken in different countries. Nevertheless, the paper tries its best to overcome the constraints and produce a quality research work.

Moreover, Awash Bank and Wegagen Bank withdraw in giving me their communication strategy and policy respectively. That was intended to be part of my research. These documents would have been relevant to the research. But the absence of his information may negatively affect the outcomes of my research. To overcome this problem, I used the rest informants as effectively as possible.

Finally, due to time and resource incapacity the researcher focus on four areas i.e Butajera, Burayu, Lega Tafo and Suluta for focus group discussion. The researcher found out that it is time taking and costly to go further.

1.7 Organization of the Study

The paper is organized into five chapters. The first chapter introduces the study by way of presenting background, statement of the problem, research objectives and questions, among others. Chapter two reviews literature related to banking sector development in Ethiopia and the role of communication in organizations such as banks. Chapter three presents the research methodology. Data presentation and analysis are what chapter four presents. The final chapter includes conclusion and recommendations.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1 Introduction

The thesis studies the role of communication for financial inclusion focusing on the banking system. Thus, this chapter aims at reviewing related literature in order to outline knowledge relevant for the issue under study. The chapter is also supposed to lay the foundation and provides theoretical framework for the discussions in the subsequent chapters.

The chapter reflects at the existing communication practices in the banking system, the current status of the banking system, types of communication in the banking sector and relevance of communication for the banking sector. On top of this, other issues like organizational communication (internal and external communication) and the role of communication for financial inclusion are discussed.

2.2 Overview of the Banking Sector Development in Ethiopia

2.2.1 Pre Reform Periods

If the minting of coins could be regarded as a manifestation of banking development, Ethiopia's oldest trials may go back to the Axumite Era when coins of gold, silver bronze and copper were minted and circulated as a medium of exchange for internal and external trade. In the modern times, the most prominent coin currency in Ethiopia was Maria Theresea Thaler (Belay, 1987).

According to Tefera (2006) there are three important millstones in the history of banking in Ethiopia. The first milestone commenced with the introduction of banking in 1905 when the bank of Abyssinia was first established in Addis Ababa under a 50 years franchise generated by emperor Menelik II to the National Bank of Egypt. This foreign owned institution was bought out and replaced in 1931 by the Bank of Ethiopia. During the Italian occupation, the Bank of Ethiopia was closed and its function was undertaken by Banca d'Italia while

commercial banking activities in the main Ethiopia towns were carried out by branches of Banco di Roma, Banca Nazionale del Lavoro and Banco di Napoli. Following liberation, Barcalys Bank (Dominion, colonial and overseas) offered banking services in the years 1941-43 (Tefera, 2006).

The second milestone in the history of banking was the establishment of the state bank of Ethiopia in 1942. The state bank acted as the central bank of Ethiopia with the vested power to issue banknotes and coins as the agent of the Ministry of Finance (Belay, 1987). The Bank also functioned as the principal commercial bank in the country, engaged in all commercial banking activities.

Tefera (2006) further explained that the third milestone in the development of banking in Ethiopia was the banking proclamation of 1963. The most significant innovation of this banking law (Proclamation to provide for regulation of monetary and banking system) was the separation of the functions of central banking and commercial banking. This was done by splitting the State Bank of Ethiopia into two separate corporate bodies. The National Bank of Ethiopia, which assumed the functions of a central bank and the Commercial Bank of Ethiopia, incorporated under the commercial code as a wholly state-owned share company, taking over as its successor the branches and commercial banking functions built up by the former state Bank of Ethiopia.

Other banking institutions which were established in Ethiopia during the pre-1974-75 included Imperial Savings and Home Ownership Public Association (Mainly mortgage loans); saving and Mortgage Corporation of Ethiopia (largely mortgage loans); Agricultural Bank (1945); Investment Bank of Ethiopia (1951) Agricultural and Industrial Development Bank (1970) and there were also other private banks (Tekle-Birhan, 2008).

Alemayehu & Tekelemedhin (2012) explained that following the 1974 Revolution, on January 1, 1975 all private banks were nationalized along with state owned banks, placed under the coordination, supervision and control of the National Bank of Ethiopia. Three private banks, namely, Banco Di Roman, Banco Di Napoli and Addis Ababa Bank S.C. were merged to form "Addis Bank." Eventually in 1980 this bank was itself merged with the commercial Bank of

Ethiopia to form the "Commercial Bank of Ethiopia," thereby creating a monopoly of commercial banking services in Ethiopia.

In 1976, the Ethiopian Investment and Savings S.C. was merged with the Ethiopian government saving and Mortgage Company to form the Housing and Savings Bank. The Agricultural and Industrial Development Bank continued under the same name until 1994 when it was renamed as the Development Bank of Ethiopia (Ibid).

Hence, the socialist oriented banking prototype reduced the entire banking industry to four banks, namely: the National Bank of Ethiopia (NBE), The Commercial Bank of Ethiopia (CBE), Agricultural and Industrial Development Bank of Ethiopia (AIDB) and Housing and Saving Banks.

2.2.2 Post Reform Period

Following the fall of the Dergue regime in 1991, the transition government of Ethiopia led by the EPRDF declared a liberal economy policy in place of the centrally planned economic system. In line with this, Monetary and Banking proclamation of the 1994 established the National Bank of Ethiopia as a judicial entity, separated from the government and outlined its main function. Moreover, Monetary and Banking Proclamation No.83/1994 and Licensing and Supervision of Banking Business Proclamation No.84/1994 laid down the legal basis for private investment in the banking sector.

Consequently, the first private bank, Awash International Bank was established in 1994. Followed by Dashen Bank in 1995, Bank of Abysinia in 1996, Wegagen Bank in 1997, United Bank in 1998, Nib International Bank in 1999, Cooperative Bank of Oromia in 2004, Lion International Bank in 2006, Zemen Bank and Oromia International Bank in 2008, Bunna International Bank and Birhan International Bank in 2009, Abay Bank in 2010, Addis International Bank in 2011 and Debub Global Bank and Enat Bank in 2012 (nbe.gov.et, 2012).

2.2.3 The Current Status of the Banking System in Ethiopia

The Ethiopian financial sector has remained safe, sound, well capitalized and profitable. As a result, commercial banks opened 500 new branches in 2017/18 alone which increased the total number of branches to 4,757 from 4,257 a year ago. The banks also increased their deposit mobilization by 23.6 percent, loan collection by 14.9 percent and loan disbursement by 5.9 percent Their non-performing loan was within the required ceiling of 5 percent. (NBE Annual Bulletin, 2018)

The public owned Commercial Bank of Ethiopia; the private owned Awash Bank, Dashen Bank, Wegagen Bank and are the most profitable Banks in 2017/18 ranking from one to four. These banks are dependent on digital communication to enhance their financial inclusion. They are reliant on mobile banking, agent banking, card banking and internet banking services, which, one way or the other, involve communication.

As of march 31, 2016, there are 19.3 million bank accounts. Thirty six percent of bank branches were operating in Addis Ababa. This shows the physical presence of banks concentration near or around the capital, leaving rural areas underserved. (NFIS, 2017) Furthermore, except commercial Bank of Ethiopia, branch offices of the other banks are highly concentrated in Addis Ababa and the major towns in the regions. They are not accessible in rural parts of the country.

Branches are the main services used by Awash Bank as a mechanism of taking banking services within customers' reach. During the year 2017/18, the Bank expanded its footprints by opening 50 new branches across the country, thereby raising its total branch networks to 366 as of June 30, 2018. Out of these, 164 are located in Addis Ababa and the rest are outlying branches. (AB Annual Report, 2018)

Dashen Bank expanded across the country with opening of additional 70 branches during the period 2017/18. As a result, the branch network of the Bank reached 373, the second biggest network in the industry. Out of these, 280 branches are located in Addis Ababa and the rest are outlying branches. (DB Annual Report, 2017/18)

In fiscal year 2017/18, the Bank opened 64 new additional branches in various parts of the country in order to broaden its customer base and reach closer to customer thereby to enhance resource mobilization. This effort brought the total number of branches of the Bank to 277 as of June 30, 2018. The branch network of the bank is widened and covers all regions of the country and the capital city. As a result, 112 branches are found in the capital city while the reaming 165 branches are found in different regional towns (WB Annual Report, 2017/18).

2.3 The Importance of Communication for the Banking Sector

Developing a proper communication strategy in a banking sector must be built in the context of the customers' expectations. In the current time, banking organizations are no longer interested in developing better communication strategies that will serve their clients. This is because they obsessed with making money, and maximizing on their profitability. (www.ukesssays.com, 2017).

Effective Business communication improves service quality of the business organization. This is in terms of the relationship between the organization and the customers. If the company interacts well with the customer and attends to their needs promptly, the customers are bound to continue doing business with the organization (sixsigmaonline.org, 2016).

Business communication in the banking sector is primarily used for the promotion and marketing of a financial product or service. It is also used to pass information within the business and deal with other companies, clients and the legal sector of the banking industry (Naz, 2017).

Business communication works in the function of a supply chain in the banking industry. A bank for example is a financial intermediary so it works within a set system. Business communication is imperative in all aspects of the process of banking, as a message needs to be communicated from start to finish. Banks accept deposits, cheques, savings and other financial entities and all these need to be communicated to the relevant departments in order for the funds to be kept safe and secure. (Ibid).

Banking cooperation's will lose customers and fail to retain their existing ones if there communication strategies is inefficient and poor. This will most likely lead to reduced profitability, emanating from the reduction of their sales revenue. This will affect the objectivity of the banking corporation, and therefore give an edge to its competitors in the banking sector. Poor communication strategies will also affect the employees of the organization (www.ukesssays.com, 2017).

2.4 The Need for Communication Strategies

Strategy is an action that managers take to attain one or more of the organization's goals. Strategy can also be defined as "A general direction set for the company and its various components to achieve a desired state in the future. Strategy results from the detailed strategic planning process" (Juneja, 2015).

A strategy is all about integrating organizational activities and utilizing and allocating the scarce resources within the organizational environment so as to meet the present objectives. While planning a strategy it is essential to consider that decisions are not taken in a vacuum and that any act taken by a firm is likely to be met by a reaction from those affected, competitors, customers, employees or suppliers. (Ibid).

A communications strategy is a business tool. It helps a business organization align their business goals with a marketing plan that focuses on reaching a set of predetermined results. According to Farooq (2015), communication strategy is the scheme of planning how to share information. Communication strategy is referred to the choice of the most useful objectives of communication, and recognition of a particular brand and its strategy in terms of attitude.

According to Renata (2007), communication strategies are the overall approach that issued to accomplish the communication objectives. Communication strategies need to be research based, and all activities should serve such strategies.

Murphy (2018) defines communication strategy as a holistic planning approach to engaging brand's audience to ensure greater effectiveness. In business organizations goals are the focus that makes a business successful. Whatever the goals may be: more customers, more members,

breaking into new markets, broaden audience scope, higher profit etc. A communications strategy is a business organizations playbook to achieve those goals.

According to Frost (2018), a communication strategy ensures all significant information is dispersed to the correct people, both internally and externally. Having all people on the same page is essential to a highly efficient workplace. If some staff members are unaware of key information, they may be unable to complete their duties properly, or do work that they do not actually need to perform. Without standardized communication strategies to external business contacts, a business organization might have clients or suppliers who are unaware of policy changes, upcoming events and other relevant company information.

A business communication strategy affects business organization's image. If business organizations have a standardized, professional method of communicating with the public and its external business contacts, it presents itself as a professional company with strong organization. If communication is sporadic and information comes from different people inconsistently, the organization will be a disorganized unit. There will be an also risk having conflicting information released if there is no a specific communication plan in place.

2.5 Types of Communication Relevant to the Banking Sector

Ober (2001) explained that an organization is a group of people working together to achieve a common goal, and communication is the vital part of that process. Understanding how communication works in business and how to communicate competently within an organization will help to participate more effectively in every aspect of business.

According to Rose & Hudgins (2008), banks as business organizations are only one part of financial system of markets and institutions that circulate the globe. The primary purpose of this ever-changing financial system is to encourage individuals and institutions to save and transfer those savings to those individuals and institutions planning to invest in new projects. This process of encouraging saving and transferring savings into investment spending causes the economy to grow, new jobs to be created, and living standards to rise.

The relevance of communication in business even becomes more apparent when we consider the communication activities of an organization from an overall point of view. These activities fall into three broad categories: internal operational, external operational and personal.

All the communication that occurs in conducting work within a business is classified as internal operational. This communication among business workers is done to undertake the business-operating plan. By operation plan, it means the procedure that business has developed to do whatever was formed to do. For example to manufacture products, provide a service, or sell goods (Leslkar & Flatley, 2004).

The work related communicating that a business does with people with groups outside the business is external operational communication. This is the business communication with its publics-suppliers, service companies, customers, and the public (Ibid).

The relevance of external operational communication to a business hardly requires supporting comment. Every business is relying on outside people and groups for its success. Because the success of a business depends on its ability to satisfy customer needs it must communicate with its customers (Ibid).

According to Leslkar & Flatley (2004) Personal communication is the exchange of personal information and feelings in which we human beings engage whenever we come together. We are social animals. We have a need to communicate and we will communicate even when we have little or nothing to say. The employee's attitude toward the business, each other, and their assignment directly affect their productivity.

On top of this, according to a study by the World Bank on the demand side indicated that 78% of adults who participated in the survey feel that they have insufficient funds attitude to use regulated financial services. This means the adults believe that they don't have enough capital to open an account and deposit. So in order to bring the unbanked segment of the society to the bank and enhance financial inclusion Behavioral Change Communications also relevant to the banking sector to bring attitudinal change.

According to the definition given by Family Health International (2005), BCC is an interactive process with communities (as integrated with an overall program) to develop tailored messages and approaches using a variety of communication channels to develop positive behaviors; promote and sustain individual, community and societal behavior change; and maintain appropriate behaviors.

McKee et al (2004:72) also define BCC as a research-based, consultative process of addressing knowledge, attitudes, and practices through identifying, analyzing, and segmenting audiences and participants in programs and by providing them with relevant information and motivation through well-defined strategies, using an appropriate mix of interpersonal, group and mass-media channels, including participatory methods.

This implies that BCC is also relevant means of communication to bring attitudinal and perception change and build confidence on the unbanked segment of the society so that they can come to bank and enhance financial inclusion.

2.6 The Communication policies of the Commercial Banks

The vision of Commercial bank of Ethiopia is to become a world-class Commercial bank by 2025, it has a mission of being committed to best realize stakeholders' values through enhanced financial intermediation globally and support national development priorities by deploying highly motivated, skilled and disciplined employees as well as state-of-the-art technology. CBE strongly believe that winning public confidence is the basis of our success. (CBE Annual Report, 2017).

The Communication policy of CBE has a general objective of providing efficient and effective communication mechanisms among management, staff, and other stakeholders; enhance the coherence and consistency of information flow internally and externally; minimize communication breakdown and delays; and promote the use of appropriate communication channels. (CBE, Communication policy, 2017).

Regarding Specific Objective CBE has External communication that supports the bank in achieving its mission, values, and strategy. The main mission of CBE is to promote the

sustainable growth of the country by providing long-term complementary financing through deposit mobilization and foreign currency generation. This requires the need to communicate to support lending and funding processes. Therefore, customer relations (branding, marketing) and investor (name recognition, CBE as top-rated institution) play important role in the external relations of the bank.(Ibid,2017).

Dashen Bank has a vision of to be best-in-class Bank in Africa. The Bank has a mission of providing efficient, customer-centric banking services, using the expertise of inspired professionals and cutting edge technology, while creating sustainable value for the Bank's stakeholders.(DB Annual Report, 2017).

The Marketing and Corporate Communication Department of Dashen Bank supports the Bank's effort directed at providing services that satisfy target customer's needs and wants more effectively and efficiently than competitors. The Department further strives to communicate with clarity, consistency and integrity the vision, mission, goals, achievements, events, products, and services of Dashen Bank to customers, staff, stakeholders, the media, the public and all other stakeholders in a timely, reliable and accurate manners.(DB Marketing and Corporate Communication Policy, 2017).

The Marketing and Corporate Communication Policy of Dashen Bank has a purpose of Build Corporate image of the Bank, segment the market, target profitable customers and position the Bank and its offerings, organize sales and promotion campaigns, facilitate personal selling efforts, promote Dashen Bank's mission, goals and values, support the creation of internal and external communication tools, raise public awareness, develop positive public perceptions and drive marketing initiatives. (Ibid, 2017).

The external communication of the Bank shall support the Bank in pursuing the overall goals as described in its vision, mission and strategy, it shall be driven by single most critical growth determinant, deposit and foreign currency mobilization and it shall promote overall knowledge and awareness of target customers segments, the general public and different stakeholders of Dashen Bank. (Ibid, 2017).

2.7 Organizational Communication

According to Ober (2001) an organization is a planned system of behaviors of two or more people who seek to achieve a common goal or set of goals by coordinating their efforts. It is a group of people working together to achieve a common goal, and communication is a crucial part of that process. Indeed, communication must have occurred before a common goal could even be established. In addition, a group of people working together must interact; that is, they must communicate their needs thoughts, plans, and expertise and so on.

Many traditional literature of organizational communication tried to link these concepts and shows the relation of communicate on with the success of organizational objectives. Scholars of organizational communication argued that improving communication in organization would not only help the organization achieve its objective, but rather will better the organization itself.

An organizational communication can be defined as the display and interpretation of messages among communication units that are of a particular organization. An organization is comprised of communication units in hierarchical relations to each other and functioning in an environment (Faules and Pace, 1994).

According to Zalabak (1999), organizational communication is both similar to and distinct from other types of communication. Organization communication has sources and receivers who are engaged in the encoding and decoding of messages. As with other forms of communication, organizational communication is related to the competencies of individuals, their fields of experience, the communicative context, and the effects or results of the interactions. It is a communication that occurs in the objective conditions of an organization. Some of it strictly rule governed according to the norms and policies of the organization, and some of it is causal. However characterized, the organizations communications is its most crucial feature. Organizational communication fulfills the job of goal achievement.

According to Gibson and Hanna (1992) organizational communication has the following functions

- Information Function

  Organization need and process two kinds of information in information function. External Information is sent and received in order for the organization to advertise its products or service, to maintain its image in the community, and to adopt its policy to the ever-changing pressure of its environment. Internal information provides the basis for determining the organizations goals, assessing its own performance, and coordinating its individual subunits.

- Command and instruction function

  It is the primary means that mangers use to keep their organization units working toward the organizational goal. Commands and instructions help to stay within the organization's policy and to do the job as well. it coordinate the individual workers so that their efforts integrate smoothly.

- Influence and persuasion Function

  Organizations must use the influence and persuade function in order to exercise certain kinds of control over the behavior of individual members. Thus, influence and persuasion are closely related to command and instruction. Primarily, the difference exists in the level of commitment and an individual member has to the organization and its goals.

- Integration and Maintenance Function

  It is the function aim to accomplish five goals

  1. it is to keep the organization operation
  2. to keep organization members going through channels
  3. is to sort and cross-reference the data of the organization
  4. is to relate the various parts of the organization to the whole and to the context in which they must work

5. It is to confirm the individual members and the organization. People need to believe that what they do is important, and that others respect their organization.

2.7.1 Internal Communication

Internal communication is the transmission of information between organizational members or parts of the organization. It takes place across all levels and organizational units of an organization. Organizations employ a broad range of internal communication strategies, including vertical, horizontal, formal, and informal communication.

Harris (1992) explained that every well-run organization must have a carefully supervised internal communication system. Such kind of system must be corporate policies which not only encourages two-way communication, but makes every effort to see it that such line exist. These lines must carry credible information in a timely fashion, up, down, and laterally. Where this system exists, the management functions of planning, organizing, directing, co-coordinating and controlling are greatly assisted.

Internal organizational communication is the symbolic interaction that occurs within organizations and among members. Regardless of our organizational role, position, or level of authority, the quality of our organizational experience is based on the quality of internal communication (Person et. al, 2003).

Internal communication incorporates both official and unofficial communication. Official communication constitutes memos, guidelines, polices, procedures, etc. Whereas, unofficial communication extends in all directions among line staff members, meaning exchange of ideas, opinions, development of personal relationships and proverbial conversations.

According to Wahlstrom (1992), communication within organizations is particularly interesting to us today for a number of reasons. First, the changing nature of corporations and their global focus opens completely new arenas of study. We need to have more information about how having branches in various countries with different cultures and languages will affect organization internal and external communication practice.

Secondly, because there are many different kinds of organizations business, industry, social service, education, government-there is still very much to learn about how they are similar. We need to know more about how organizations with various purposes differ in terms of types of communication which are most effective internally, for example. (Ibid)

Thirdly, most of the innovations in communication technology are aimed at organizations. From photocopying, electronic conferencing, and desktop video to fax technology, the organizational environment is the playing grounds and test center for new and emerging communication technology. This raises questions about how organizations adopt and make use of new technology. (Ibid)

2.7.2 External Communication

Businesses communicate with the outside world in many different ways. External communication is the transmission of information between a business and another person or entity in the company's external environment. Examples of these people and entities include customers, potential customers, suppliers, investors, shareholders, and society.

According to Daniels et.al, (1997) external communication is a means through which organizations can understand and respond to public expectations in ways that allow an organization to meet its other tests. It occurs in at least three major forms (1) advertising and promoting products and service (2) creating a desirable public image for the organization (3) shaping public opinion on issues that are important to the organization.

An organizations environment both sends and receives messages. External messages influence the way people in the environment behave toward the organization. For example, making and advertising campaigns are designed to influence the buying patterns of consumers. Messages received from the organizations environment can be used to direct the goals of the organization and how members accomplish their tasks (Person et. al, 2003).

Organizations seek to create and maintain positive images in order to achieve organizational objective. The term public Relations (PR) is used to describe the management of

communication between an organization and its publics. Public relation activities are the formal means by which external communication activities are used to help organization members coordinate actions with external stakeholders (Ibid).

According to Miller (1999) external communication serves a variety of functions. At the microscopic level is the provision of service. When a representative of the organization meets the customers in an interpersonal encounter. At a more macroscopic level, external communication creates images of organizations in a variety of situations. Finally organizations sometimes form informal and resource linkages to accomplish tasks of importance to both the organizations involved and the large community. All of these external communication episodes involve the activities of organizational members-individuals who serve to link an organization with its external environment.

2.7.3 External Customer Significance

External customers are more likely to be customers, users, and stakeholders. Customers are those that exchange money for goods and services and consumers are those that actually use the product (and as we said they may or may not be the same person). Therefore, a user is the same as a consumer (marketingteacher.com, 2014).

External customers are essential to the success of any business, as they provide the revenue stream through their purchases that the enterprise needs to survive. Satisfied external customers often make repeat purchases as well as refer your business to other people they know. A customer who suffers through a negative experience with a business, such as being treated rudely by an employee, can also hinder a business by dissuading others from patronizing it (smallbusiness.chron.com, 2018).

2.8 Organizational Communication Flow

Organizational communication flow (internal and external communication) is preferred to be the theoretical framework to study the role of communication for financial inclusion the banking system. Therefore, it is necessary to start with the definition of communication, which establishes further linkage of internal and external communication process in an organization.

Communication can be defined as a process in which participants create and share information with one another in order to reach a mutual understanding (Rogers, 1995). It a process in which there is some predictable relation between the messages transmitted and the message received (Graber, 2003).

According to Walstrom (1992) the absence of unified communication definition is a large causal effect presenting lack of cooperation and coordination. Even though we communicate constantly scholars have not always agreed on their definitions of communication. There is need for a functional definition. Communication can be summarized as "the exchange of thoughts, messages, or information, as by speech, signals, writing, or behavior" (iacact.com, 2012).

Many traditional literature of organizational communication tried to link these two concepts and show the relation of communication with the success of organizational objective. Scholars of organizational communication argued that improving communication in organization would not only help the organization achieve its objective, but also it will better the organization itself (Lewis, 1980).

It is also important to emphasize the difference between internal and external communication. Internal communication in its general sense is described as the sending of messages or information through formal and informal networks that assist in constructing meaning and influencing individuals and groups in an organization (Hoy & Miskel , 1991). On the other hand, external communication occurs when the organization communicates with people that are outside of their own organizations, such as clients, agencies, community, and customers (Moyer, 2011).

A variety of channels may be used for external communication, including face-to-face meetings, print or broadcast media, and electronic communication technologies such as the Internet. External communication includes the fields of PR, media relations, advertising, and marketing management. Good external communication is just as important as good internal communication, so there needs to be special care placed on making sure that those outside the company receive the same care and respect as those inside the company (iacact.com, 2012).

The following model helps readers understand organizational communication flow particularly to clarify communication in business organization like banks which have many external stakeholders like the urban and rural public, government and various types of clients.

The researcher used the following communication model to show how external communication is applied in business organizations like bank as communication managers in banks interact with various external stakeholders regarding financial inclusion. It emphasizes on external communication due to financial inclusion is related to it.

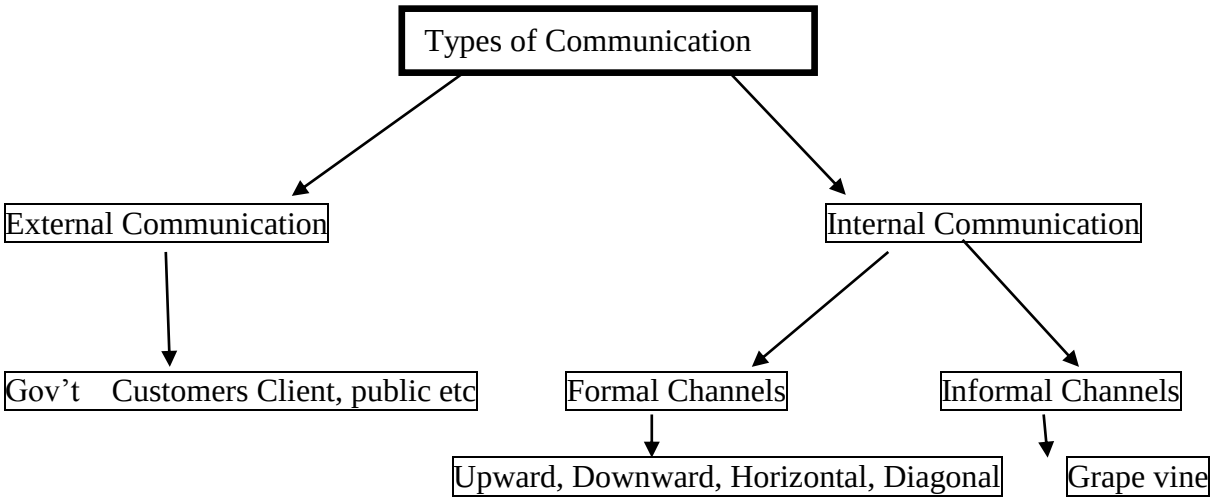


Figure 1: Types of Communication employed in Business organizations. (Communication theory.org:2018)

External communication helps an organization to keep its outsourcing agencies like distributors, wholesalers, retailers and clientele well informed about the company's products, services, progress and goals. The information gets continuously updated and accurate. All organizations have to maintain cordial relationships with their stakeholders like government agencies, licensing authorities, suppliers of raw materials, ancillary industries and financial institutions. Continual and updated information without any communication gap is essential for business houses**.** (Communication theory.org)

There is close link between financial inclusion and communication particularly external communication in the banking system. According to Findex (2014) 78% adults included in the

survey cited insufficient fund attitude as a major barrier to access and usage of regulated financial services.

According to the National Financial Inclusion Strategy (2017), low level of regulated financial services has many causes and implications that are both varied and intertwined. For instance, lack of awareness, trust and confidence on financial institutions would result in limited access and use of financial services by individual and micro, small and medium enterprises.

In addition to this providing literacy/education is one of the critical interventions to enhance financial inclusion in the banking system. This involves a service of capacity building activities focused at increasing the knowledge of financial concepts, skills and attitude and to translate this knowledge into behaviors that result in good financial outcomes both for the finance providers and financially excluded people (Muluneh, 2012).

To recap based on the researcher's preliminary observation the application of communication tools to enhance financial inclusion is not sufficient in the banking system. As indicated above there is wide gap of awareness, attitude, and perception regarding regulated financial institutions like banks. But, the banks are not doing enough to bring the unbanked segment of the public to the banking system.

2.9 Financial Inclusion in Ethiopia

Financial inclusion is the delivery of financial services at affordable cost to sections of low-income segments of society. It is broadly defined as access to a range of quality financial services such as credit, saving, insurance, payment systems and remittance to the excluded from the mainstream financial system through diverse providers (Muluneh, 2012).

Financial access facilitates the day-to-day living, and supports families and commercial plan for everything from long-term goals to unexpected emergencies. As account holders, people are more likely to use other financial services, such as credit and insurance, to begin and expand commerce, invest in education or health, manage risk, and weather financial shocks, which can improve the overall quality of their lives.

The level of financial knowledge and skills among the majority of people, particularly those living in the developing world is very low. In Ethiopia, many adults and medium and small enterprises do not use regulated financial institutions to undertake a range of daily transactions, to expand or run their business, or manage their financial services.

Thus, these people (including their business) who are with low level of financial literacy participate less in the formal financial system and are unable to make wise financial decision, adversely affecting their economic well-being and the growth potential of their respective jurisdiction. Thus, if these people are subjected to some form of financial education and literacy interventions, based on possession of basic knowledge and skill, it is likely that they will participate in the financial system and be financially included. To this end, researches conducted in this area suggest that there exist s a positive correlation between financial education programs and level of participation of the public in the financial system (Frezer, 2014).

2.10 The Role of Communication for Financial Inclusion

Financial inclusion implies that individuals and businesses have access to useful and affordable financial products and services that meet their demands – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way (worldbank.org, 2017).

Access to a transaction account is a first step toward broader financial inclusion since it leads people to store money, and send and receive payments. A transaction account can also serve as a gateway to other financial services, which is why ensuring that people worldwide can have access to a transaction account is the focus of the World Bank Group's Universal Financial Access 2020 initiative (Ibid).

Financial inclusion is an important instrument to tackle poverty and inequality in a given society. Among other, it forges formal mechanism to make savings in a way that soothes consumption and manages risks in a way that protect asset depletion and further damage to the wellbeing of those people.

It should be clear that access to finance and use of financial service are two different things. Access refers to availability of reasonable financial services at affordable prices while use refers to actual consumption of financial services. As such, there might be customers who have access and use the service, customers who have access but do not use the service, and customers who do not have the access and hence don't utilize the service. Thus, as access to finance by itself doesn't guarantee automatic inclusion of the public to the financial services, the issue of financial education and literacy programs needs to be dealt in due manner (Frezer, 2014).

Financial education and literacy refers to the knowledge of basic financial and economic concepts and ability to use that knowledge to manage financial resources effectively for a better economic life. Regarding this, to increase the level of utilization of financial services, consumers must understand how to use different services.

In this regard, communication plays critical role. It can enhance the ability to read, analyze, manage and communicate about personal financial conditions that affect material well-being. It includes the ability to discuss financial choices, plan and respond competently to life events that affect every day financial decisions. Providing financial literacy/education is one of the critical interventions to expand inclusive finance. This involves a service of capacity building activities focused at increasing the knowledge of financial concepts, skills and attitude and to translate this knowledge into behavior that in good financial outcomes both for finance providers and financially exclude people (Muluneh, 2012).

The other important role communication can play is on digital communication. Internet and mobile banking can play crucial role for financial inclusion. Mobile banking is a term used for account transactions, payments, credit application and other banking transactions through a mobile.

Mobile banking is used in many parts of the world with little or no infrastructure, especially remote and rural areas. This aspect of mobile commerce is also popular in countries where most of their population is unbanked. In most of these places, banks can be found in big cities and customers have to travel a long distance to the nearest bank. For example (M.Pesa, a

mobile money service offered by safaricom in Kenya. It is mainly used to transfer limited amounts of money, but increasingly used to pay utility bills as well). This service is popular. As of April 2010, nine million Kenyans (40% of population) own an M-Pesa account. Since M-Pesa launch, the number of Kenyans considered financially has almost doubled (Ibid).

2.11 Related Studies

When I was searching for local studies which were done on issues related to my topic, I came across two research findings in the graduate School of Journalism and Communication Addis Ababa University. When I looked in to their content, I found some studies, which are one way or the other related to my study. The earlier empirical works regarding organizational communication, the internal and external communication focused on organizational communication and job satisfaction and exploring the practice of internal and external communication.

Samason Belina (2016) studied Organizational communication Satisfaction: The case of Awash insurance Company S.C. Sixty members from different departments of the company participated in the study. This study included both managers and non-manager employees of the company. A modified version of communication satisfaction Questionnaire (CSQ) developed by Downs and Hazen was used to collect data. The study used Liker-type scale with a 7-point scale and had eight dimensions (Personal, feedback, supervisory, horizontal and informal communication, organizational integration, corporate information, communication climate, media quality, and job satisfaction).

The statistical analysis of data from eight research questions revealed some significant relationships and differences. The results found that staff members perceived their level of satisfaction with communication satisfaction dimensions, supervisory, subordinate and corporate information from somewhat satisfied to satisfied, and communication climate and personal feedback as indifferent. The results found significant differences among difference dimensions of CSA, indicating that communication satisfaction is multi-faceted. The staff members perceived their level of job satisfaction to be somewhat satisfied.

The result indicated that gender, marital status and numbers of years in service do not seem to make a significant difference among staff members' level of satisfaction. There were strong positive relations found among all dimensions of CSQ. A strong positive relationship and statistically significant correlation was found between overall communication satisfaction and job satisfaction scores, indicating that when staff members feel satisfied with communication in their workplace, they also tend to feel satisfied with their job in their workplace.

Teshome Bekele (2017) The Practice of Internal and External communication: The case of Development Bank of Ethiopia. The study aimed at exploring the practice of internal and external communication of development bank of Ethiopia. The study also aims to find out the practice of internal and external to ascertain effective communications.

In order to be able to answer this question a total of sample of 20 managers, employees, and customers with different working experience in development bank of Ethiopia were selected. Based on the importance and the availability of employees the selection was organized purposefully and analyzed qualitatively.

In-depth interviews were conducted which revealed that managers, employees and customers who consider communication being a very important issue internally, as well as externally for the bank. The interviewees also admitted that the bank is engaging in the communication process actively.

Based on the findings of the study, it is concluded that internal and external communication is very important part of corporate communication process and of a crucial importance of banking sector, which strives to have the best employees and the most satisfied customers.

2.12 Summary

This chapter offers the banking sector development in Ethiopia during the Imperial, Dergue and the current government. It briefly touched the evolution of the sector in the three regimes. The current status of the sector is also discussed. On top of this, topics like the importance of communication for the banking sector, the need for communication strategies, types of communication for the banking sector are also discussed.

Furthermore, organizational communication both the internal and external ones, organizational communication flow, the communication model the paper used are also discussed. Under this chapter, the concept financial inclusion, the status of financial inclusion in Ethiopia and related local studies are also touched. The materials that has mentioned under this chapter guided the researcher about the extent of the work discussed.

CHAPTER THREE
3 METHODOLOGY OF THE STUDY

3.1 Introduction

This chapter presents study design, method of the study, sample and sampling techniques, data collection tools, data collection procedures and method of data analysis.

3.2 Research Design

Choosing carefully an effective research design is a fundamental stage in the very process of conducting a research (Creswell and Clark, 2007). My reading of the literature related to the nature of my study has clearly depicted me that the research methodological design that seems to be best suited to this study is purely a qualitative design in nature.

A research design is procedural plan that is adopted by the researcher to obtain answers to the research questions or problems. According to Gasken et a.l., (2005) "a research design is the arrangement of conditions for collection and analysis of data in the manner that aims to combine relevance to the research purpose with economy in procedure".

Unlike quantitative research design, qualitative research helps one to clearly observe and understand social phenomena from the perspective of the subject of the study (Silverman, 2004; Bryman, 2004). That means, it tries to view the world through the eyes of the subjects of the study. According to Henn et al. (2006), the objective of qualitative research design "….is to take detailed description of people's behavior and thoughts to illuminate their social meanings."

This approach is, believed to be suitable to this particular study to explore a detailed account of the role of awareness-based communication for financial inclusion. On top of this, the

approach also useful how awareness based communication can play critical role to bring the unbanked segment of the society to the bank.

3.3 Method of the Study

In this study, qualitative method was employed as the main research method. The research employs descriptive analysis and explanatory approach. The research methodology chosen for this study was suggested by the objective of the research, statement of the problem and the nature of the data intended to be analyzed.

According to Dawson (2007), qualitative research explores attitudes, behavior and experience through such methods as interviews or focus groups. It attempts to get an in-depth opinion from participants. As it is attitudes, behavior and experiences which are important, fewer people take part in the research, but the contact with these people tends to last a lot longer.

Qualitative research present non-quantitative type of analysis. Qualitative research is collecting, analyzing and interpreting data by observing what people do and say. Such studies try to understand situations by looking at meaning, definitions, characteristics, symbols, metaphors, and description of things.

Qualitative research is a research approach that usually emphasizes words rather than quantification in the collection and analysis of data. The most common qualitative data collection method is in-depth interview, which in particular is suited for obtaining specific type of data (Creswell, 2009). Thus, in-depth interviews are used for collecting data to study the role of communication for financial inclusion in the banking system. On top of this, focus group discussion and secondary data are also analyzed which are found from the World Bank and National Bank of Ethiopia.

3.4 Sample and Sampling Technique

Samples are crucial in research because it is difficult for a researcher to study the whole population. This study used purposive sampling technique because it gives a chance for the

researcher to apply his expertise knowledge to select study participants that are familiar with the banking services offered at the selected banks of Ethiopia.

Thus, the study employed a non-probability sampling approach which allows deliberate selection of respondents that meet a certain set of criteria (Wimmer and Dominic, 2011). The interviewees were chosen mainly for the communication role they play because their managerial and experts positions they assume in the banking system. On the other hand financial inclusion secretariat, banking supervision directorate and bankers association and a communication scholar from Addis Ababa University are perceived by the researcher as key players in financial inclusion program.

Accordingly, this study selected sufficient amount of samples from the banking sector in Ethiopia including Commercial Bank of Ethiopia, Awash, Dashen and Wegagen banks. The profit they earned in 2017/18 is taken as criteria to select that bank.

In-depth interviews were conducted with one communication manager and two experts from each of the three banks. On top of bank staff, directors of Financial Inclusion Secretariat and Banking supervision at the National Bank of Ethiopia, Communication Manager of bankers association and an instructor of communication from Addis Ababa University's School of Journalism and Communication were also taken as informants for this study.

Fifteen interviewees were chosen purposefully. The availability and relevance of interviewees, limited resources and time determined the researcher to limit the sample size to 15. In addition, purposive sampling was used to include the unbanked segment of the society in the research. The research included residents of four areas from the outskirts of Addis Ababa. These are Butajera, Burayu, Lega Tafo and Sululta. The areas were selected due to their proximity to Addis Ababa. The focus group discussion was conducted in four groups. Each group having an average of seven participants. It was conducted from May 5 to 21 /2019.

Eight participants from Butajera area, seven participants from Burayu area, six participants from Tafo area and six participants from Sululta area were included. The participants included

men and women, government employees and private employees, the educated and the uneducated.

3.5 Data Collection Tools

In order to answer the research questions, various data collection methods were used to collect primary and secondary data. The primary data was collected through in-depth-interviews. The secondary data from various relevant materials of the World Bank and National Bank of Ethiopia were referred to support the arguments made in this study.

3.5.1 In-depth Interviews

According to Denscombe (2007), interviews- in particular in depth interviews- lend themselves to the collection of data based on: opinions, feelings, emotions and experiences. It gives an opportunity to relevant members in the organizations to offer detailed information and express themselves. The nature of these means that they need to be explored in-depth and in detail rather than simply reported in a word or two. When the research covers issues that might be considered sensitive or rather personal there is a case to be made for using interviews. Interviews with key players in the field who could give privileged information were found to be important.

For this research, in-depth interview was used as a main source of data. It has enabled the researcher to get deeper understanding of the informant's views. It also helped to get opinions, ideas on sensitive issues and privileged information.

According to Patton (2002) in-depth interview has unique characteristics owing to the following reasons:

1. It generally uses smaller samples.
2. It elaborates data concerning respondents' opinions, values, motivations, recollections of experiences, and feelings are obtained.
3. The in-depth interview allows the researcher for lengthy observation of respondents through in-depth discussion.

4. They can be customized to individual respondents. It also allows interviewers (the researcher) to form follow up questions based on each respondent's answer

Although in-depth interview is time consuming it is resource intensive, flexible, dynamic, non-directive, unstructured, non-standardized and open ended. So it is because of these and other unique features of in-depth interview that the researcher employed this tool as a main source of data collection. The interviews were conducted with purposefully selected 15 people (4 managers and 7 experts from selected commercial banks, 3 directors from National Bank of Ethiopia and Bankers Association and finally one communication scholar from Addis Ababa University, school of journalism). The interviews were conducted from June 15 to august 15/2018.

3.5.2 Focus Group Discussion

Focus group discussion is one of the data collection tools chosen used in this study. As many researchers argue, it is the most commonly used types of data generating tools in qualitative research design. According to Kitzinger (nd), the idea behind the focus group discussion is that group process can help people to explore and clarify their views in ways that would be less easily accessible in a one to one interview.

The application of focus group discussion is thus believed to provide a group of individuals, who are selected by the researcher as informants, the opportunity to discuss and share ideas from personal experience and reflect the missing point based on ideas by the fellow participants (Lindlof & Taylor, 2005).

Focus group interviews encourage participants to influence each other through their presence and their reaction to what other people say. Owing to not everyone will have the same views and experiences in aspects like age, gender, education, access to resources, and other factors, a variety of viewpoints will likely be expressed by participants (Natasha et. al, 2005).

In this study, I therefore, purposively selected four groups constituting an average of seven participants in each groups who are selected based on their shared attributes, which were thought to be of important to explore the necessary data to the study. Residents from Butajera, Burayu,, Tafo and Sululta area are included. Participants of the focus group discussion include men and women, government and private employees and the educated and the uneducated ones.

3.5.3 Secondary Data

Secondary sources from the World Bank, which is a document financial inclusion and capability in Ethiopia, and another document from the National Bank of Ethiopia, which is Ethiopia Socioeconomic survey 2016/17, were analyzed.

3.6 Data Collection Procedures

The interview questions were primarily prepared. There were ten questions each for the commercial bank managers and experts and 5 questions each for managers from national bank of Ethiopia, bankers association and a communication scholar from Addis Ababa university. The questions mainly focus on the role of communication for financial inclusion, the communication policies and strategies of the commercial banks, the strength and weakness of the strategies and polices and what should be done to enhance financial inclusion through communication.

And then, the interviews were conducted and the responses were properly recorded and organized later. During the interviews, the researcher recorded and took notes on the responses replied for the question raised during the interviews. The responses collected from all interviews were transcribed, categorized in groups, interpreted and analyzed.

3.7 Data processing and Analysis

The interviews were analyzed based on group associations whereas focus group discussion was thematically analyzed. Frist, the interviews from communication managers from commercial banks were analyzed. Second, the interviews of communication experts from commercial banks were analyzed. Thirdly, the interviews from directors from National Bank of Ethiopia and bankers association were and finally the interview of the communication scholar from Addis Ababa university school of journalism were analyzed. The questions raised during the interviews are attached at the end of the paper.

Finally, the written data was translated from Amahric into English and then, analyzed by grouping similar response/ strata together. The report is presented in narrative from. Where necessary, direct quotes pulled of the participants' descriptions were included.

Similarly focus group discussions were tape recorded, and notes also taken during the discussions to further strengthen the recorded material. The data then were transcribed and translated in to English as all the discussions and interview were first held in Amharic. After transcribing and translating the data, it was then coded thematically. Finally, the coded data were analyzed applying techniques of thematic analysis. The data was then written in narrative form.

3.8 Summary

In general, the research design chosen for this particular research and justifications of the choices is discussed in this chapter. Furthermore, the data collection techniques that were used in the study are presented in this chapter. The use of these techniques made it possible to collect meaningful data that significantly contributed to the findings of responses to the question raised in the study. Finally, the chapter described how that data collected were processed and presented. The next chapter made use of qualitative data presentation and analysis to come up with specific findings.

CHAPTER FOUR
4 DATA PRESENTATION AND ANALYSIS

4.1 In-depth Interview Analysis

4.1.1 Introduction

The main objective of this thesis is to examine the role of communication in enhancing financial inclusion in Ethiopia. Therefore the methodology used for analysis is sample interview conducted based on the discussion issues focusing on the role of communication in promoting financial inclusion strategy of the country.

This chapter attempts to briefly present the various gathered through the conduct of in-depth interviews with different Directors, Managers and experts working on communication in selected commercial banks.

4.1.2 Communication in the Banking system.

The following section discusses the views of different participants in the financial sector concerning communication, its role, tools used in communication and the challenges faced during undertaking communication activities.

4.1.2.1 Communication Managers in the Banking system

Regarding communication activities and tools, the managers identified that for internal communication they use outlook, shared portal, memos, and in-house newsletters, magazines to communicate with their employees and with their various branches. On the other hand, on the external communication to reach out their customers, they use both traditional and digital media. On the traditional platform side, they use radio, television and newspapers for advertisements and promotions of their products and services. On the other hand, for the digital media, there are websites, mobile and internet banking and social media. Three of the

managers reveled that they have well-crafted strategy, which would be revised timely and one manager said that they have policy only.

On the tools of communication used by the banks to enhance financial inclusion, they disclosed that they use conventional media. They use radio, television, and various newspapers for advertisements and promotion. On top of this, they sponsor various radio and television programs to advertise their product and services.

Director of Corporate communication from Commercial Bank of Ethiopia reflected his idea as follows:

> Our main focus is on the use of conventional media. We use radio, television and various newspapers, brochures, flyers, posters, booklets and others and deliver information. We have air time via radio and television. We have 30 minutes program on Fana tv and EBS and Ethiopian National Radio. We use press conference, press release and we also use social media. We use Facebook, Twitter, YouTube and so on. But, we do believe radio is the most effective tool. (Personal interview June, 2018)

They also revealed that even if it is not enough and consistent they use face-to-face communication and communication campaigns to reach out to the unbanked society in various rural areas. Particularly, they use woreda and kebele meetings and market days to meet the rural public and create awareness about their product and services.

Regarding the effectiveness of the tools employed, all the interviewees acknowledged that they did not do enough in awareness creation to bring the unbanked segment of the public to the bank.

Director of Corporate communication from Commercial Bank of Ethiopia reflected his idea as follows:

> We don't believe we have done enough on financial inclusion. We started financial incision as part of resource mobilization some 5 or 6 years ago. For this we used not only branch expansion but also awareness creation on banking services to bring the unbanked society to the bank. We have to go a lot on this. We are planning to open our own television channel. We

> don't have media focusing on banking and finance services (personal Interview June, 2018)

Marketing and corporate communication Director from Wegagen Bank airs out the same view as:

> Regarding financial inclusion, I can say we are on the testing stage. Those who do have the awareness in urban areas will come and use bank. But, to bring the unbanked to bank is not an easy task. We are at the initial stage. The result is different from one region to another (Personal Interview July, 2018)

Principal communication and event organizing officer from Dashen Bank and Director of Marketing and Communication from Awash Bank expressed similar opinions. They revealed that though there are some changes from the previous years as the number of our customers increased, there is huge gap regarding financial inclusion. The unbanked public is still there.

The manager also identified that in these days the managers of the bank realize the importance of communication in helping bank to achieve its financial inclusion target and also there is huge investment in communication. The bank management expects a lot from communication in terms of awareness and financial literacy. The management gives due focus. That is why there is an increase in investment. Principal communication and event organizing officer from Dashen Bank said, "we are very lucky that the bank management understands it. They are cooperative. There is huge investment. They realize that we didn't do enough on the financial inclusion program. There is a lot to work on this (Personal Interview June, 2018)." In this regard, Director of marketing and communication from Awash Bank had the following to say:

> The bank management does understand. They believe in its importance. That is why communication is organized separately. Our external communication is better now. They give due emphasis. The management decided to have aggressive market share. For this, we need strong external communication. There is emphasis. We make campaign in remote areas too (Personal Interview June, 2018)

Regarding challenges to their communication strategies and policies, two of the managers pointed out that lack of skilled labor are their critical problem. They forwarded that there

should be enough skilled labor and the budget needs to be increased for them to expand and do more on communication for financial inclusion.

4.1.2.2 Communication Experts at Commercial Banks

The second groups of interviewees were communication experts at the commercial banks. Seven experts were interviewed. They revealed that the important functions of communication as business organization are information delivery for the internal and external stakeholders that mean customers and employees. Internal communication is mentioned here to promote management-subordinate relationship and create good working environment. The other functions are image building, brand promotion and event organization.

Concerning the practice of communication, the interviewees disclosed that they use outlook, shared portal, newsletters, and memos and so on or internal communication. For external communication they use both conventional media and digital media. On the conventional media television, radio and newspapers are reportedly used while for the digital media mobile banking internet banking and social medial is also applicable.

Regarding the communication tools used to enhance financial inclusion, the first thing they revealed was branch expansion. That is to provide access to the banks. Then in order to bring the unbanked public to the bank they used both the traditional media and digital media to advertise and promote their products and services. They admitted that face-to-face communication and campaigns were no used enough to create awareness about their bank in rural areas and they thought that there existed gap in the area of communication to enhance financial inclusion.

They also revealed that the officials of the bank realize the importance of communication in helping back achieve it financial inclusion targets. Senior brand communication and promotion officer from awash bank reflected:

> The officials of the bank have firm belief and understanding about the importance of communication for financial inclusion. That is why they upgrade the status of communication in the bank's structure recently. As per the new structure of the bank

> especially after the implementation of the vision 2025 of the bank communication was upgraded to the status of directorate named as Marketing and communication Directorate (Personal Interview July, 2018)

Concerning the budget allotted to communication, the experts agreed that there is huge budget allocation compared to the previous years. Huge money is invested for advertisement and promotion in the conventional media. By the same token, huge money is being invested for various types of sponsorship and corporate social responsibly programs.

Experts from the three commercial banks suggested that there should be capacity building training for the experts to enhance their capacity particularly in the areas of communication for financial inclusion. There is also lack of human power, which needs to be addressed in order to accomplish their communication strategy targets.

Digital marketing officer from Dashan bank reflected that

> A series of communication trainings should be offered to the communication experts at the bank and the bank needs to update and keep on with the latest trends of marketing and communication in order to enhance financial inclusion via communication (personal interview July, 2018)

Senior Editor from Commercial Bank of Ethiopia argued:

> The bank staff and management need to be aware of communication in general and the role of communication for financial inclusion specifically. There should be awareness creation. There should be communication-based trainings. That means communication focused training. The department of corporate communication needs to be filled with people from communication background. It should be full of professionals (Personal interview July, 2018)

Finally, they suggested that there should be more emphasis given for communication and extra effort should be made to harness the potentials of communication for the success of the financial inclusion goal. There should be awareness creations based communication in order to enhance financial inclusion.

4.1.2.3 Directors at National Bank of Ethiopia and Bankers Association

The third strata of interviewees included Bank supervision Director and financial inclusion secretariat director at the National Bank of Ethiopia and Finance Administration manager at Banker's association. They thought commercial banks should present the various products and services they offer in ways their target stakeholders would understand. For example, if they are giving digital financial service they have to explain it. They have to explain what it differs from the face-to-face or manual service. They have to introduce the products and services. They need to give the menu of services for their customers. They have to give choice for their customers. Such intentions of clarifying would bring financial inclusion as potential clients are not only sufficiently informed but also persuaded.

They also disclosed that communication is the basis for financial inclusion. So, the role of communication can change the landscape of financial inclusion. According to informants, it can even bring structural change. Study participants also thought there is a need to clearly communicate why clients should save money, how they can get credits and repay those and the likes. They wonder, "Who knows about ATM? Who knows about agent banking? And so on." They believe that they have to reach people at grassroots level.

Regarding the communication practice in the Ethiopian banking sector, they agreed that it was almost nonexistent or at a low level. One of the participants argued, "We see some advertisements on radio and television. How many people will follow that? It is questionable. The majority of the society lives in rural areas. We need communication that targets this group."

Director of financial inclusion secretariat at the National Bank of Ethiopia reflected:

> There is no communication message that targets the underserved or unbanked society. All the communication tools focus on deepening relationships with existing clients. It focuses on the already served society. The message is not crafted considering financial inclusion. Even the banks' mottos didn't also target the unbanked and the underserved segment of the society. They are not awareness based. Overall the communication in the banking system have huge vacuum. (Personal interview, July 2018)

Finance administration manager at Banker's association agrees, "The banks have not done enough. They compete in the same areas. They need to diversify. They have to engage on awareness raising activities." (Personal interview August, 2018)

Concerning the strength and weakness of the communication practices at the banking system, study participants believed that the banks were strong in advertising and promoting their products. They have huge budget for that. They invest a lot. On the other hand, not going out to the regions and reaching out to the unbanked society were some of the things the participants repeatedly mentioned as the weak sides.

Regarding what must be done to improve the role of communication for financial inclusion; they agreed that banks need to promote their financial channels clearly. They pointed-out that, all the alternatives need to be communicated properly. Interviewed participants also thought that the banks need to diversify their product and educate the public about it. Lack of awareness about saving and loans; for example, have been mentioned by almost all the study participants. Even where there is access, lack of awareness prevented people from using the services as much as they should.

Speaking of ways of improving the existing weak links, Finance Administration Manager at Banker's Association suggested, "The banks have to give focus for financial inclusion. Now they are opening branches. They have to strengthen the awareness raising activities. The management needs to give focus for communication for financial inclusion. They need to go beyond profit and focus on national development."

Finally, the directors interviewed for this study suggested that the banks need to craft effective and efficient communication policy and strategy to bring the unbanked segment of the society to the bank.

4.1.2.4 Instructor of Communication from Addis Ababa University

With a bid to include neutral voices out of the banking sector, a professor of public relations and strategic communication from Addis Ababa University School of journalism and

communication was approached. He explained that the important functions of communication for organizations like banks are informing, consulting, involvement and engaging. For all organizations it does not matter whether it is NGO or Governments or commercial banks, he argued that it is important to realize communication means how to interact with your stakeholders.

Asked what kind of communication strategy is relevant for the banking sector, he replied that "the stakeholders approach" would be more appropriate. According to the professor stakeholder's theory, demands that the needs of the stakeholders should decide what organizations need to be doing in the communication field. It means that one has to do stakeholders analysis. Explaining the steps, he said defining and segmenting the stakeholders comes first. He further explained, "To make it clear what kind of stakeholders you have? Which group of stakeholders you have? Which needs they have? Which strategy you develop for each of them."

Elaborating on a strategic approach to communication, the interviewee noted:

> Strategic communication is not doing press releases, brochures, magazines or whatever. However, it is thinking. Who is our organization? What do we want, what are our key values? How do we translate our key values to accountability? That is crucial for communication strategy. When I think about bank sector, I suppose that in that sector communication strategy is even more important than in the normal company. The banking sector is playing a crucial role in the development of the country. From my point of view, you have to relate accountability in banking sector with development of economy, development of financial systems in the country, development of the society (Personal Interview July, 2018)

Concerning which tools are suitable for the banking sector, he reveled that we need first to do stakeholders analysis. Based on stakeholder's analysis we find instruments. Instruments are not going by themselves many times in communication and public relations; the instruments go by themselves like making magazine or TV program. "But nobody will read your magazine, your articles, nobody will listen to your program because they watch other channels and they didn't get your magazine." he argued.

Concerning the role of communication for financial inclusion to bring the unbanked segment of the society to the bank by creating awareness. He responded that there is big potential of clients in Ethiopia and an intergrade, strategic approach to communication would enable the baking sector to create awareness and drive more people to using the service the sector is providing. The professor passionately argued:

> I understand that there are big opportunities. Here you use for the first time creating awareness. I think this is the key word. I am happy you use this word because we always say marketing. You do not write by marketing. When communication strategy is market oriented then we integrate. That is something in the past we separate marketing, public relation, marketing, advertising. However, when we think stakeholders point of view why to separate? So, when you talk about the unbanked segment of the society, these are the people in the society, they are not commercials, they are not the companies, not the government but that is the public. So, why not to integrate, I think first integration of communication, marketing and adverting. Do not separate it.

Further explaining stakeholders approach, he noted:

> Stakeholders approach means then you start to create a relation with your with your potential clients. You are not interested in all the people. But, you are interested to clients which add value to their life. With this group of clients, you can establish a relation. They are not only people from the street you have their email addresses, phone numbers, so you can communicate them by social media. So you can use the different communication tools to stimulate them to use the services of your bank. (Personal interview July, 2018)

Regarding what the banks need to do to improve their communication for financial inclusion, he suggested the banks need to organize long-term communication campaigns as establishing a long- term relations in also the purpose of the financial inclusion program. Given the potential of Ethiopia for development in the years to come, he emphasized the need to have communication campaign strategies that are "one year, two year or three yearlong using all the strategies."

The interviewee airs out his view as follows:

> In communication campaign, we let people experience. They will experience something positive. We have to use multimedia, visual elements, to attract this category of society, which is many times not easy to reach. They do not buy. They are the new middle class they are busy. This middle class is growing in the developing society. Therefore, organizing this kind of campaigns would be my suggestion. Do not think short term. Expect big results in long-term. Think of long term. You need to establish relationships. (Personal Interview July, 2018)

Overall, communication in the banking system is all about advertisement and promotion. They focus on deepening of the market rather than including the unbanked segment of the public particularly the rural public. As study participants from the banking sector admitted communication for financial inclusion, especially the type that aims at creating awareness, at its infant stage.

4.2 Focus Group Discussions

4.2.1 Introduction

In this part, the data from the focus group discussions are analyzed. The findings then are presented, and illustrated by quotations arise from focus group discussion. The discussion and interpretation are dictated by the objective of the study.

4.2.2 The Financial Systems Used

Informants from the focus group discussion indicated that they use informal financial system like Equb and Edir. Equb is widely used in all of participants used on the study. Among the four focus groups, only few of them are using Bank.

In this regard, an informant from a focus group discussion from Burayu area highlighted the group idea in the following manner:

> We use both bank and Equb. But most of the time we use equb. We use equb in groups. When we receive salary the first thing we do is paying it for equb. It is our means of saving. It is also

> our instrument of money supply. It is a forced saving. No matter what we pay that. We do it based on mutual trust.

Another informant from Butajera area airs out similar view

> We use informal finance system, which is equb. Everybody use equb here. We do not want to deposit at commercial banks owing to the low interest. It is not profitable. In the equb system you can get a lot of money and you can use at one time for various purposes. In our area we all use this informal finance system. We all have equb here.

4.2.3 Benefits and Risks of Informal Finance system versus the Banking system

All the participants of the focus group discussion agree that bank is safe and regulated. It is trustable business organization. They have confidence on bank. On the other hand, they agree that Equb has a risk in it. The one who collect the money can take and runaway. They are well aware of this. They are doing it based on mutual trust.

A key informant, who is a resident of Sululta area, had the following to say about the risks in Equb. "We do feel the risk. However, its benefits are very high for us. We do not put our money in the bank because we need fast transaction. Instead of depositing in the bank it is better to wait our turn and collect the Equb and do our business."

Similarly, another informant from Tafo are explained that We believe that bank is trustable and as it is regulated we have confidence in it. We know that equb has some risk. Someone may take the money and runaway. We do it mutual trust. So far we didn't come across such kind of problem.

4.2.4 Commercial Banks' Awareness Activities to the Public

The purpose of this theme is to evaluate the awareness activities regarding their products and services of the commercial Banks. As a result, participants from the four groups were asked to witness their experience.

Accordingly, significant number of informants from the focus group discussion claimed that the awareness activities of the commercial banks are poor. They complained that the

commercial banks are not doing enough to create awareness. The advertisements and promotions are not effective to lure the public to commercial banks.

In line with this, an informant from focus group discussion from Butajera area has the following to say:

> They will approach us. Sometimes they will come door to door. Even they talked to students at school. However, their method of approach has severe problem. Instead of giving deep awareness about their products and services, what they do is make us open accounts only. Even they do not follow us once they gave us the book. Many of us have account but there is no financial transaction through it. They do not teach us about finance. They focus on only there daily profit.

Another informant from Tafo area explained saying, "We do not believe that the commercial banks are doing enough awareness creation activities about the products and service. In our areas, they focus on opening branches, but that is not enough. They need to do enough awareness creation activities to reach the residents around here."

Similarly, another informant from Butajera area has the following to say:

> There is no awareness-based activity here. It is their usual advertisement and promotion that we see in the media. There are various banks around us. They come to us and make us open account. Even they do not follow us after we opened there account. They have to teach us about their products and services. There should be awareness-based communication.

4.2.5 Attitude/ Perception towards Commercial Banks

Concerning their perception and attitude the majority of the focus group participants claimed that commercial banks are for the rich. They are not inclusive. They neglected the middle and the low-income segment of the society.

An informant from Butajers area claimed that banks are for the rich. He says, "In our town, there are six rich people and all the banks focus on them. They totally neglect the people at the

grass root level. We do not believe that they are approaching properly. They should come and mobilize with their products which are suitable for us."

Another informant from Suluta area claimed that the banks focus on those who are rich. They ignore the middle and low-income society. This is there problem. They do not work to bring this segment of the society to the bank.

4.2.6 Awareness about Commercial Banks' Services and Products

Regarding how much are you aware about the services and financial products the commercial banks offer the public significant number of the participants claimed that they have limited knowledge about the commercial banks products services. They do not have deep awareness about the products and services.

An informant from Suluta area explained that we know about saving. Most of us around here have some awareness about saving. About the other services and products, we do not have that much knowledge.

Similarly, another informant from Butajera area has the following to say:

> Commercial bank will come for us. As we mentioned they will come here just to make us open an account in their bank. They do not teach us about the banking system is all about? They do not teach us the advantage of using regulated bank. They do not teach us saving. Why do we save at bank? What is the benefit of saving? They have to teach and convince us so that we can save money at their bank. They make us open an account so that they can accomplish their yearly target for their report purpose. Their communication system is very in efficient.

Likewise, one of the participant from Tafo area described that we are accustomed to saving and money transfer. That is the financial transaction we usually engage in. We do not have that much knowledge about the various products and services.

4.2.7 Increasing Public Awareness of the General Public

Concerning increasing the awareness of the public regarding the Commercial Banks products and services almost all the participants agreed that the commercial banks need to exert their maximum effort to create awareness about their products and services.

On this theme, the participants claimed that advertisement and promotion are not enough. The commercial banks need to go further.

An informant from Butajera area claimed that:

> Opening branches do not indicate usage of the products and services. The banks need to go further. Banks have a lot of work to do. They need to engage in various awareness based communication activities. They deep to create deep awareness about their various products and services. They should not continue with their usual advertisement and promotion.

In line with this to bring the unbanked segment of the society to the bank, an informant from Burayu area described that the commercial banks need to educate the public around here. We need basic knowledge about the importance of saving, why we need bank, the advantage of using bank and so on. There should be face-to-face communication and door-to-door campaign. Media advertisement is not enough. They need to work on the public.

To sum up, the analysis of the focus group discussion indicates that they are highly reliant on Informal financial system though it has its own risk. Equb is widely used on the four groups. There awareness about commercial bank services and products very limited. On top of this, the bank is not all-inclusive because it favors the reach.

On top of this, the communication activities of the commercial banks are not awareness based. It is based on advertisement and promotion, which do not target the unbanked segment of the society. Financial education is important to create awareness about commercial banks and services and to bring the unbanked segment of the society to the bank.

4.3 Secondary Data Analysis

4.3.1 Introduction

This part deals with secondary data. Based on data from World Bank and National Bank of Ethiopia documents, this part focuses on interpreting public demand for financial services, the status of financial inclusion and the current status of services supply.

4.3.2 Primary Data Analysis: Demand Side Analysis

The World Bank had conducted a survey in 2017 that focused on financial inclusion and capability in Ethiopia. The sample was proportionally stratified by population and geography, and data weighting was used to ensure a nationally representative sample.

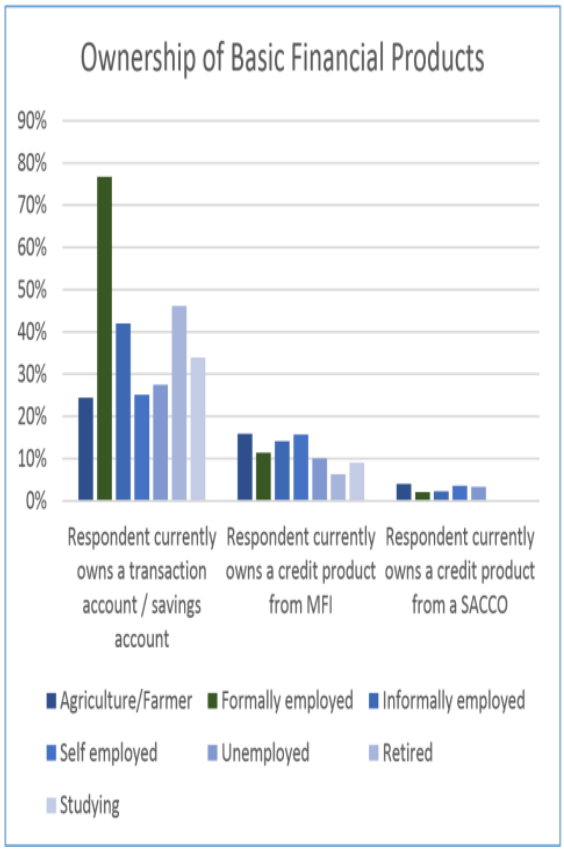
The sample was selected through a cluster sampling randomizing enumeration areas (EAS). Then within each selected EA, random route procedures were used to select sampled households, and household members were randomly selected as respondents. The survey frame for enumeration areas are provided by the central statistics Agency. The instrument used has been internationally tested in the context of low and middle-income counties, and adopted to Ethiopian context.

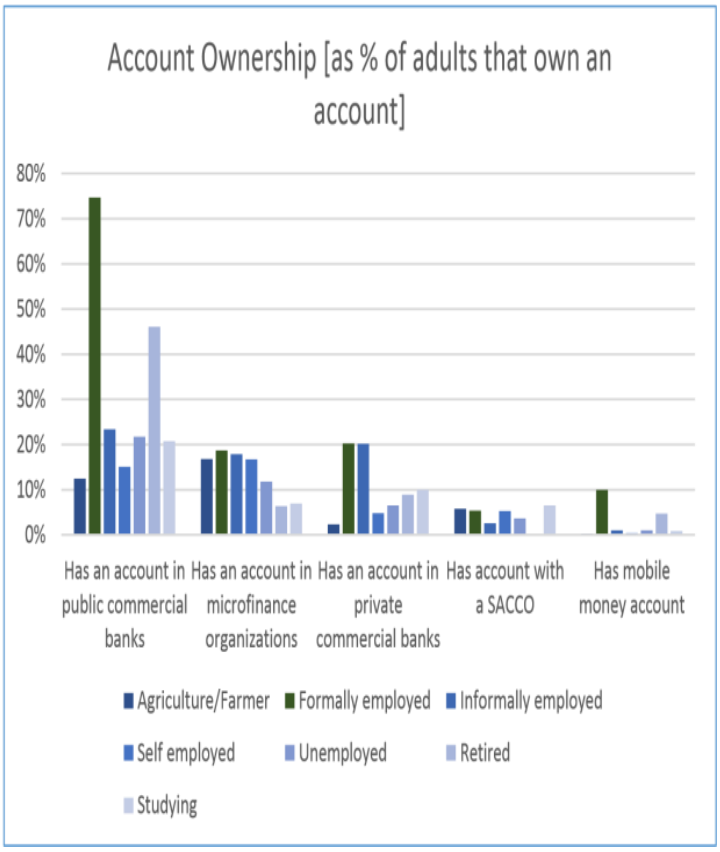
This include nationally representative sample of 3694 Ethiopian adults (18+) covering all regions of Ethiopia. The survey instrument and sampling frame was developed within inputs from and coordination by the National Bank of Ethiopia and Statistics Agency.

4.3.2.1 General Financial Inclusion Status

According to Financial Access and Inclusion survey, 29% of adults reported owing a transaction account at either a Commercial Bank, Microfinance Bank or SACCO. The same result indicated that while 61% of urban adults own an account, rural adults lag behind with

24% account ownership. This indicates that urban adults own a commercial bank account more frequently, whereas more rural adult's accounts at microfinance institutions and SACCO. In terms of occupation 77% of formally employed adults own a transaction account

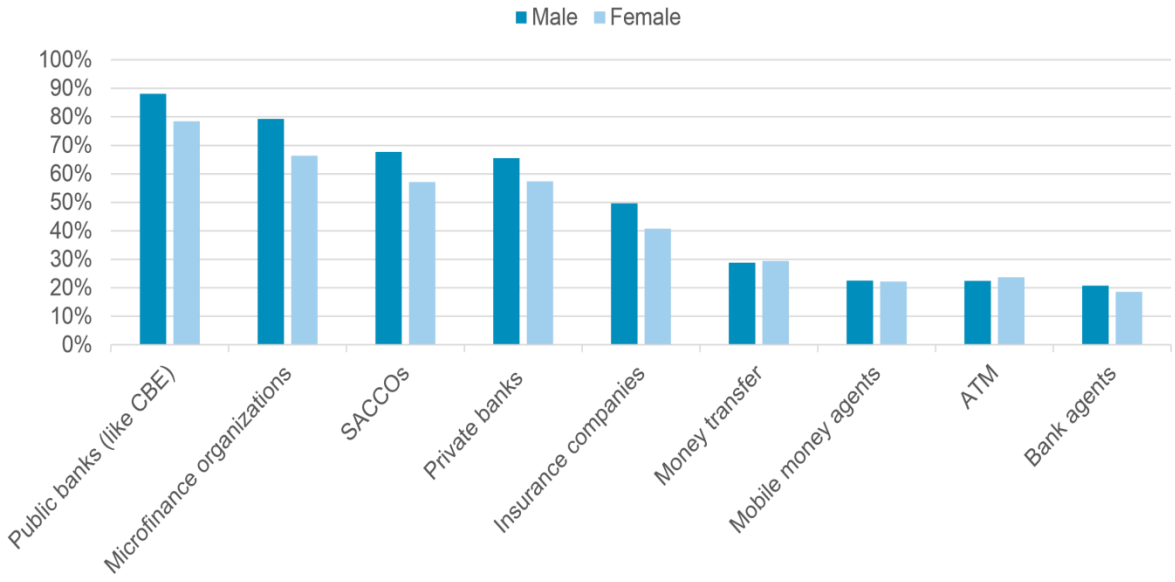




In terms of age group among Ethiopians between the ages 18-24, 30% of them have account while older (above 65) are less financially served (17% account ownership).

The above discussion indicated that all these requires increase level of intervention in terms of financial education and infrastructure such as power and telecom supply like mobile and internet networks. As for the financial education, targeted education should be delivered to all age groups. Rural people should be the focus of attention.

4.3.2.2 Awareness of Financial Terms



In an effort to understand the level of financial awareness for different financial institutions and financial products, the result indicated that females are less aware of financial terms than males and may require further targeting to improve their financial awareness. According to same result, many adults are unaware of more complicated financial terms, often due to lack of exposure and access the various financial services.

The World Bank survey further indicated that the following are barriers to account access. Awareness of where or how to open an account, as well as adults not having enough money after their expenses to use an account, are the major barriers to account ownership.85% of unbanked women and 80% of unbanked men report they do not have an account because they do not know or where to open an account at a bank or MFI.

This demonstrates the large literacy gap among adults, even though most adults are using informal financial services .Roughly 66% of adults reported not having enough money to use an account. Less than 6% of the population cited that other barriers including trust, religion, documentation, etc.

4.3.3 Supply Side Analysis

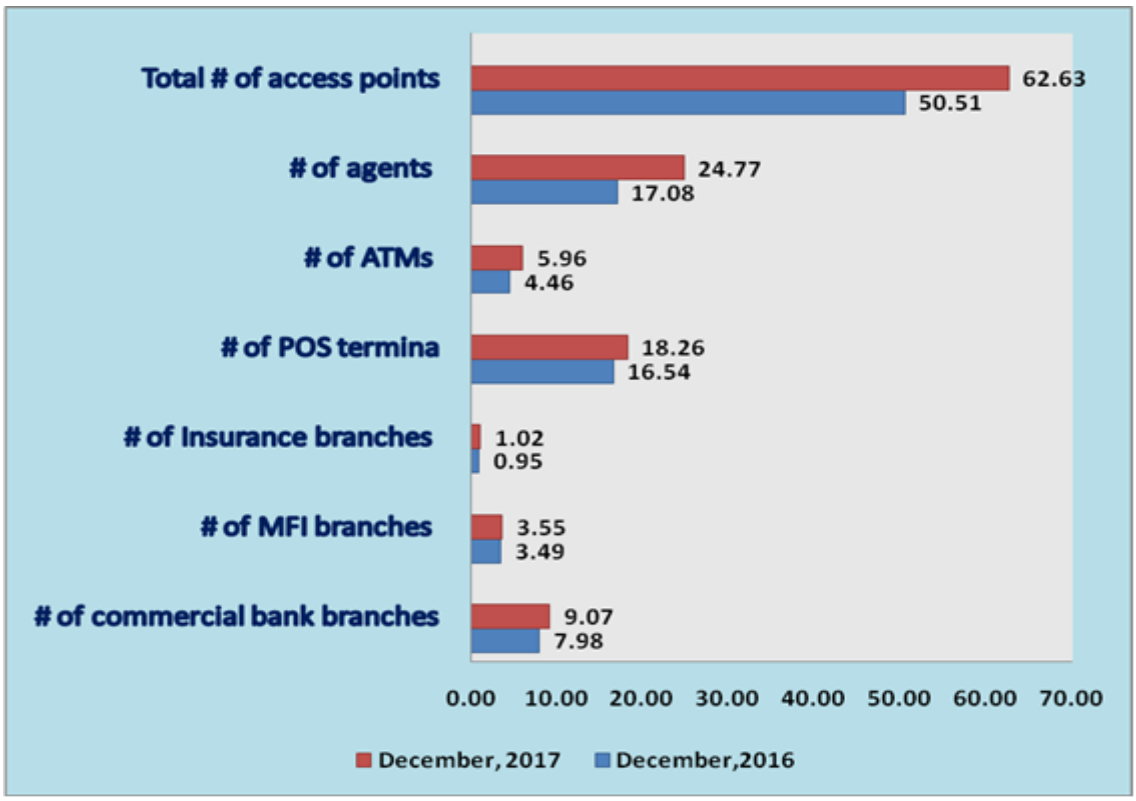
On the other hand from the supply side the National Financial Inclusion Secretariat report issued in 2017 showed that the total number of access points (Branches, ATMs, POS machines

and agents) increased to 31, 938 in December 2017 from 24, 750 in December 2016. Consequently, the number of access points per 100, 000 adults grew to 62.62 from 50.51 in December 2016, which exhibited growth rate of 24%. However, compared with the target of 173.45, the performance declared by 64%.

However, compared with targets, the actual performance of some of the indicators showed unfavorable deviations. For example, MFIs branches expansion, POS machines, ATMs, Agents, and Credit Accounts can be cited. The attributable factors for the deviations in some of the indicators are under investigation.

Power and network interruptions, reluctance of traders to accept payments through POS machine and low level usage of cardholders to effect payments through cards were identified as the main causes that affect the development and expansion of ATMs, POS machine and agents (as agents are normally connected to the principal through internet).

Figure 1: Progress in the number of Access Points per 100,000 Adults (18+)



The report further explained in detail the number of commercial bank branches as at December 2017 reached 4, 625 from 3, 911 in December 2016 and registered as growth rate of 18.3%. This has resulted in the number of branches per 100, 000 adults increase from 7. 98 in December 2016 to 9.07 in December 2017, which has also exceeded the target of 7. 9 by 15%.

Table 2: Comparison of Plan against Performances of Access Points

No.	Impact Indicators	Target	Performance	% deviation from target
		Dec 2017 (A)	Dec 2017 (C)	(C-A)
1	Total # of access points (Branches, ATMs, POS machines and Agents) per 100,000 Adults (18+)	173.5	62.62	-64%
	1.1 # of commercial bank branches per 100,000 Adults	7.9	9.07	15%
	1.2. # of MFI's branches per 100,000 Adults	9.4	3.55	-62%
	1.3 # of Insurance Branches per 100,000 Adults	1.25	1.02	-18%
	1.4 # of POS terminals per 100,000 Adults	55.3	18.26	-67%
	1.5. # of ATMs per 100,000 Adults	11.9	5.96	-50%
	1.6 # of agents per 100,000 Adults	87.7	24.77	-72%

All these results showed that financial education intervention is necessary in rural areas particularly for women and old ages.

CHAPTER FIVE

5 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

This study was conducted to examine the role of communication for financial inclusion by focusing on the banking system. In order to understand the role of communication, an appropriate method that can help to answer the research questions has been selected. Using the method and data collection tools, findings that commensurate with the research questions have been found.

The study was guided by three questions that asked the practice of communication in the banking sector, the role of communication in promoting financial inclusion in the banking system in Ethiopia and the strengths and weakness of the existing communication in the banking system.

To arrive at possible conclusion, the study also applied qualitative research method employing in-depth interviews with 15 key informants and conducting analysis of secondary data. On top of this focus group discussion in four groups with 27 people conducted and secondary data analyzed

It was found out that the majority of adults in rural areas were not going to banks due to lack of awareness about the services being offered at the banks. On the contrary, urban adults were more likely to own commercial bank account. The focus group discussion indicated that people are reliant on the informal finance system like equb than the regulated banks. Their awareness about the bank products and service are low.

The study also found that women had generally less aware of financial services provided by the banks. The study further found out that awareness of where to open commercial bank account as well as adults not having enough money after their expense to use an account, are the major barriers to account ownership. There is huge financial literacy gap among adults particularly rural adults.

Regarding the commercial banks, they are highly engaged on business as usual communications which are advertisement and promotion. Even with the advertising and promotion tasks, they seemed to target more of the educated urban adult instated of bringing the unbanked segment of the rural adult to the banking system. They focused on deepening their urban market rather than expanding and including the unbanked segment of the society. There were few attempts to conduct communication campaigns and house-to-house communication in rural areas. However, the efforts in this regard were not enough as the existing awareness gap was felt to be very high. In addition, not allotting enough budget and lack of skilled manpower is also a problem in some of the commercial banks.

To cap it all, nearly all the interviewees admitted that there existed a visible gap between the services and systems of the banks and the level of awareness of the potential clients regards such services. As a remedy, the bank hierarchy seemed to have focused on opening additional commercial bank branches. But, expansion that is not backed by the necessary awareness creation strategies would not be able to narrow the gaps. The banks need to do a lot more in terms of creating financial awareness. A comprehensive communication strategy targeting long-term results should be developed and implemented.

5.2 Recommendations

As the role of communication for financial inclusion is critical and the efforts done by the commercial banks so far are low, it is essential the commercial banks need to do a lot. To this end, the following recommendations are suggested:

- Communication in the banking system needs to come up with new policy and strategy which targets the unbanked segment of the society and helps bring them to the banking system. It is time to craft a communication policy, long-term strategy and employ communication tools which are awareness-based.

- However, for what kind of communication policy, strategy and tools employed, there should be stakeholder's analysis first. The needs of the stakeholders need to

be identified after categorizing them by locality (urban and rural) age, sex, employment, educational level. These stakeholders analysis will decide what kind of communication policy, strategy and which tools should be employed.

- Enough budget and human resources need to be allotted to communication for financial inclusion. As the financial awareness gap is wide managers at commercial banks need to give enough attention to enhance communication for financial inclusion.

- The commercial banks need to give local and international training and experience sharing for their communication managers and experts to build their capacity on employing communication for financial inclusion purpose. It is better to draw lessons from those countries which are very successful in financial inclusion.

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List of Key Informants for In-depth Interview

S/N	Name	Gender	Place of Work	Position	Date of Interview	Recorded Hour	Recorded Volume
1	Solomon Desta	M	National Bank of Ethiopia	Director/Bank supervision Directorate	August, 2018	30 Minutes	2 pages
2	Temesgen Zeleka	M	National Bank of Ethiopia	Director/ Financial inclusion secretariat	July, 2018	52 minutes	4 pages
3	Ermias Bekele	M	Ethiopian Bankers Association	Finance Administration manager/Bankers Association	July,2018	32 minutes	2 pages
4	Belhu Takala	M	Commercial Bank of Ethiopia	Director corporate communication Directorate	June, 2018	51 minutes	4 pages
5	Dereje Assegdaw	M	Commercial Bank of Ethiopia	Senior Chief Editor	July, 2018	30 minutes	2 pages
6	Temesgen Damtaw	M	Commercial Bank of Ethiopia	senior engagement coordinator	June,2018	25 minutes	2 pages
7	Ebisa Derebe	M	Awash Bank	Director of Marketing and Communication Directorate	July, 2018	35 minutes	2 and half pages
8	Driba Megersa	M	Awash Bank	Senior Brand and Communication officer	July, 2018	25 minutes	Two pages

S/N	Name	Gender	Place of Work	Position	Date of Interview	Recorded Hour	Recorded Volume
9	Selam Teklwold	M	Awash Bank	Communication and Public Relation officer	July,2018	26 minutes	2 pages
10	Selishi Yilma	M	Dashen Bank	Principal Communication and event organizing Officer	June, 2018	49 minutes	4 pages
11	Emabet Abera	F	Dashen Bank	Marketing expert		27 minutes	2 pages
12	Paulos Abera	M	Dashen Bank	Digital Marketing officer	July, 2018	24 minutes	1 and half pages
13	Fikru Tensae	M	Wegagen Bank	Marketing and Communication Director	July,2018	54 minutes	4 and half pages
14	Dayan Tadessa	M	Wegagen Bank	Promotion and public officer	August, 2018	38 minutes	2 and half pages
15	Ton Veen	M	Addis Ababa University	Instructor/School of Journalism and communication	July, 2018	53 minutes	6 pages

List of Key informants for Focus Group discussions

Burayu Area

Name	Gender	Educational Background	Work	Date of Interview	Recorded Hour	Transcribed volume
Endalmaw Wegri	M	Frist Degree	Government Employee	11/5/2019	35 Minutes	3 Pages
Marara Wake	M	,,	,,			
Nugussa Wessa	M	,,	,,			
Belay Megersa	M	,,	,,			
Cimdessa Motuma	M	,,	,,			
Misganu Wabre	M	,,	,,			
Tewodros Kasaye	M	,,	,,			

List of Key informants for Focus Group discussions

Sululta Area

Name	Gender	Educational Background	Work	Date of Interview	Recorded Hour	Transcribed volume
Tamru Areda	M	Frist Degree	Government Employee	19/5/2019	30 Minutes	2 and half pages
Mulgeta Habtamu	M	uneducated	Private			
Mesfin Daba	M	,,	,,			
Girma Gulma	M	,,	,,			
Burtukan Abebe	F	,,	,,			
Yohannes Nigatu	M	,,	,,			

List of Key informants for Focus Group discussions

Butajera Area

Name	Gender	Educational Background	Work	Date of Interview	Recorded Hour	Transcribed volume
Genet Ayele	F		Government Employee	16/5/2019	40 Minutes	3 Pages
Mitike Zewdie	F		Private			
Tarakage Kifle	M	,,	,,			
Bruke Frew	M	,,	,,			
Genet Wolde	F	,,	,,			
Daniel Wolde	M	,,	Government Employee			
Worke Muhdin	F		Private			
Bahira Adniaw	F		,,			

List of Key informants for Focus Group discussions

Lega Tafo Area

	Name	Gender	Educational Background	Work	Date of Interview	Recorded Hour	Transcribed volume
1	Yaregal Tadessa	M	Frist Degree	Government Employee	16/5/2019	25 Minutes	2 Pages
2	Frehiwot Ayele	F	Frist Degree	Private			
3	Haimanot Yemenu	F	,,	,,			
4	Dawit Askale	M	,,	,,			
5	Hana Tadessa	F	,,	,,			
6	Adanach Abebe	F	,,	Private			

Appendix

The Role of Communication for Financial Inclusion: the Banking system in Focus

Interview questions

In-Depth Interview questions for communication managers and experts in the banking system

1. What do you say are some of the important functions of communication for an organization like yours?
2. What does the practice of communication in your bank look alike?
3. Do you have a communication strategy in place? If yes, when and how was it developed?
4. What are the communication tools used by your bank to enhance financial inclusion?
5. To what extent do you think these tools have been effective?
6. To what extent do the officials of the bank realize the importance of communication in helping the back achieve its financial inclusion targets?
7. To what extent does your bank invest in communication? Can you give me examples of recent measures taken to support the communication sector
8. What are the major challenges to your communication strategy?
9. As a communication manager/expert, what solutions do you suggest for the challenges?
10. Any final Thought?

In-Depth Interview questions for Bank Supervision Director at National Bank of Ethiopia, Financial inclusion secretariat at National Bank of Ethiopia and Bankers Association

1. What should be the role of communication for financial inclusion in the banking system in Ethiopia?
2. How do you evaluate the banking system communication practice to enhance financial inclusion?
3. What are the strengths and weakness of the communication practices?

4. Studies indicate that there is low level of financial inclusion in Ethiopia as such what must be done by banking system to improve this in terms of communication?
5. Any final thought?

Interview questions for Professor Ton Veen

Professor of Communication at Addis Ababa University

1. How can you explain the important functions of communication for an organization like banks?
2. What kind of communication strategy is relevant to the banking sector? And Why?
3. In terms of communication tools, which ones are suitable for the sector?
4. What are the roles of communication for financial inclusion i.e to bring unbanked segment of the society to the banking sector by creating awareness?
5. Studies indicate that there is low level of financial inclusion in Ethiopia as such what must be done by banking system to improve this in terms of communication?
6. What kind of communication strategies and tools are effective to enhance communication for financial inclusion?

The Role of Communication for Financial Inclusion: the Banking system in Focus

Questions for Focus Group Discussions

What kind of financial system are you using? Informal one like pillow Banking, Equb or the Regulated Bank?

1. As you know, there are traditional ways of saving and borrowing money which are still used by people (such as Arata Abadary and equb) , how do you consider there informal ways in comparison to the regulated banking system in terms of reliability and risk?
2. Are you well aware of the benefits and risks in using the informal (Equp and ararta abedary) compared to the formally regulated banking service?

3. Do you believe that commercial banks are working on intensive and nationwide awareness activities to the general public?
4. What is your attitude/perception towards commercial banks?
5. How much are you aware about the services and financial products the commercial banks offer to the public? Please mention all the services you are aware of?
6. Banks have now rapidly opened their branches nationwide to increase financial inclusion effort of the banking sector. Do you think this effort increase the public awareness all about banking services? What more banks should do to widely increase the public awareness about the banking services? In what means?